

PDKAG944

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Irwin Levy *Irwin Levy*
SUBJECT: Private Sector Support Services

PROBLEM: Your authorization is required to obligate AID funds for contracted technical services.

BACKGROUND: In mid January 1986, a group of LAC Mission Private Sector Officers (PSOs) met with the authors of the LAC Private Sector Program (PSP) Stocktaking to provide their assessment of progress to date on the stocktaking and to provide AID/W with their assessment of key problems and opportunities in implementing the PSP. Among a number of problems identified were the following:

1. The difficulty of fielding short term technical assistance in response to unprogrammed opportunities due to legal and regulatory constraints in our normal contracting process;
2. The extended delays (as much as two months lead time) involved in using indefinite quantity contractors; and
3. The inability of LAC/DR/PS to backstop USAID PSP activities because of AID/W personnel limitations (quantitative and qualitative).

The PSOs suggested in the strongest terms, both individually and collectively, that AID/W facilitation of CBI activities and general PSP implementation should be improved through some form of facilitation of access to necessary technical services.

DISCUSSION: In line with the results of the PSP stocktaking exercise, LAC/DR/PS proposes to contract with the International Science and Technology Institute (ISTI), a Washington, D.C.-based 8(a) minority controlled firm, to provide a range of technical support services. Services to be performed include:

AID 1380-1
(10-79)

UNITED STATES INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY
AGENCY FOR
INTERNATIONAL DEVELOPMENT

PIO/T

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

1. Cooperating Country
LAC Regional

Page 1 of 1 Pages

2. PIO/T No.
598-0619-3-6655-205

3. Original or
Amendment No. _____

4. Project/Activity No. and Title
Private Sector Initiatives Project
Private Sector Support Services (PSSS)
598-0619

DISTRIBUTION

5. Appropriation Symbol
72-1161021.6 LDAA 86-35598-DC-12

6. Allotment Symbol and Charge
646-65-598-00-69-61

7. Obligation Status
 Administrative Reservation Implementing Document

8. Project Assistance Completion Date
(Mo., Day, Yr.)
12/31/87

9. Authorized Agent
AID/W

10. This PIO/T is in full conformance with PRO/AG
Date _____

11a. Type of Action and Governing AID Handbook
 AID Contract (HB 14) PABA/RSSA (HB 12) AID Grant (HB 13) Other

11b. Contract/Grant/PABA/RSSA
Reference Number (if this is an
Amendment)

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)

Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
					\$461,000
	B. U.S.-Owned Local Currency				

13. Mission
References

14a. Instructions to Authorized Agent
SER/CM is requested to execute a contract with International Science and Technology Institute, Inc. (ISTI) an 8A contractor in accordance with the attached budget and scope of work. This contract may have to be amended, scope of work modified and budget increased as a result of specific mission funded activities not presently known. The contract will be implemented by a series of task orders.

14b. Address of Voucher Paying Office
AID/W/FM/PAD

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate

LAC/DR/PS: S. Ryner *[Signature]* Phone No. 697-8656 Date 4/9/86

LAC/DR/PS: R. OTTO *[Signature]* Date 4/16/86

LAC/DR: I. Levy *[Signature]* Date 4/16/86

LAC/PSS: A. WILLIAMS *[Signature]* Date 5/15/86

B. The statement of work lies within the purview of the initiating and approved agency programs Date 5/10/86

LAC/DR: J. FRANCIS *[Signature]*

C. Funds for the services requested are available

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to

Signature _____ Date _____
Title _____

17. For the Agency for International Development

Signature *[Signature]* Terrence J. Brown Date 5/15/86
Title Director, LAC/DR

AID 1350-1 (10-79)	1. Cooperating Country LAC Regional	2. PIO/T No. 598-0619-3-6655 20	Page 2 of 8 Pages
PIO/T	4. Project/Activity No. and Title PRIVATE SECTOR INITIATIVES PROJECT PRIVATE SECTOR SUPPORT SERVICES (PSSS) 598-0619		

SCOPE OF WORK

18. THE SCOPE OF TECHNICAL SERVICES REQUIRED FOR THIS PROJECT ARE DESCRIBED IN ATTACHMENT NUMBER _____ HERETO ENTITLED "STATEMENT OF WORK".

19. SPECIAL PROVISIONS

- A. LANGUAGE REQUIREMENTS (SPECIFY) _____
(IF MARKED, TESTING MUST BE ACCOMPLISHED BY AID TO ASSURE DESIRED LEVEL OF PROFICIENCY)
- B. ACCESS TO CLASSIFIED INFORMATION WILL WILL NOT BE REQUIRED BY TECHNICIAN(S).
- C. DUTY POST(S) AND DURATION OF TECHNICIANS' SERVICES AT POST(S) (MONTHS)
Maximum 2 months
- D. DEPENDENTS WILL WILL NOT BE PERMITTED TO ACCOMPANY TECHNICIAN.
- E. WAIVER(S) HAVE BEEN APPROVED TO ALLOW THE PURCHASE OF THE FOLLOWING ITEM(S) (COPY OF APPROVED WAIVER IS ATTACHED)
- F. COOPERATING COUNTRY ACCEPTANCE OF THIS PROJECT (APPLICABLE TO AID/W PROJECTS ONLY)
 HAS BEEN OBTAINED HAS NOT BEEN OBTAINED
 IS NOT APPLICABLE TO SERVICES REQUIRED BY PIO/T
Acceptance will be gained should this be necessary
- G. OTHER (SPECIFY)
Contractor is authorized a 6 day work week for overseas duty.

Contractor is authorized to purchase computer hardware and software as may be required to complete assigned tasks up to \$10,000.

20. BACKGROUND INFORMATION (ADDITIONAL INFORMATION USEFUL TO AUTHORIZED AGENT)

Proposal for ISTI dated March 17, 1986

21. SUMMARY OF ATTACHMENTS ACCOMPANY THE PIO/T (INDICATE ATTACHMENT NUMBER IN BLANK)

- 1 ^{Illustrative} DETAILED BUDGET IN SUPPORT OF INCREASED FUNDING (BLOCK 12)
- _____ EVALUATION CRITERIA FOR COMPETITIVE PROCUREMENT (BLOCK 14)
- _____ JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT (BLOCK 14)
- 2 STATEMENT OF WORK (BLOCK 18)
- _____ WAIVER(S) (BLOCK 19) (SPECIFY NUMBER)

AID 1350-1 (1U-79)	1. Cooperating Country LAC Regional	2. PIO/T No. 598-0619-3-6655 205	Page 3 of 3 Pages
	4. Project/Activity No. and Title PRIVATE SECTOR INITIATIVE PROJECT Private Sector Support Services (PSSS) 598-0619		

22. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities

ISTI will coordinate activities LAC/DR/PS and USAID Missions. ISTI will sub-contract as necessary.

B. Cooperating Country Liaison Official

n/a

C. AID Liaison Officials

LAC/DR/PS: R. Otto
S. Ryner

LOGISTIC SUPPORT

23. Provisions for Logistic Support

A. Specific Items (Insert "X" in applicable column as right. If entry needs qualification, insert asterisk and explain below in C. "Comments")

	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY	
(1) Office Space					
(2) Office Equipment					
(3) Housing and Utilities					
(4) Furniture					
(5) Household Equipment (Stoves, Refrig., etc.)					
(6) Transportation in Cooperating Country					
(7) Transportation To and From Country					
(8) Interpreter Services/Secretarial					
(9) Medical Facilities					
(10) Vehicles (official)					
(11) Travel Arrangements/Tickets					
(12)					
(13)					
(14)					
(15)					

(OTHER SPECIFY)

B. Additional Facilities Available From Other Sources

APO/FPO

PX

COMMISSARY

OTHER (Specify, e.g., duty free entry, tax exemption)

5

ILLUSTRATIVE BUDGET

The technical services required by this PIO/T are expected to begin on 05/01/86 and end 12/31/87.

Salaries in support of AID/W activities

Estimated work days 600 @ \$220.00 \$132,000

Overhead and Fringe; estimated at 80% \$106,000

Travel, transportation and per diem

3 persons/trip X 10 trips (\$1,000/trip)
25 work days/trip
Airfare 30 X \$1,000 \$30,000
Transportation - car \$2,000
Per diem 750 days X \$75.00 \$56,250
\$88,250

Other costs

Secretarial and word processing \$25,000
Consultants \$20,000
Copies/computer \$20,000
Communications \$20,000
Miscellaneous \$750
\$85,750

Profits and fees \$49,000

Estimated Total \$461,000

6

STATEMENT OF WORKI. BACKGROUND:

The purpose of AID's private sector initiative is to increase investment, exports and employment in cooperating countries. As indicated by the recent "stocktaking" exercise undertaken by LAC/DR/PS, it is necessary to sharpen (possibly reorient) the strategic focus of private sector programs and projects throughout the Latin America and the Caribbean region to insure the most effective utilization of AID's capital and management resources. Outside services of experts are needed to provide the LAC Bureau with the technical resources required to improve the planning, execution, monitoring, evaluation and management of its private sector program and regional and/or sectoral initiatives.

II. OBJECTIVES: The four principal objectives of the project include:

- a) Assessment and planning of private sector programs and initiatives for LAC/DR/PS, USAIDs and regional missions of LAC.
- b) Support for USAID missions, regional missions and LAC/DR/PS in the project development (feasibility and design), execution, monitoring and evaluation of private sector activities.
- c) Support in the improvement of management systems for focusing and monitoring the LAC Bureau's private sector portfolio.
- d) Provision of technical support to LAC/DR/PS, USAIDs and regional missions to enable the achievement of these objectives.

III. SCOPE OF SERVICES:

1. Assessment and Planning of Private Sector Programs and Initiatives. Improving the effectiveness of AID's private sector programs in Latin America and the Caribbean requires greater attention to both the evaluation of results from current or past activities and strategic planning and careful design of future programs and projects. To enhance both LAC/DR and USAID mission capabilities in these areas, the contractor will provide assistance in:

Developing a data base for AID private sector operations;

Assessing multi-country programs on initiatives such as the CBI, Jackson Plan, micro-enterprise projects etc.;

Evaluating private sector programs in specific countries;

Strategic planning including the preparation of CDS's, private sector action plans, recommendations for the use of ESF local currency, etc.;

Preparing and disseminating effective evaluation and strategic planning methodologies.

2. Support for Project Development, Execution, Monitoring and Evaluation of Private Sector Activities

Contractor will provide technical support to LAC/DR/PS, USAIDs and regional missions in the following key action categories:

1. Policy Reform
2. Capital Formation and Mobilization
3. Export and Investment Promotion
4. Skills Development
5. Small-Medium Micro Enterprise Development
6. Land and Housing Finance
7. Privatization

The above categories encompass the total project portfolio in the private sector program, including use of local currency trust funds, for enhancing AID's leverage in improved investment, export and employment performance by the cooperating countries through substantial transfers of capital and management resources.

3. Improvement of Management Systems

The contractor will work with the LAC Bureau and USAIDs to strengthen the internal planning, management information, coordination and central systems as required to help insure a more results oriented private sector program. Contractor assistance will include:

- Training in strategic planning, identification of targets of opportunity and management of a private sector portfolio.
- Development of appropriate management reports required to monitor results.
- Development of consistent reporting and evaluation nomenclature including the definition of specific objectives targets and measures of success.

Improvement of communications process and information flows.

4. Technical Support/Assistance to LAC/DR/PS, USAID's and Regional Missions

The contract will provide the appropriate technical assistance required to achieve AID's overall objectives. The contractor will develop and maintain a skills data bank of experts whom LAC staffs can utilize for specific assignments, and assist USAIDs in supplementing their recruitment base. Conceptual, organizational, and logistical support for workshops, seminars, and conferences will also be provided. Assistance in preparing periodic reports on program activities and results, in responding to information requests, and in improving the overall communications flows of LAC/DR internally and externally will be supplied, in consultation with the designated AID project manager.

The contractor will be required to maintain compatible communications and data processing systems to facilitate electronic transfer of data and reports to LAC/DR/PS and USAIDs on a regular basis.

IV. Implementation Arrangements and Reporting:

The details of operations procedures and reporting requirements as proposed by ISTI in their memo of March 17, 1986 (attached), are appropriate and cost effective considering they relate to reporting activities of an on-going AID contract.

Project Development

The contractor will provide technical assistance for project feasibility analysis, project identification and design, and, where necessary, develop baseline data to assist AID in better project planning and conceptualization. In the case of investment projects, the contractor will conduct business feasibility studies including marketing and competitive environment research, financial projections, and other analytical detail regarding already identified or potential investment projects. The business feasibility study results will be utilized for decision making purposes by USAIDs in LAC/DR/PS relative to commercial and/or developmental merits of the project.

Project Execution

The contractor will be required to assist in providing diagnostic analyses or selected technical support to projects being implemented by the LAC Bureau. Specialized skills in industrial development, export infrastructure, transportation planning, finance and credit, minerals and materials resources, debt re-scheduling, marketing and international trade, among other select specialities, will be required to assist the Bureau in improving the performance of its private sector project portfolio.

Monitoring and Evaluation

The contractor will assist LAC/DR/PS and USAID's in monitoring the private sector program in cooperating countries or regional groupings through provision of technical assistance for project/program monitoring, rapid appraisal, survey research, evaluation and impact analysis.

Private Sector Mechanisms

The contractor will assist AID in identifying and developing innovative, privately controlled mechanisms for channeling AID funds in support of its developmental goals. An inventory and assessment of the merits and effectiveness of utilizing private, profit-oriented institutions as vehicles to accomplish AID objectives in the areas of employment creation, and export promotion will be undertaken. The focus of the research will be on the feasibility/desirability of an accelerated shift to private mechanisms, and on the identification of the most appropriate private borrowers or grantees of AID funds.

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON DC 20523

APR 7 1986

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Terence J. Brown *T. Brown*

Problem: Your approval is required for the expenditure of up to \$60,000 in grant funds under the LAC Regional Private Sector Initiatives Project (598-0619) for the purpose of conducting a market research and promotion effort to identify and attract appropriate U.S. firms to the 1986 Miami Conference on the Caribbean and Investment Exposition sponsored by Caribbean/Central American Action.

Background: Among a number of activities AID has funded to encourage direct participation by U.S. companies in expanded Caribbean Basin trade and investment, last year \$40,000 in grant funds was provided to Caribbean/Central American Action (C/CAA) for a market research and promotion effort similar to the one currently under consideration. This marketing effort was directed toward the ninth annual Miami Conference, held November 19-22, 1985.

The Miami Conference had already established itself as a well known forum, both in the Caribbean Basin and the U.S. business community, which attracts the backing and participation of top government leaders. By incorporating the investment exposition in 1983, the Miami Conference was able to go beyond a general policy level discussion to also emphasize the practical implications of the CBI for U.S. and Basin businessmen wishing to capitalize on the trade and investment opportunities which the legislation provides. The market research and promotion effort resulted in the recruitment of over 200 business executives from firms across the country to attend the Miami Conference. For their part, twenty-four Caribbean Basin nations were represented at the investment exposition with displays, country presentations and hospitality suites where U.S. business executives could discuss their particular interests and concerns.

Discussion: Plans for the 1986 Miami Conference, as discussed in the C/CAA subcontractor's proposal included as Attachment 3, are proceeding with pledges of seed funding from last year's hosts in Florida. The success of a second investment exposition, however, depends to a large degree upon a major marketing effort to insure the quality and quantity of the U.S. business participation. Last year due to delays in preparing

the grant agreement and negotiating a subcontract, only half of the targeted companies was reached. This year it is important that the marketing campaign begin sooner and be closely integrated with the preparatory efforts of the Basin countries. A target of 500 companies has been established and sufficient lead time will be arranged so that Basin countries can conduct advance work with those interested companies identified.

C/CAA's proposal requested \$75,000 in AID grant funding to cover the marketing research and promotion effort. In phone conversations between LAC/DR and C/CAA we indicated that \$60,000 was considered to be an appropriate contribution. We also encouraged C/CAA to attempt to raise funds from other sources, as it successfully did last year. This \$60,000 is the full extent of central funding for this conference. It is estimated that AID missions will also contribute approximately \$100,000 to the conference through intermediary organizations, including funds for USAID officers participation.

Recommendation: That you approve the expenditure of up to \$60,000 under the LAC Private Sector Initiatives Project in order to undertake a market research and promotion effort to identify and attract appropriate U.S. firms to the 1986 Miami Conference and Investment Exposition.

Approved *Richard J. Smith*

Disapproved _____

Date 4/11/86

For copy of PIO/T see "Disbursing Authorization PIO/T No. 598-0619-3-6655207

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

Action Memorandum dated March 25, 1986
Subject: Insured Credit for Export (ICE) Program and,

Action Memorandum dated March 25, 1986
Subject: Insured Credit for Export (ICE); Private Sector
Initiatives Project

See: Folder Marked "Disbursing Authorization PIO/T 598-0619-6655206"

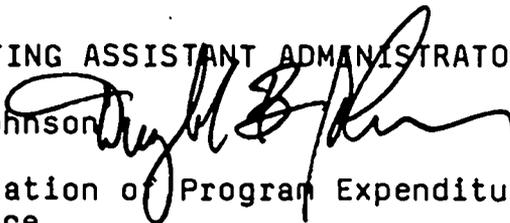
AGENCY FOR INTERNATIONAL DEVELOPMENT

WASHINGTON, D.C. 20523

NOV 7 1985

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Dwight B. Johnson



SUBJECT: Increase in Authorization of Program Expenditures for C/CAA Miami Conference

Problem: Your authorization is required for an increase of \$300.00 from the LAC Regional Private Sector Initiatives Project (598-0619) for private sector program operations at the Caribbean Central American Action (C/CAA) Miami Conference on the Caribbean.

Background: On October 28, 1985 you authorized the expenditure of \$993.00 for CBI conference facilities at the Miami Hyatt Regency and \$845.00 for services of the Freeman Companies for shipment, provisioning, setup, "supervision", reshipment and related services for the AID/CBI booth.

Discussion: In negotiations with the Freeman Companies, we were advised that we were eligible for discount rates for their services. Our request for funds was based on those discount prices. SER/AAM, in their negotiations with Freeman Companies to prepare a purchase order advised us that we are not eligible for discount rates and must pay the standard rates. There was a difference of approximately \$100.00 in the two rates. We feel it wise at this time to add in a contingency for \$200.00 to ensure that expenditures are covered in the event that further logistical support is necessary upon our arrival in Miami.

Recommendation: That you authorize the increase of expenditure of \$300.00 for services of The Freeman Companies and the Hyatt Regency Hotel for the Miami Conference on the Caribbean.

Approved _____



Disapproved _____

Date _____

11-8-85

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

OCT 23 1985

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Alfred Bisset (Acting Director)

SUBJECT: Authorization of Program Expenditures for C/CAA Miami Conference

Problem: Your authorization is required for expenditure of \$1800.00 from the LAC Regional Private Sector Initiatives Project (598-0619) for private sector program operations at the Caribbean Central American Action (C/CAA) Miami Conference on the Caribbean.

Background: LAC supports the C/CAA Conference through its presence at the conference, direct financial assistance to C/CAA to attract potential investors and indirect assistance by funding travel and other costs of CBI country participants. Our participation at the 1984 Conference included approximately 15 USAID representatives and 9 from AID/W. We constructed a booth and passed out information to interested conference participants on AID's CBI activities. In 1985, we plan to again prepare an AID/CBI information booth for the main floor of the Hyatt Regency as well as add an AID conference room and communications center.

Discussion: Our experience in the past has been that, while the booth alone has been useful, we were not able to provide a meeting place for USAID personnel and other participants.

The AID/CBI conference room would be staffed by the senior secretary from LAC/DR/PS who will be on duty to receive and transmit messages, arrange meetings and generally serve as the center of AID's CBI program promotion activities.

Recommendation: That you authorize the expenditure of \$993.00 for CBI conference facilities at the Miami Hyatt Regency and \$845.00 for services of The Freeman Companies for shipment, provisioning, setup, "supervision", reshipment and related services for the AID/CBI booth.

Approved Malcolm Bisset

Disapproved _____

Date OCT 28 1985

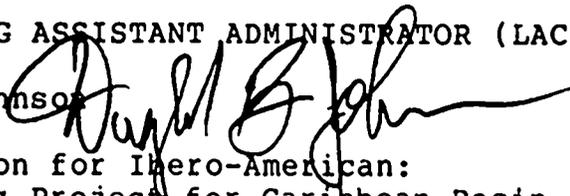
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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

JUL 30 1985

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Dwight B. Johnson 

SUBJECT : No-Cost Time Extension for Ibero-American:
Specialized Marketing Project for Caribbean Basin
Export Producers

Problem: Your approval is needed to extend at no additional cost the PACD of Cooperative Agreement No. LAC-0619-A-00-4052-00 until December 31, 1985. This Project which is a part of the LAC Regional Private Sector Initiatives Project (598-0619) is with the Ibero-American Chamber of Commerce.

Background: On July, 12, 1984 a Cooperative Agreement was signed between A.I.D. and the Ibero-American Chamber (Annex I) with the expiration date being September 30, 1985. The Agreement authorized \$311,133.

Discussion: Disbursement of funds has been slower than anticipated owing to an initial overestimation of expenditure rates (Annex II). Ibero-American Chamber is now requesting (Annex III) a PACD extension until December 31, 1985 in order that they have adequate time to coordinate the administration and future funding of their project through AID country missions and national private sector organizations.

Although this Ibero-American Chamber Project has not met targeted benchmarks to date, LAC/DR/PS feels their performance has improved enough over the past three months to justify their no-cost time extension request.

Recommendation: That you approve a no additional cost time extension of Ibero-American Cooperative Agreement's PACD from September 30, 1985 to December 31, 1985.

Approve 

Disapprove _____

Date JUL 30 1985

JUL 30 1985

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Dwight B. Johnson

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Although this Ibero-American Chamber Project has not met targeted benchmarks to date, LAC/DR/PS feels their performance has improved enough over the past three months to justify their no-cost time extension request.

Recommendation: That you approve a no additional cost time extension of Ibero-American Cooperative Agreement's PACD from September 30, 1985 to December 31, 1985.

JUL 30 1985

Approve _____

Disapprove _____

Date VS/ Malcolm Butler

Clearance:

LAC/DR:Rotto _____
CPeasley _____
ILevy _____

LAC/DR:BGoldenberg:vc:7/18/85:1575Q

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

JUL 25 1985

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Dwight B. Johnson

SUBJECT : No-Cost Time Extension for the Caribbean Overseas Marketing Corporation Contract

Problem: Your approval is needed to extend the due date for contract No. LAC-598-0619-3-5651308 until August 31, 1985. This Project, which is a part of the LAC Regional Private Sector Initiatives Project (598-0619) is with Caribbean Overseas Marketing Corporation (CMOC) for the publication of 5,000 CBI booklets.

Background: In January 1985 a contract was signed between A.I.D. and the Caribbean Marketing Overseas Corporation to publish 5,000 booklets on Private Sector Projects in the Caribbean Basin (Annex I). The contract authorized \$43,000 for 5,000 booklets due in 120 days.

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Discussion: CMOC's contract stipulated that they submit four drafts of the CBI booklet to AID/W prior to final publication. Each of these drafts were to be corrected by AID/W or AID's field missions, or both. These corrections, however, took considerably longer to receive than initially planned. Consequently, the due date listed in their contract passed on June 1, 1985.

LAC/DR/PS is pleased with CMOC's work to date on the CBI booklet and acknowledges that delays in meeting due dates are in part AID's fault. We, therefore, feel an extension in CMOC's contract is fully justified.

Recommendation: That you approve an extension of the due date until August 31, 1985 for Contract No. LAC-598-0619-3-5651308 with CMOC to publish 5,000 CBI booklets.

Approve: _____

Malcolm Ponté

Disapprove: _____

Date: _____

JUL 24 1985

RECORD COPY

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AGENCY FOR INTERNATIONAL DEVELOPMENT

TECHNICAL NOTIFICATION

(\$ 000¹)

Project Title and Number	Prior Reference	Country or Central Program	Approp. Account	Auth. LOP	CP Amount	Amount Now Required	Amount of Increase	Reason for Change
Intercountry Technology Transfer 598-0616	CN dtd 1/17/85	LAC Regional	PN	C	0 ^{1/}	800(G)	500	FY funding increase
Program Dev. and Support 598-0000	FY 85 CP Annex III, Vol 1, p. 168 and TN dtd 12/12/84	LAC Regional	PN	C	50(G) ^{2/}	500(G)	350	FY funding increase

^{1/}Referenced CN established funding level of \$300,000.

^{2/}Referenced TN increased funding to \$150,000

No abortion or coercive activities are involved in these two activities.

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

March 12, 1985

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

FROM: LAC/DR, Dwight B. Johnson

SUBJECT: Approval of P10/T to Contract for Facilitation of a Conference on Investment Promotion in the Caribbean

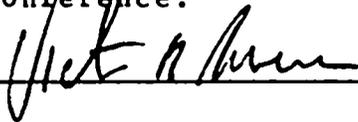
PROBLEM: Your approval is requested to allow the negotiation and execution of a contract with the Caribbean Marketing Overseas Corporation (CMOC), to conduct and facilitate a conference for the improvement of the management of investment promotion programs in the Caribbean.

BACKGROUND: The CBI is a program to foster the economic development of Caribbean Basin countries. The program is intended to expand the productive capacity and open markets for trade and investment by combining foreign and local capital with the vast natural resources available in the Caribbean Basin.

DISCUSSION: This conference will bring all of the investment program directors from the Caribbean Basin countries with those of other successful countries to share experiences and improve performance. Guests from the successful countries in the Far East, Ireland, selected States in the U.S. and Puerto Rico will share their results in attracting investments to their regions.

We recommend contracting with the Caribbean Marketing Overseas Corporation because they are an 8(a) firm with considerable appropriate expertise, they are located in Puerto Rico (the site of the conference) and we feel confident that they will be able to perform work of high quality and in the short time period required.

RECOMMENDATION: That you approve the expenditure of up to \$50,000 for the conduct of the conference.

Approved: 

Disapproved: _____

Date: 3/12/85

RECORD COPY

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

MAR 11 1985

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Dwight Johnson

Problem: Your approval is required to authorize a grant of \$100,000 to the Interamerican Cities Foundation (ICF) of San Juan, Puerto Rico, through the Private Sector Initiatives Project (598-0619), to be utilized to fund part of the costs associated with program development of the Pilot Training Workshop: Municipality and Private Sector Involvement in Local Economic Development in San Juan, Puerto Rico.

Background: One of the clear conclusions to be drawn from the recent Great Cities of the Americas Conference was that many participating cities, while in desperate need of economic development activity, did not play a development role. Often mayors and city officials did not even perceive that their local government had any responsibility for economic and business development activity in their municipality. In many such cases, local governments have limited taxing powers to raise revenues for even basic services. Local governments also have various regulatory and taxing powers such as the issuance of business permits, building permits and other requirements, which can be administered in ways which provide incentive for business development, or can be an obstacle in the form of red-tape and confusion, resulting in wasted time and resources by businesses eager to move forward.

Considerable headway has been made in the United States in the last decade by local governments in becoming an active partner, with the private sector, in fomenting economic development.

Discussion: The Interamerican Cities Foundation (ICF) feels strongly that much of what has been generated over this period of time in terms of local development policy, programs, procedures and linkages with the private sector, is transferable to localities in Latin America and the Caribbean. Under this grant ICF will plan and implement a pilot training workshop in San Juan, Puerto Rico to develop the abilities of participating cities to (a) provide municipal services to the private sector, (b) develop local policies, rules, procedures, tax structures, and programs which will facilitate business development of the urban area, and (c) enhance public-private partnerships to promote business development.

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Recommendation: That you approve the expenditure of \$100,000 under the Private Sector Initiatives Project (598-0619) to fund part of the costs of this workshop.

Approved: *Kevin Levy*

Disapproved: _____

Date: *3/6/85*

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C. 20523

FEB 25 1985

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

From: LAC/DR Dwight B. Johnson

Subject: Central America Small and Medium Enterprise Study

Problem: Your authorization is required to fund a study to obtain comprehensive information on the field of factors affecting private enterprise and its future in Central America.

Background: Although many projects in the private sector are going forward, their relationship to the overall local economy remains uncertain. Wasted efforts could be reduced if the context or field in which the enterprise is operating were better known. No substantial analysis has been done in the area of general market makeup and its influences on enterprises.

Discussion: Department of State, INR/EC/CDC proposed to undertake a jointly funded study to determine the context and condition under which small and medium sized businesses operate in Central America. The growth of the sector depends upon understanding and interactions with this relatively unknown environment. Many perceptions of that environment held by Washington and field officials could be sharpened by first-hand current information. Although many USG supported projects in the private sector are going forward, their relationship to the overall local economy remains uncertain. Wasted efforts could be reduced if the context or field in which the enterprise is operating were better known.

AID LAC/DR/PS and State INR staff have met and agreed that such a study would be worthwhile and that joint funding is appropriate. This project will be managed by INR/EC/CDC and coordinated with LAC/DR/PS.

Recommendation: Approval of \$40,000 from the LAC Regional Private Sector Initiatives Project (598-0619) to Department of State INR/EC/CDC for our contribution to the cost of the study.

Approved: Dwight B. Johnson

Disapproved: _____

Date: Feb. 28, 1985

Feb 21 1985
Signed

SENIOR ASSISTANT ADMINISTRATOR

INFORMATION MEMORANDUM FOR THE ADMINISTRATOR

FROM: S&T, N. C. Brady

SUBJECT: Reprogramming for Private Sector Family Planning Programs

This memorandum describes how my staff, working with their regional bureau counterparts, proposes to reprogram \$11.5 million of centrally managed funds. Below is a table summarizing the allocation of the funds.

Table I

Reprogramming by Function and Region

	<u>\$Million</u>	<u>Percent</u>
Private Family Planning Programs, Africa	5.7	50
Private Family Planning Programs, LAC	2.0	17
Special Private Sector Projects, Asia	.6	5
S&T/POP Private Sector Initiatives, Worldwide	<u>3.2</u>	<u>28</u>
Total	11.5	100

Private Family Programs, Africa: Population programs are still in an early stage of development in Africa. In many countries, the most effective and efficient way to provide family planning services is through private programs. Indeed, in some countries these programs are the only source of services. Because of the priority A.I.D. assigns to Africa and the importance of the private sector in the region, 50 percent of the \$11.5 will be for the support of private African family planning programs.

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The number of organizations involved in obligating the \$5.7 million will be kept to an administratively manageable number, say four or five. Some of the likely candidates for this effort are Pathfinder, University of North Carolina, and Columbia University.

Private Family Planning Programs, LAC: Like Africa, the private family planning sector in the LAC region is particularly important, but for different reasons. Here, family planning is more mature and utilization of services relatively high. For a variety of factors, governments have formally or informally given the private sector the mandate for the provision of services. The two most important and respected private programs in this region are Brazil and Colombia. It is planned to provide \$1.2 million for the Brazilian family planning program and \$.8 million for the Colombian program. While no decision has yet been made on the obligation route for these funds, the actions are obviously much less complex than those proposed for Africa, especially since both of the programs are so well established.

Special Private Sector Projects, Asia: Unlike the two previous regions, private programs play a secondary role relative to large, comprehensive government programs. Yet, the private sector is much more important in the development and implementation of new, more effective family planning efforts. This "cutting edge" element needs to be encouraged. Along with the Asia Bureau, we have identified a number of select private sector projects for support. How the funds for these activities will be distributed is shown in Table II.

TABLE II

<u>Special Private Sector Projects</u> <u>In Asian Countries</u>	<u>(\$000)</u>
Sri Lanka	150
Philippines	250
Thailand	<u>200</u>
	600

After a review of possible funding avenues, it was decided that FPIA was the most suitable organization for this action.

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Private Sector Initiatives, Worldwide: Although the Agency's population budget was increased substantially this year, from \$240 million to \$290 million, the central program's budget experienced only a modest increase over last year. Moreover, this increase is primarily for special efforts in Kenya, Nigeria, and Guatemala, which, together, account for \$10 million of the Office's budget of \$119 million. Last year's budget was \$113 million. There are a number of important actions that can be undertaken with some of the reprogrammed funds. Below you can see how these funds would be allocated among the Office's projects.

Table III

S&T/POP Private Initiatives, Worldwide

	<u>\$ Million</u>
Population Policy Initiatives	700
Operations Research	600
Social Marketing	700
Population Information Program	600
PAC Training	<u>600</u>
Total	3,200

Population Policy Initiatives: This new project has a major component designed to inform health maintenance type organizations (HMOs) about the economic benefits they can realize by the introduction of family planning services. It is not well known that millions of couples throughout the developing world receive their health services through organizations very similar to American HMOs. This project would transfer the experience and know-how of American HMOs to their developing world counterparts.

Operations Research: A new program we initiated under the Office's Operations Research program will be specifically designed to test different types of managerial innovations in the developing world context. Despite the popular impression that the Japanese are the innovators in management, most managerial breakthroughs were first initiated in this country. This project would test the feasibility and cost effectiveness of introducing modern managerial techniques into family planning programs.

Social Marketing: The initial response to the Office's new social marketing project has been very positive. As a result, presently, there are insufficient project funds to respond to these demands. This \$700,000 will allow the program to introduce social marketing activities in two additional countries.

Population Information Program: The additional funds to this project will allow the writing, production and distribution of two reports. The first is an update of the worldwide social marketing experience. Secondly, the program would publish a report on "New Frontiers in Contraceptives" which will outline new developments in the contraceptive field, highlighting the pros and cons of each.

PAC Training: This project is designed to train paramedical and auxilliary personnel throughout the developing world not only in family planning, but also in maternal child health. In terms of its contractual levels and demands for its services, the project is grossly underfunded. These funds will allow it to attain more of its stated objectives.

Clearances: S&T/POP:SSinding¹/_W draft date 2/11/85
S&T/POP:JDumm draft date 2/11/85
S&T/POP:BCase draft date 2/11/85
S&T/HP:JSarn FHerder for date 2/11/85
S&T/PO:GEaton draft date 2/11/85
PPC/PDPR:KPiepmeier date _____
AA/PPC:RDerham: _____ date _____

Drafted: S&T/POP: DGilliespie: sw: 2/7/85: Wang 2999W
Revised: 2/14/85

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

FEB 8 1985

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

From: LAC/DR, Dwight B. Johnson

Problem: The Entrepreneurship and Small Enterprise Study needs additional funds to continue.

Background: The identification and development of entrepreneurs is important if we are to develop projects that strengthen the creation and growth of small and medium enterprises. The Bureau of Science and Technology is now conducting a study that will result in the the identification of personal entrepreneurial characteristics (PECs) and development of model training programs for entrepreneurs. S&T has obligated \$850,000 for this study, however, finds now that the work cannot be completed without an additional \$160,000.

The scope of work was changed during the conduct of the study to date adding to the cost. The original project called for an assessment of the impact of existing entrepreneurship training programs. That approach was modified for two reasons:

1. the three countries selected by AID were found to have no existing program offering entrepreneurship training,
2. a concensus was reached to design a new training program based on the results of research rather than to merely evaluate obsolete existing programs.

In addition to the reasons listed above, a fourth country was added to the study and one country to which a study trip had already been conducted has been dropped.

Ecuador is one of the countries in which the study is being conducted and would benefit from both the conduct of the study and the results of the findings.

The First Annual Report of the study is attached for your information.

Recommendation: Approval of \$40,000 from the LAC Regional Private Sector Initiatives Project (598-0619) for the completion of the study in Ecuador. (The other regional bureaus are contributing the balance of the \$160,000 needed.)

Approved: J Lewis

Disapproved: _____

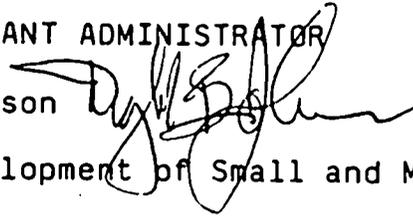
Date: Feb 11, 1985

Attachment: a/s

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JAN 30 1985

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

From : LAC/DR, Dwight B. Johnson 

Subject: Guidebook for the Development of Small and Medium Enterprise Support Programs

Problem:

How can AID programs assist the small entrepreneur to develop new markets, expand production, improve productivity and generate employment? The answer lies in the ability of the AID program to effectively reach the entrepreneur of small and medium enterprises (SMEs) to assist them to research, plan, develop business proposals, get credit, enter new markets, penetrate government controls and operate in the marketplace.

Background:

With AID's emphasis on private sector development comes the need to find host government mechanisms that work in the development and support of small and medium enterprises.

A priority for LAC this year for the development of the private sector is the establishment and enhancement of support programs in host governments for small and medium sized businesses.

SME assistance programs have a multitude of common elements applicable to similar situations and needs in all LDCs. Accounting, budgeting, interpreting balance sheets, marketing management strategies and credit requirements are frequently uniform throughout the hemisphere. The level of education of small business entrepreneurs are often comparable and consequently require similar technical assistance.

AID has considerable experience in micro and small enterprise support programs implemented through PVOs. PVOs have generally served the micro enterprises with small credit schemes and skills training in accounting, marketing and management. We need to increase the scope and coverage of our programs to include the entrepreneurs of small and medium enterprises with emphasis on employment generation.

USAID private sector officers could benefit from the development of model programs or examples of the best of the AID experience in SME development. This assembled material could provide guidance on how to analyze the SME sector, analyze investment codes, evaluate investment promotion projects, examine government policies and develop a strategy and plan a support program. The institutions, organizations and associations in the private sector must also be considered.

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Objectives:

We would like to develop a simple, easy-to-use reference of ideas, techniques and resources for Private Sector Officers to use in developing support programs for SMEs, to:

- establish a basic approach for SME support analysis, development and assistance, and
- provide training techniques for use in assisting field staff to develop and implement SME programs.

Recommendation:

That you approve \$50,000 for the study and development of a "Guidebook for the Development of Small and Medium Enterprise Support Programs."

Approved: Shanku B

Disapproved: _____

Date: FEB - 1 1985

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

JAN 29 1985

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

From: LAC/DR, Dwight B. Johnson

Dwight B. Johnson

Problem: Your approval is requested for the expenditure of up to \$73,722 in grant funds from the LAC Regional Private Sector Initiatives Project (598-0619) for Cooperative Agreement Number LAC-0619-A-00-2053-00 with Caribbean/Central America Action (C/CAA).

Background: On September 29, 1982 a Cooperative Agreement was signed between AID and the C/CAA (Annex 1) authorizing funding for a three-part project consisting of the Twin Chamber Program, the U.S. Chamber Program, and the Caribbean Basin Information Network (CBIN) Program. The Agreement authorized \$480,000 but obligated \$328,000; the Agreement's termination date was September 29, 1984.

Amendment 1 (Annex II) was signed on March 4, 1984 and obligated the remaining \$152,000 without changing the Agreement's termination date.

Amendment 2 (Annex III) was signed on October 17, 1984 and approved a no-additional-cost time extension of C/CAA Cooperative Agreement's termination date from September 29, 1984 to December 31, 1984. The purpose of Amendment 2 was to give both A.I.D. and C/CAA sufficient time to make required changes in the Cooperative Agreement prior to providing additional funding.

Discussion: Several changes designed to strengthen each of the C/CAA Programs now have been reached with C/CAA and are listed following a brief description of each Program:

1. Twin Chamber Program

The Twin Chamber Component is intended to build the institutional capabilities of Caribbean Basin business organizations in order to serve private sector development needs in their respective countries. The immediate objective is the institutional strengthening of the Caribbean or Central American "twin" chamber through technical assistance and mutual participation in the direction and promotion of business endeavors with its U.S. Twin.

The Work Plan for a one-year extension of this program is outlined in Annex IV. Building upon the recommendations of the Zucca and Garnitz evaluation of the Twin Chamber Program, C/CAA has made the following changes:

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INDEXED
SERIALIZED
FILED
JAN 30 1985
FBI - WASHINGTON

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- o Narrowed the focus to six highly promising pairs, with a number of others participating indirectly through the Caribbean Association of Industry and Commerce.
- o Placed emphasis on investment/trade results.
- o Informed participating pairs that AID/W funding for the program would end on September 30, 1985 and that requests for future funding would have to be made directly to AID missions in their respective countries/regions.

The Twin Chamber Program has been successful in accomplishing its objectives to date and is well positioned to implement its revised FY85 plan. Implementation of the revised 1985 plan will require extending the Twin Chamber Program 's termination date by one year until 9/30/85.

2. U.S. Chamber Program

The U.S. Chamber of Commerce Program, designed to be complementary to the Twin Chamber Program, aims to create a network of direct business contacts in the U.S. that can be opened to Caribbean Basin private sector organizations by means of resources that are accessible through the U.S. Chamber of Commerce. As a national organization, the U.S. Chamber has an enormous membership base of small, medium and large-sized firms throughout the country. In addition, the U.S. Chamber has affiliated memberships with all local chambers, close ties with business and industrial associations, and extensive resources of its own including technical publications for businessmen, speakers and seminars, audio-visual materials, and other educational assistance.

The Work Plan for a one-year extension of this program is outlined in Annex V. A.I.D. will fund the Program Manager's salary, benefits, and payroll taxes (\$25,800), but will fund no specific program activities. This agreement has been reached following a review of the program's tangible results to date, namely training in chamber management via several 'chamber institute' workshops, and a mutual feeling that future chamber training activities should be funded by other sources including CIPE and A.I.D. field missions. Implementation of the revised Work Plan will require extending the U.S. Chamber Program's termination date by one year until 9/30/85.

3. Caribbean Basin Information Network (CBIN)

The CBIN is designed to provide adequate and timely information to people involved in business development in the Caribbean Basin region. The network uses computerized facilities for storage and retrieval of information and recently added an electronic mail service which permits rapid communications throughout the network of key private sector contact points within the U.S., Canada, Central America and the Caribbean.

The Business Plan supporting a two-year extension of this program is outlined in Annex VI. The Business Plan reflects the following changes:

- o Based on both an informal assessment of the CBIN by AID/IRM, and an outside consultant's study, CBIN's new strategic direction calls for the promotion and generation of trade and investment deals between the business communities of the Caribbean Basin and the United States while attaining financial self-sufficiency.
- o The CBIN now uses ITT's Dialcom telecommunications system which is better suited to the achievement of the network's new strategic direction.
- o CBIN's Tactical Plan sets out measurable benchmarks.
- o The affiliate network has been strengthened as evidenced by the completion of most affiliate self-sufficiency plans and a clear indication from them that they will need to increase their use of the system to obtain their own business objectives.
- o The CBIN Business Plan calls for the hiring of an additional employee, responsible for system marketing and the facilitation of trading activities.

Implementation of the new Business Plan will require extending the CBIN Program's termination date by two years until 9/30/86.

Lastly, because overall success in accomplishing the CBIN Program depends on meeting specified benchmarks during the FY85 & FY86 period, FY86 funding (all \$35,000 is for the CBIN) is to be made conditional on the achievement by September 30, 1985 of the FY85 benchmarks as stated in the CBIN Tactical Plan (page 9 of the Business Plan). The Agreement with C/CAA will state that AID/W reserves the right to delay and ultimately suspend FY86 funding if FY85 benchmarks have not been met.

Financial Package

Total funding over the FY85-86 period for the three revised C/CAA programs amounts to \$73,722 as follows:

PROGRAM NAME	<u>NEW FUNDING REQUEST</u>	<u>EXISTING FUNDS AVAILABLE</u>	<u>ADDITIONAL FUNDING REQUIRED</u>
Twin Chamber Program	\$ 89,680	\$102,187	(\$12,507)
CBIN Program	\$ 77,720	\$ 12,280	\$65,440
U.S. Chamber Program	\$ 25,800	\$ 5,011	\$20,789
TOTALS	\$193,300	\$119,478	\$73,722

A breakdown of \$73,722 in new funding by FY is given on page 5.

Recommendation: That you approve \$73,722 in additional funding for three programs--the CBIN, the Twin Chamber, and the U.S. Chamber Programs--included in C/CAA's Cooperative Agreement No. LAC-0619-A-00-2053-00.

Approved: *[Signature]*

Disapproved: _____

Date: Jan. 30, 1985

BUDGET SUMMARY (\$)

Program Name	FY85			FY86			TOTALS		
	New Funding Request	Existing Funds Available (*)	Additional Funding Required	New Funding Request	Existing Funds Available (*)	Additional Funding Required	New Funding Request	Existing Funds Available (*)	Additional Funding Required
Twin Chamber Program	89,680	102,187	(12,507)	0	0	0	89,680	102,187	(12,507)
U.S. Chamber Program	25,800	5,011	20,789	0	0	0	25,800	5,011	20,789
Caribbean Basin Information Network	<u>42,720</u>	<u>12,280</u>	<u>30,440</u>	<u>35,000</u>	<u>0</u>	<u>35,000</u>	<u>77,720</u>	<u>12,280</u>	<u>65,440</u>
TOTALS	158,200	119,478	38,722	35,000	0	35,000	193,200	119,478	73,722

(*) Existing funds available are those left over from the initial and amended Cooperative Agreement with C/CAA.

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ANNEXES

ANNEX I	Initial Cooperative Agreement (9/29/82)
Annex II	Ammendment 1 (3/4/83)
Annex III	Ammendment 2 (11/16/84)
Annex IV	Twin Chamber FY85 Proposal
Annex V	U.S. Chamber FY85 Proposal
Annex VI	CBIN FY85-86 Business Plan

AIF (350-1) (10-79) PIO/T	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	1. Cooperating Country LAC Regional	Page 1 of 2 Pages
		2. PIO/T No. 598-0619-1-5651320	3. <input checked="" type="checkbox"/> Original or Amendment No. _____
		4. Project/Activity No. and Title Private Sector Initiatives 598-0619	

DISTRIBUTION	5. Appropriation Symbol 72-1151021.6		6. Allotment Symbol and Charge LDAA85-35598-DG12 (546-65-598-00-69-51)	
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document		8. Project Assistance Completion Date (Mo., Day, Yr.) 9/30/86	
	9. Authorized Agent AID/Washington		10. This PIO/T is in full conformance with PRO/AG N/A Date _____	
	11a. Type of Action and Governing AID Handbook <input checked="" type="checkbox"/> AID Contract (HB 14) <input type="checkbox"/> PASA/RSSA (HB 12) <input type="checkbox"/> AID Grant (HB 13) <input type="checkbox"/> Other		11b. Contract/Grant/PASA/RSSA Reference Number (if this is an Amendment) LAC-0619-A-00-2053-00	

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)

Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
					\$73,722
	B. U.S.-Owned Local Currency				

13. Mission References 10/T 598-0619 3-6521350 10/T 598-0619 3-6531310	14a. Instructions to Authorized Agent • SER/CM is authorized to amend Cooperative Agreement No. LAC-0619-A-00-2053-00 with Caribbean/Central America Action by \$73,823. • See page 2 of this PIO/T for budget allocations • Contractor is requesting an advance of funds arrangement through a letter of credit
	14b. Address of Voucher Paying Office FM/PAD

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate LAC/DR/PS:BJGoldenberg	Phone No. 2-8669 Date 1/18/85	B. The statement of work lies within the purview of the initiating and approved agency programs LAC/DR:ILevy	Date 1-29
C. LAC/DR/PS:ROtto LAC/DR:CPeasley C. Peasley	Date 1/28/85	D. Funds for the services requested are available	
E. LAC/DP:RPatterson	Date 1/28/85		

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to	17. For the Agency for International Development
Signature _____ Date _____	Signature <i>Dwight B. Johnson</i> Date JAN 29 1985
Title _____	Title Director, LAC/DR

BUDGET SUMMARY (\$)

<u>Program Name</u>	<u>FY85</u>			<u>FY86</u>			<u>TOTALS</u>		
	<u>New Funding Request</u>	<u>Existing Funds Available (*)</u>	<u>Additional Funding Required</u>	<u>New Funding Request</u>	<u>Existing Funds Available (*)</u>	<u>Additional Funding Required</u>	<u>New Funding Request</u>	<u>Existing Funds Available (*)</u>	<u>Additional Funding Required</u>
Twin Chamber Program	89,680	102,187	(12,507)	0	0	0	89,680	102,187	(12,507)
U.S. Chamber Program	25,800	5,011	20,789	0	0	0	25,800	5,011	20,789
Caribbean Basin Information Network	<u>42,720</u>	<u>12,280</u>	<u>30,440</u>	<u>35,000</u>	<u>0</u>	<u>35,000</u>	<u>77,720</u>	<u>12,280</u>	<u>65,440</u>
TOTALS	158,200	119,478	38,722	35,000	0	35,000	193,200	119,478	73,722

(*) Existing funds available are those left over from the initial and amended Cooperative Agreement with C/CAA.

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NOV 16 1984

Contract #

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

FROM: LAC/DR, *[Signature]* E. Johnson
SUBJECT: Approval of PJO/T to Contract for Private Sector Project Booklets

LAC -
0619C-00-
5022-00
(28510211)

PROBLEM: Your approval is requested to allow the negotiation and execution of a contract with the Caribbean Marketing Overseas Corporation (CMOC), to publish 5,000 booklets on Private Sector Projects in the Caribbean Basin. Funding for this contract will be provided by the LAC Regional Private Sector Initiatives Project (598-0619).

BACKGROUND: The CBI is a program to foster the economic development of Caribbean Basin countries. The program is intended to expand productive capacity and open markets for trade and investment by combining foreign and native sector capital with the vast natural resources available in the Caribbean Basin. The proposed guide will provide necessary information to U.S. business firms identifying potential business opportunities.

Discussion: This guide will seek to inform the U.S. business community of investment opportunities in the Caribbean Basin as a result of Private Sector Projects. The booklet will supply the following data: project descriptions; a list of countries involved; information on how firms can get involved; and information on who to contact for project details. Projects will be listed by region, country and business sectors. The business sectors involved will be: agribusiness; export development; financial services; human resources development; and infrastructure development.

We recommend contracting with the Caribbean Marketing Overseas Corporation because they are an 8(a) firm with considerable appropriate expertise, and we feel confident that they will be able to perform work of high quality and within a short period of time.

RECOMMENDATION: That you approve the expenditure of up to \$43,000 for the publication of 5000 booklets on Private Sector Project related to the Caribbean Basin Initiative.

Approved: *[Signature]*

Disapproved: _____

Date: 11/16/84

OCT 25 1984

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Dwight Johnson



Problem: Your approval is required for FY 1985 funding through the LAC Regional Private Sector Initiatives Project 598-0619 for the extension of an existing cooperative agreement with the Chicago Association of Commerce and Industry (CACI) to enable their Chicago/Caribbean Basin Private Sector Initiative to continue to operate without interruption while new arrangements can be established for funding.

Background: A cooperative agreement was signed between Chicago Associates of Commerce and Industry (CACI) and AID, September 29, 1982. The purpose of the Agreement was to provide support for private sector initiatives in the Caribbean Basin, by means of CACI linking specific Chicago area private business with opportunities in the Dominican Republic and Costa Rica.

After eighteen months, the program was evaluated by the consulting firm of Zucca and Garnitz under an AID contract. Their conclusion was that the project has been effective. The staff is professional and have provided strong leadership for the program. They have a strong background in marketing and financial analysis. The project is effective because it is targeted and focused on the most likely productive areas in trade and investment.

The Chicago and Caribbean business communities have developed a strong working relationship and are starting to generate significant trade and investment opportunities. The CACI has developed a successful record in this sort of endeavor and the overall concept fits in with the thrust of the Caribbean Basin Initiative.

CACI to date reports the following trade results:

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<u>Product Area</u>	<u>Annual Caribbean Impact</u> (Estimated)	<u>Actual \$ Volume</u> <u>as of 6/30/84</u>
<u>DOMINICAN REPUBLIC</u> <u>(Since 11/9/82)</u>		
Apparel	\$ 4,600,000	\$ 2,000,000
Apparel	1,000,000	250,000
Fruit & Vegetables	25,000	25,000
Fruit & Vegetables	35,000	35,000
Cigars	120,000	120,000
Rattan Furniture	25,000	25,000
Rum	10,800	10,800
Electronic Components	75,000	75,000
Electronic Components	N/A	N/A
Apparel	100,000	25,000
Nutmeg/Cashews	100,000	100,000
Pants/slacks	3,750,000	1,000,000
Blazers	250,000	250,000
Guava Paste	25,000	25,000
Cigars	35,000	35,000
<u>COSTA RICA</u> <u>(Since 1/1/84)</u>		
Garments	\$ 2,500,000	\$ 100,000
Garments	1,000,000	250,000
Confectionery	720,000	200,000
Processed Foods	480,000	100,000
Ornamental Plants	1,000,000	550,000
Fresh Produce	300,000	50,000
GRAND TOTAL	<u>\$16,150,800</u>	\$ 6,075,800

Discussion: The CACI/AID Cooperative Agreement has lead to a useful program. I propose that \$462,000 of FY 1985 funds be obligated for an extension until September 30, 1985.

The extension is necessary to give CACI time to arrange for other sources of funding. A new agreement has not been negotiated because it is anticipated that the program will not continue to be funded by AID/Washington. With the ten month extension, the program will have been funded for 18 months beyond the original agreement.

Four-hundred sixty-two thousand dollars has been requested since the program has had a monthly cost of \$44,000 and the extension will be for ten months. The work plan calls for CACI to service the same countries and to accelerate efforts in the Dominican Republic and Costa Rica. This will include expanding the level of U.S. investment in the targeted CBI countries especially in the areas of non-traditional agribusiness and light assembly. Trade will concentrate on targeted product categories and supplier companies judged export-ready or export-experienced.

Recommendation: That you approve \$462,000 in grant funding from FY 1985 budget through the LAC Private Sector Initiatives Project 598-0619 for the Chicago/Caribbean Basin Private Sector Initiative (CACI).

APPROVE

S Marshall Bm

DISAPPROVE

Date

Oct 29, 1984

**AGENCY FOR INTERNATIONAL DEVELOPMENT
ADVICE OF PROGRAM CHANGE**

Date:

Country : LAC Regional
 Project Title : Private Sector Initiatives
 Project Number : 598-0619
 FY 85 CP Reference : LAC Annex III, Vol 1, p. 170
 Appropriation Category : Agriculture, Rural Development
 and Nutrition; and Selected
 Development Activities
 Life-of-Project Funding : Continuing
 Intended FY 1985 Obligation : \$200,000 Grant (ARDN)
 \$1,900,000 Grant (SDA)

This is to advise that A.I.D. intends to obligate \$2,100,000 in Fiscal Year 1985 for the Private Sector Initiatives project. Since we expect to continue financing activities in support of the private sector under the project for the foreseeable future, the project is a continuing one with no fixed life-of-project level.

The project objective is to assist and strengthen elements in the private sector so that it more actively contributes to the development of the LAC region. The project provides seed capital to initiate private sector involvement in order to tap private sector resources required to address some of the economic and social problems facing the LAC region. Increased funding will be used primarily to initiate several new pilot efforts in export development, investment promotion and development finance.

Annex: Activity Data Sheet

Clearance:

LAC/DR:

GC/LAC:RNeighan RM

LAC/DP:RPatterson LR

GC/LP:GWinter AW

A-AA/LAC:HDDrown SD

AA/PPC:RDerham (Info)

DB
DBJohnson DB

ASchoepfer AS

DErbe DE

JOLESON JL

192
LAC/DR:R Otto:10-24-84:pt:208620

10/24/84

**AGENCY FOR INTERNATIONAL DEVELOPMENT
ACTIVITY DATA SHEET**

CP 81-05 (8 79)

PROGRAM: LAC Regional

TITLE Private Sector Initiatives		FUNDING SOURCE ARDN, SDA	PROPOSED OBLIGATION (In thousands of dollars)		LIFE OF PROJECT (Aun.)
NUMBER 598-0619		PRIOR REFERENCE Advice of Program Change dtd 4-25-84	FY 85 200 ARDN; 1,900 SDA	Continuing	
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>	NEW <input type="checkbox"/> CONTINUING <input checked="" type="checkbox"/>		INITIAL OBLIGATION FY 82	ESTIMATED FINAL OBLIGATION FY Continuing	ESTIMATED COMPLETION DATE OF PROJECT FY Continuing

Purpose: To assist private sector organizations and LAC governments to generate more effective private sector participation in the development of the region.

Background: The challenge facing LAC countries is to sustain higher growth rates in order to provide an increasing share of economic support needed for the maintenance of pluralistic political systems. To respond to this challenge, a focus on the private sector with a view toward increasing private investment opportunities, economic output and productive employment is called for. In some countries, the high cost of imported energy, the limited prospects for increased exports, and the slowdown in foreign capital inflows have combined to create severe balance of payments and debt service problems. Lack of scientific and technical information also constrains the rate of industrial growth.

Project Description: The thrust of this project is to stimulate the LAC private sector to adopt a more active role in the economic development of the LAC region. The project will attempt to stimulate private sector involvement and tap private sector resources for solutions to social and economic problems facing the region. Project funds will be utilized to undertake surveys and assessments of constraints to and opportunities for increased private investment; to examine the impact of various governmental policy and regulatory measures on private incentives; to assess managerial and skilled labor deficiencies; to prepare feasibility studies for new investment opportunities, e.g., trading companies, duty free industrial zones and development banks; to examine the role and responsiveness of public sector institutions toward private sector productive investment requirements; to facilitate measures to promote the transfer of technologies particularly through joint ventures with U.S. firms; to attract U.S. and other foreign investment capital; to evaluate successful small industry expansion activities; and to establish linkages with U.S. organizations such as the U.S. Chamber of Commerce, trade groups and the like. Seminars, workshops and conferences at national and regional levels may also be financed as appropriate.

Relation of Project to A.I.D. Country Strategy: Virtually all of the LAC countries have a significant yet unrealized potential for economic growth through expanded private investment. Profitable investment opportunities have by no means been exhausted nor are indigenous human and natural resources inadequate for further development. Thus there is economic opportunity for increased private sector activity in support of national economic development.

Beneficiaries: In the broadest sense, this project is aimed at utilizing the private sector as the engine of growth and development. Therefore, the immediate beneficiaries are likely to be the firms and institutions which receive project funds. Ultimately, LAC societies as a whole stand to benefit to the extent that this project has an impact on output, employment and growth with equity.

Host Country and Other Donors: Assistance will be provided in kind from those host country organizations participating in this project.

Major Outputs:

All Years*

Trade and Investment Promotion Activities	X
Studies	X
Seminars	X
Policy Analyses	X
Trained Personnel	X

Fiscal Year 1985
(\$ Thousands)

Salaries	\$1,000
Travel	300
Operation - Promotional Activities	800
Total	\$2,100

* These items are illustrative since this is a continuing project.

U.S. FINANCING (In thousands of dollars)				PRINCIPAL CONTRACTORS OR AGENCIES
	Obligations	Expenditures	Unliquidated	
Through September 30, 1983	1,420	761	659	Various
Estimated Fiscal Year 1984	1,082	1,006		
Estimated Through September 30, 1984	2,502	1,767	735	
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1985	2,100	Continuing	Continuing	

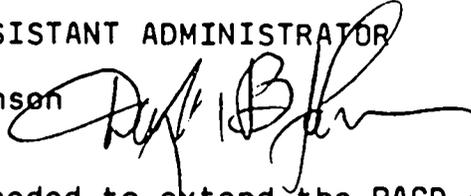
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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

OCT 17 1984

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

From: LAC/DR, Dwight B. Johnson



Problem: Your approval is needed to extend the PACD of Cooperative Agreement No. LAC-0619-A-00-2053-00 until December 31, 1984. This Project, which is a part of the LAC Regional Private Sector Initiatives Project (598-0619) is with Caribbean/Central American Action (C/CAA) and consists of the Twin Chamber Program, the U.S. Chamber Program, and the Caribbean Basin Information Network Program.

Background: On September 29, 1982 a Cooperative Agreement was signed between A.I.D. and the C/CAA (Annex I) valid for 2 years with the expiration date being September 29, 1984. The Agreement authorized \$480,000 and obligated \$328,000 dollars.

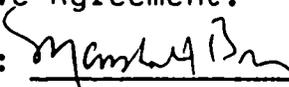
Amendment 1 (Annex II) was signed on March 4, 1984 and obligated the remaining \$152,000 without changing the Agreement's PACD.

Discussion: Disbursement of funds has been slower than anticipated owing to an initial overestimation of expenditure rates. Of the \$480,000 obligated funds, the following remains unspent as of September 31, 1984 (based on C/CAA's September 31, 1984 voucher):

Caribbean Basin Information Network:	\$ 12,280.05
Twin Chamber Program	: \$102,186.62
U.S. Chamber Program	: \$ 5,010.78
TOTAL	\$119,477.45

We are in the process of negotiating a change in the C/CAA Program, which we expect to finalize by mid-December.

Recommendation: That you approve a no additional cost time extension of C/CAA's Cooperative Agreement's PACD from September 29, 1984 to December 31, 1984, thus giving us sufficient time to make required changes in the C/CAA Cooperative Agreement.

Approve:  _____

Disapprove: _____

Date: 10/17/84 _____

LAC/DR:BGoldenberg:BG:2161B:10/7/84

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OCT 17 1984

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR

From: LAC/DR, ^{Dwight B. Johnson} Dwight B. Johnson

Problem: Your approval is needed to extend the PACD of Cooperative Agreement No. LAC-0619-A-00-2053-00 until December 31, 1984. This Project, which is a part of the LAC Regional Private Sector Initiatives Project (598-0619) is with Caribbean/Central American Action (C/CAA) and consists of the Twin Chamber Program, the U.S. Chamber Program, and the Caribbean Basin Information Network Program.

Background: On September 29, 1982 a Cooperative Agreement was signed between A.I.D. and the C/CAA (Annex I) valid for 2 years with the expiration date being September 29, 1984. The Agreement authorized \$480,000 and obligated \$328,000 dollars.

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U.S. Chamber Program	: \$ 5,010.78
TOTAL	<u>\$119,477.45</u>

We are in the process of negotiating a change in the C/CAA Program, which we expect to finalize by mid-December.

Recommendation: That you approve a no additional cost time extension of C/CAA's Cooperative Agreement's PACD from September 29, 1984 to December 31, 1984, thus giving us sufficient time to make required changes in the C/CAA Cooperative Agreement.

Approve: 75/ Marshall D. Brown

Disapprove: _____

Date: OCT 17 1984

^{OK 6/7}
LAC/DR:BG Goldenberg:BG:21618:10/7/84

LAC/DR:ROtto Draft LAC/DR:CAPeasley CP
LAC/DR:ILevy IL DAA/DR:MBrown _____

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

JUL 19 1984

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR

FROM : LAC/DR, Dwight B. Johnson

Problem: Your approval is required for the expenditure of up to \$34,700 in grant funds under the LAC Regional Private Sector Initiatives Project (598-0619) for the purpose of marketing a comparative analysis of production sharing in the Caribbean Basin, Mexico and the Far East.

Background: The firm of Production Sharing International and Free Zone Authority Service was contracted in September 1983 to undertake a comparative analysis of a complete range of investment factors for three specific production sharing (also referred to as maquila or drawback) industries in the Caribbean Basin, Mexico and the Far East. The purpose of this recently completed study was twofold: first, to serve as a marketing tool to promote the Caribbean Basin as a viable location for production sharing operations; and, secondly, to detail the performance of the various Basin countries vis-a-vis their Mexican and Far Eastern competitors.

Discussion: The experience to date under the U.S. tariff program which aids production sharing has been impressive and the potential impact of production sharing on Caribbean Basin economies could be quite significant. Under tariff articles 806.30 and 807, the U.S. imported over \$3 billion of offshore labor value-added from 51 developing countries in 1980. This figure has been growing at over 20 per cent per year for several years. Asian countries combined dominated the U.S. 806/807 market in 1980 with a 54 percent share. Mexico, the largest single country supplier accounted for 36 percent (\$1.1 billion of value added) of the U.S. 806/807 market. Caribbean Basin countries accounted for only \$200 million of value added in 1980. However, Barbados and Haiti have been experiencing growth of more than 30 percent per year in production sharing industries in recent years.

The comparative analysis study shows that production costs varied by as much as 20 percent between countries, but for each industry, Caribbean Basin countries accounted for two of the three lowest cost producers. A total of 66 chief executives officers and plant managers for U.S. corporations in Costa

Rica, Haiti, Honduras, the Dominican Republic, Mexico and the U.S. were interviewed to identify the investment criteria by which overseas investment alternatives are assessed. Cost considerations influenced the initial decision to locate offshore. However, the ultimate decision to locate in a particular country depended on a variety of reasons such as labor productivity, political stability and available infrastructure. In addition, familiarity, past experience or the experience of competitors frequently led to the choice of one location over another without a complete examination of the alternatives. Thus, the Caribbean Basin has often been overlooked by those more familiar with Mexico or the Far East.

The study concludes that growth prospects for production sharing in Caribbean Basin countries are very favorable. As the labor force and the indigenous entrepreneurs gain experience with producing for an export market, the variety of industries attracted to the Basin will expand considerably.

To assist this process, LAC/DR has received approval from the communications review board to pursue alternative arrangements for the editing, publication, advertising and sale of the study to the business community. In its present form as a government document, the study is not very attractive to the intended audience of corporate planners and chief executive officers of firms interested in relocating or expanding their offshore operations. The study will be edited into an acceptable business format and properly advertised to a targeted audience. Through our LAC PASA arrangement with the USDA Graduate School, a short term contract will be signed for the editing work and the development of publicity material. Advertisements will be placed in selected publications such as the Wall Street Journal and Business Week as well as in CBI multiplier group newsletters and bulletins. A direct mail advertising campaign will also be undertaken based on mailing lists obtained from targeted industry associations. Three alternatives are being pursued regarding the final publication and sale of the study: (1) printing and distribution through the Government Printing Office; (2) AID in-house printing with distribution through a private mailing house; and (3) AID in-house printing and distribution.

Caribbean Basin Missions will have reviewed the study by July 31, 1984 and we will incorporate any changes they may recommend.

Recommendation: That you approve the expenditure of up to \$34,700 from the LAC Private Sector Initiatives Project to amend the LAC/PASA arrangement with the USDA Graduate School (BLA-0169-P-G1-4062) to edit, advertise and publish the Caribbean Basin Production Sharing Comparative Analysis.

Approved: Samuel Bm

Disapproved: _____

Date: 7/10/84

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

JUL - 2 1984

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Dwight Johnson

Problem: Your approval is required for FY 1984 funding through the LAC Regional Private Sector Initiatives Project 598-0619 for the extension of an existing cooperative agreement with the Chicago Association of Commerce and Industry (CACI) to enable their Chicago/Caribbean Basin Private Sector Initiative to continue to operate without interruption while a new contract is being negotiated.

Background: A cooperative agreement was signed between Chicago Associates of Commerce and Industry (CACI) and AID, September 29, 1982. The purpose of the Agreement was to provide support for private sector initiatives in the Caribbean Basin, by means of CACI linking specific Chicago area private business with opportunities in the Dominican Republic and Costa Rica.

After eighteen months, the program has been evaluated by the consulting firm of Zucca and Garnitz under an AID contract. Their conclusion was that the project has been effective. The staff is professional and have provided strong leadership for the program. They have a strong background in marketing and financial analysis. The project is effective because it is targeted and focused on the most likely productive areas in trade and investment.

The Chicago and Caribbean business communities have developed a strong working relationship and are starting to generate significant trade and investment opportunities. The CACI has developed a successful record in this sort of endeavor and the overall concept fits in with the thrust of the Caribbean Basin Initiative.

CACI reported the following prospects in various advanced stages of negotiations:

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<u>Description</u>	<u>Amount</u>
Major International Hotel chain - 250 Rooms Contract signed	\$15,000,000
Metal Fabricator (wire-fence mfg.) - Financing and insurance rejected by OPIC	5,000,000
Furniture Manufacturing - Feasibility study completed	300,000
Parochical School Uniform Plant Fully operational	300,000
Metal Fabricator/Marine & Aviation Industry - Feasibility study completed	400,000
Total	<u>\$21,000,000</u>
 <u>Caribbean Export Sales Activity</u>	
Apparel	\$ 5,600,000
Fruits and Vegetables	60,000
Cigars	55,000
Rattan Furniture	25,000
Rum	10,000
Total	<u>\$ 5,750,000</u>

The evaluation concluded the indicators agreed upon at the beginning of the project as goals had been quantifiably met and AID and CACI should continue this program.

Discussion: I believe that the CACI/AID cooperative agreement has lead to a useful program and propose that \$200,000 of FY 1984 funds be obligated for an extension while a new contract agreement is negotiated under the LAC Private Sector Initiative Project planned for FY 1985. The extension is necessary so the program will continue without interruption. A new agreement had not been negotiated because it was believed that the program should be evaluated, which has now been completed. \$200,000 has been requested since the program has had a monthly cost of \$40,000 and the extension will be for five months. The work plan will call for CACI to service another country either Guatemala, Haiti or Panama and the acceleration of efforts in the Dominican Republic and Costa Rica. This will include expanding the level of U.S. investment in the targeted CBI countries especially in the areas of non-traditional agribusiness and light assembly. Trade will concentrate on targeted product categories and supplier companies judged export-ready or export-experienced. The details of the program still have to be formulated.

Recommendation: That you approve \$200,000 in grant funding from FY 1984 budget through the LAC Private Sector Initiatives Project 598-0619 for the Chicago/Caribbean Basin Private Sector Initiative (CACI).

Approve Marshall Bray

Disapprove _____

Date July 5, 1984

DE

Drafter: LJEaton: ddn: 6/27/84: #0619Q

Clearances:

LAC/DR: Rotto (draft)

LAC/DP: DErb ER 47

LAC/DR: SSmith SS/47

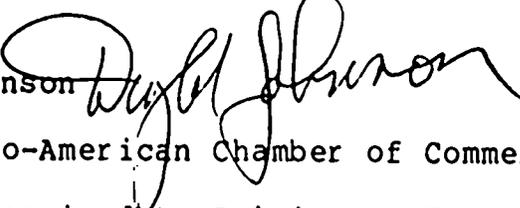
LAC/DR: ILevy IL/85

A-AA/LAC: MBrown. _____

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

MAR 16 1981..

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Dwight Johnson 

SUBJECT: Proposal from Ibero-American Chamber of Commerce

PROBLEM: Your Approval is Required to Initiate a New Project
with the Ibero-American Chamber of Commerce

Background: The Ibero-American Chamber of Commerce (IACC) represents approximately 235 Hispanic firms in the greater D.C. area, and is in contact with a nationwide Hispanic network including some 100 Minority Business Development Centers, over 120 local Hispanic Chambers, the National Minority Suppliers Development Council, the Peace Corps, and a variety of consulting firms. IACC President Jose Antonio Font and members of his staff have met with us on several occasions over the past ten months to discuss a proposal for trade development in the Caribbean Basin.

The current proposal (Attachment 1) has been restructured and simplified during this period and the cost has been reduced from a \$1 million three year program to the current \$342,000 eighteen month program. During this reformulation, IACC focused on Costa Rica and in doing so was able to obtain local currency support from CINDE to provide technical advice to Costa Rican businessmen.

Discussion: The problem to be addressed is the lack of penetration of the Hispanic market in the United States for agribusiness exports from Central America and the Caribbean. This market is not being satisfied by the large-scale U.S. importers and distributors. The IACC argues convincingly that trade between relatively smaller producers and exporters there and importers here can be promoted and can continue on a businesslike and profitable basis, if the necessary contacts are made, and the constraints on producers and the demands of buyers are understood by both parties. Annex A to the proposal, "Trends and Characteristics of the U.S. Market" describes the marketing opportunity this Project seeks to meet.

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The Project proposes to provide marketing services and continuing representation in the U.S. to agribusiness producers in CBI countries. These services will fall into three categories:

1. Brokering Services - Food industry buyers, including wholesale distributors, processors, institutional buyers will be aggressively contacted to promote the advantages and opportunities of purchasing from Basin countries.
2. Continuing Representation - CBI exporters will be assisted in negotiating sales contracts, advertising, claims, credit checks, market tests, and with various other services.
3. Market Information - Feedback will be provided on the reception of specific products, as well as new sales opportunities, current prices, and other market news.
4. Consultant Services - Consultant services (paid and voluntary) may be employed by IACC or provided to importers as needed.

These activities will run over an 18 month period, with the stated expectation that another 18 months tranche will be considered. The achievements foreseen in the proposal include:

- \$5 million in new exports generated by the Project;
- 3 CBI countries benefitting;
- 40 exporters dealing with new customers in the U.S.;

CINDE of Costa Rica has committed 5 million colones (U.S. \$125,000) to the Camera de Comercio of Costa Rica, which will be the first CBI area organization collaborating with IACC in this proposal. The Camera de Comercio expects IACC to provide the technical assistance and market services included in the IACC proposal to A.I.D. Although the CINDE grant to the Camera is firm, the Camera's plan of activity using the CINDE grant is to some degree dependent on support which the IACC would provide from this proposal.

This project is similar to the ongoing programs with Chicago and New Orleans. The principal differences are the focus on the Hispanic market and the networking opportunities available due to IACC's linkages to several minority business associations.

Conclusions: IACC has received several grants from the Department of Commerce over the past few years; its performance

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under these programs has been excellent. The committee which reviewed the proposal (Messrs. Connolly, Bittner, Hugar and myself) concluded that it is well-conceived and appropriately targeted on a market which is large and growing. Due to the advance work completed in Costa Rica, producers, manufacturers and exporters have already been targeted for specific assistance and brokering in the U.S. is underway. IACC's proposed project manager (Wayne Frost) has a proven record in export marketing as a result of his work with batik producers in Northern Brazil during the 1970s.

We believe the current proposal (costing \$342,000 over 18 months) is still too expensive. Subject to your agreement, we will continue our discussions and aim toward a cost reduction of between 15 to 25 percent. Also, despite our own budgetary constraints, we would like to initiate this activity within the next two months. Thus, we propose to provide \$50,000 - \$60,000 from FY 84 funds (to allow a start-up) and the balance in early FY 85.

Recommendation: That you approve grant funding of no more than \$342,000 from the LAC Private Sector Initiatives Project (598-0619) for a Cooperative Agreement with the IACC. A PIO/T will follow with the scope of work and exact budget for the project.

Approved: Samuel Brown

Disapproved: _____

Date: 3/21/84

File

MAR 6 1984

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

Dwight B. Johnson

FROM : LAC/DR, Dwight B. Johnson

Problem: Your approval is required for the expenditure of up to \$55,000 in grant funds under the LAC Regional Private Sector Initiatives Project (898-0519) for the purposes of (a) evaluating two ongoing projects designed to increase trade and investment in the Caribbean Basin and (b) preparing materials on trade and customs regulations and U.S. market access to facilitate basin businessmen's capacity to exploit opportunities open to them under the Caribbean Basin Initiative.

Discussion: Two cooperative agreements were signed by AID in September 1982, one with the Chicago Association of Commerce and Industry (CACI) and one with Caribbean/Central American Action (C/CAA). The programs established by these cooperative agreements, while dissimilar in certain respects, both involve innovative approaches to linking up the U.S. and Caribbean Basin business communities for the purpose of fostering increased investment and trade. CACI has undertaken research promotion and technical assistance efforts in order to broker trade and investment opportunities between businessmen in Chicago and the Dominican Republic. More recently CACI has expanded its activities to include Costa Rica. C/CAA has promoted a twin chamber program which has linked nearly 30 U.S. chambers of commerce with counterpart business organizations in the Caribbean Basin.

Now that both programs have gained approximately 13 months experience and are nearing the end of project assistance under their cooperative agreements, the proposed evaluations will provide as with an independent assessment of progress towards objectives as well as a basis for judging the appropriateness of continued support for these programs and their replicability on a broader scale.

In addition to these two evaluations, we propose that the Private Sector Initiatives project also fund the cost of developing materials which can be used as practical guides for exploiting the CBI by basin businessmen. Now that the

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designation process for determining country eligibility under the CBI is nearly complete, the interagency task force on CBI implementation is sponsoring a series of CBI seminars in Basin countries to explain how to take advantage of the initiative in practical terms. It has been suggested that a series of articles explaining U.S. trade policy as it affects CBI imports, CBI customs regulations and ways in which to penetrate the U.S. marketplace, incorporating significant questions and concerns raised by Basin audiences at the CBI seminars, would greatly facilitate expanded trade and investment.

A number of alternative mechanisms were considered for conducting the two evaluations and developing the CBI materials mentioned above. These included relying on in-house AID capacity, utilizing IGC contractors, undertaking a competitive bidding procedure and entering into a RISA arrangement with the USDA-Graduate School. It was concluded that the USDA-Graduate School represents the most appropriate alternative based on its proven track record in undertaking assignments of a similar nature in an effective, efficient and timely manner. Its special status as a semi-independent, government-sponsored institution, together with its excellent support staff and facilities, facilitates its ability to tap competent outside talent at reasonable costs.

Recommendation: That you approve the expenditure of up to \$5,800 under the IAC Private Sector Initiatives Project to establish a RISA with the USDA-Graduate School to conduct evaluations of the JACI and C/CBA (twin chamber program) cooperative agreements and to develop CBI business guide materials. A PLO/2 detailing the scopes of work for these activities will be prepared for my signature.

Approved: /s/ RUSSELL D. BROWN

Disapproved: _____

Date: MAR 7 1984

md
Drafter: LAC/DR: MDeal:msw:0023Q:3-01-84

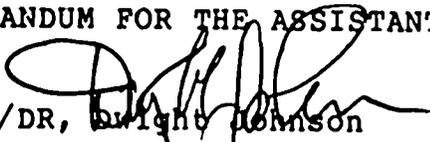
Clearances

- LAC/DR:JPBittner (Draft)
- LAC/DR:SSmith (Draft)
- LAC/DR:ILevy *IL*
- LAC/DP:JClary *JC*

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

JAN - 4 1984

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (ACTING) LAC

FROM: LAC/DR,  Dwight Johnson

Problem: Your approval is requested to provide \$5,000 additional funding to the PASA with the Department of Transportation to meet additional costs associated with issuing the final report of the study of maritime transport problems in the Eastern Caribbean. Initial financing in the amount of \$11,100 was approved under the Private Sector Initiative Project No. 598-0619.

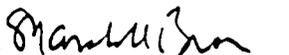
Discussion: In April 1983 AID agreed that the Department of Transportation should undertake a study of maritime transportation problems in the Caribbean and the Eastern Caribbean islands in support of efforts to promote the CBI. The study was designed to determine the present condition of maritime transport, identify trends and describe present and anticipated impediments to the free flow of maritime trade which inhibit regional development and commerce.

A summary progress report dated August 26, 1983 (Attachment B) has been widely distributed. Those who have reviewed it have commented favorably on D.O.T.'s work. D.O.T. obviously placed substantial importance on this study and, thus, devoted time and effort far in excess of that anticipated when the \$11,100 budget was originally estimated.

Additional financing of \$5,000 is required in order to produce the final report. These costs include additional staff time of Department of Transportation professionals, secretarial support and reproduction costs.

This has been a worthwhile study. The progress report identifies areas of need and possible initiatives that should be considered for development assistance by the donor and business communities. The additional costs required to complete the report are low, and the benefits to be derived through the detailed final annexes would be substantial to those agencies involved in transportation programs.

Recommendation: That you approve the additional \$5,000 financing needed to complete the Department of Transportation study by signing below.

Approved: 

Attachments:

Disapproved: _____

A. PIO/T Amendment.

Date: JAN 6, 1984

B. "Preliminary Study of Maritime Transport Problem in the Caribbean". Progress Report August 26, 1983.

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AID 1350-1 (10-79) PIO/T	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	1. Cooperating Country LAC REGIONAL	Page 1 of Pages
		2. PIO/T No. 598-0619-2-6541310	3. <input checked="" type="checkbox"/> Original or Amendment No. _____
		4. Project/Activity No. and Title 598-0619 Private Sector Initiatives	

DISTRIBUTION	5. Appropriation Symbol 72-1141021.6	6. Allotment Symbol and Charge 446-65-598-00-69-41
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document	8. Project Assistance Completion Date (Mo., Day, Yr.) 3/31/84
	9. Authorized Agent: AID/W, CM/SOD	10. This PIO/T is in full conformance with PRO/AG Date _____
	11a. Type of Action and Governing AID Handbook <input type="checkbox"/> AIC Contract (MB 14) <input checked="" type="checkbox"/> PASA/RSSA (MB 12) <input type="checkbox"/> AID Grant (MB 13) <input type="checkbox"/> Other	11b. Contract/Grant/PASA/RSSA Reference Number (if this is an Amendment)

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)					
Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase \$5,000	(3) Decrease	(4) Total to Date \$5,000
	B. U.S.-Owned Local Currency				

13. Mission References	14a. Instructions to Authorized Agent Contract Management is requested to amend a Participating Agency Service Agreement with the Department of Transportation to provide additional professional services and related assistance necessary to issuing a final project on the study of maritime transport problems in the Eastern Caribbean.
	14b. Address of Voucher Paying Office FM/PAD

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate	Phone No. 2302 Date 12/21/83	B. The statement of work lies within the purview of the initiating and approved agency programs	Date 12/22/83
LAC/DR: J. Peter Bittner		LAC/DP: Bette Cook	
C. LAC/DR: Scott Smith	Date 12/20/83	D. Funds for the services requested are available	
E. LAC/DR: Irwin Levy	Date 12/20/83		

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to	Signature _____ Date _____	17. For the Agency for International Development Dwight Johnson Signature _____ Date JAN - 4 1984	Signature _____ Date _____
		Title Director, LAC/DR	

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→ K. Edge c/r: 598-0619
Private Sector
Initiatives

JAN - 4 1984

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (ACTING) LAC

FROM: LAC/DR, Dwight Johnson

Problem: Your approval is requested to provide \$5,000 additional funding to the PASA with the Department of Transportation to meet additional costs associated with issuing the final report of the study of maritime transport problems in the Eastern Caribbean. Initial financing in the amount of \$11,100 was approved under the Private Sector Initiative Project No. 598-0619.

Discussion: In April 1983 AID agreed that the Department of Transportation should undertake a study of maritime transportation problems in the Caribbean and the Eastern Caribbean islands in support of efforts to promote the CDI. The study was designed to determine the present condition of maritime transport, identify trends and describe present and anticipated impediments to the free flow of maritime trade which inhibit regional development and commerce.

A summary progress report dated August 26, 1983 (Attachment B) has been widely distributed. Those who have reviewed it have commented favorably on D.O.T.'s work. D.O.T. obviously placed substantial importance on this study and, thus, devoted time and effort far in excess of that anticipated when the \$11,100 budget was originally estimated.

Additional financing of \$5,000 is required in order to produce the final report. These costs include additional staff time of Department of Transportation professionals, secretarial support and reproduction costs.

This has been a worthwhile study. The progress report identifies areas of need and possible initiatives that should be considered for development assistance by the donor and business communities. The additional costs required to complete the report are low, and the benefits to be derived through the detailed final annexes would be substantial to those agencies involved in transportation programs.

Recommendation: That you approve the additional \$5,000 financing needed to complete the Department of Transportation study by signing below. /s/ Washed D. Brown

APPROVED: _____

Attachments: DISAPPROVED: _____

- A. PIO/T Amendment. DATE : JAN - 6 1983
- B. "Preliminary Study of Maritime Transport Problem in the Caribbean". Progress Report August 26, 1983.

LAC/DR:JCharette(draft):ddn:0175Q

[Stamp]

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2/6

Clearances: *[Signature]*
LAC/DP:BCook *[Signature]*.....
LAC/DR:SSmith *[Signature]*.....
LAC/DR:ILevy *[Signature]*.....

AGENCY FOR INTERNATIONAL DEVELOPMENT

ADVICE OF PROGRAM CHANGE

DATE

COUNTRY : LAC Regional
PROJECT TITLE : Private Sector Initiatives
PROJECT NUMBER : 598-0619
FY 1984 CP REFERENCE : LAC Annex III, Table II, Page 56
APPROPRIATION CATEGORY : Selected Development Activities
LIFE-OF-PROJECT FUNDING : \$2,960,000 Grant
INTENDED FY 1984 OBLIGATION : \$1,140,000 Grant

This is to advise that A.I.D. intends to obligate \$1,140,000 in Fiscal Year 1984 for the Private Sector Initiatives project and to increase the life-of-project funding from \$2,255,000 to \$2,960,000.

The project objective is to assist and strengthen elements in the private sector so that it more actively contributes to the development of the LAC region. The project will provide seed capital to initiate private sector involvement in order to tap private sector resources required to address some of the economic and social problems facing the LAC region.

As a result of A.I.D.'s review of the progress of ongoing activities and to facilitate implementation of the Caribbean Basin Initiative, it was decided that this project merits an increase in funding at this time. Increased funding will be used primarily to continue and initiate several pilot efforts in export development and investment promotion.

Attachment: Activity Data Sheet

Yellow copy

RECORD COPY

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Drafter:LAC/DR:JPBittner:22302

Clearances:

LAC/DP:Joleson

LAC/DP:RPatterson

LAC/DR:DJohnson

GC/LAC:RMeighan

GC/LP:GWinter

AA/LAC:MBrown

AA/PPC:RDerham(info)

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**AGENCY FOR INTERNATIONAL DEVELOPMENT
ACTIVITY DATA SHEET**

PROGRAM: LAC Regional

CP 81-08 (8-78)

TITLE Private Sector Initiatives		FUNDING SOURCE Selected Development Activities	PROPOSED OBLIGATION (In thousands of dollars) FY 84 1,140		LIFE OF PROJECT (Auth.) 2,960
NUMBER 598-0619	NEW <input type="checkbox"/>	PRIOR REFERENCE Advice Program Change	INITIAL OBLIGATION FY 82	ESTIMATED FINAL OBLIGATION FY 85	ESTIMATED COMPLETION DATE OF PROJECT FY 86
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>	CONTINUING <input checked="" type="checkbox"/>	dtd 1/17/83			

Purpose: To assist private and public sectors in generating more effective private sector participation in the development of the region.

Background: The challenge facing LAC countries is to sustain higher growth rates needed to provide an increasing share of economic benefits to lower income groups and to broaden the socio-economic support needed for the maintenance of pluralistic political systems. To respond to this challenge, a focus on the private sector with a view toward increasing private investment opportunities, economic output and productive employment is called for. In some countries, the high cost of imported energy, the limited prospects for increased exports, and the slowdown in foreign capital inflows have combined to create severe balance of payments and debt service problems. Lack of scientific and technical information also constrains the rate of industrial growth.

Project Description: The thrust of this project is to stimulate the LAC private sector to adopt a more active role in the economic development of the LAC region. The project will not attempt to underwrite private sector investment. Rather it will provide seed capital to initiate private sector involvement and tap private sector resources for solutions to social and economic problems facing the region. Project funds will be utilized to undertake surveys and assessments of constraints to and opportunities for greater private investment; to examine the impact of various governmental policy and regulatory measures on private incentives; to assess managerial and skilled labor deficiencies; to prepare feasibility studies for new investment opportunities, e.g., trading companies, duty free industrial zones and development banks; to examine the role and responsiveness of public sector institutions such as the Central American Bank of Economic Integration (CABEI) toward private sector productive investment requirements; to facilitate measures to promote the transfer of technologies particularly through joint ventures with U.S. firms; to attract U.S. and other foreign investment capital; to evaluate successful small industry expansion activities; and to establish linkages with U.S. organizations such as the U.S. Chamber of Commerce, trade groups and the like. Seminars, workshops and conferences at national and regional levels could also be financed as appropriate.

Relation of Project to A.I.D. Country Strategy: Virtually all of the LAC countries have a significant yet unrealized potential for economic growth through expanded private investment. Profitable

investment opportunities have by no means been exhausted nor are indigenous human and natural resources inadequate for further development. Thus, there is economic opportunity for increased private sector activity in support of national economic development.

Beneficiaries: In the broadest sense, this project is aimed at utilizing the private sector as the engine of growth and development. Thus, the immediate beneficiaries are likely to be the firms and institutions which receive project funds. Ultimately, LAC societies as a whole stand to benefit to the extent that this project has an impact on output, employment and growth with equity.

Host Country and Other Donors: Assistance will be provided in kind from those host country organizations participating in this project.

Major Outputs:

All Years

Trade and Investment Promotion Activities x
Studies x
Seminars x
Policy Analyses x
Trained Personnel x

A.I.D. Financed Inputs:

(\$thousands)
Life of Project

Salaries 2,110
Travel 300
Operation 550
Total — 2,960

U.S. FINANCING (In thousands of dollars)				PRINCIPAL CONTRACTORS OR AGENCIES
	Obligations	Expenditures	Unliquidated	
Through September 30, 1982	655	18	637	
Estimated Fiscal Year 1983	765	743		
Estimated Through September 30, 1983	1,420	761	659	
Proposed Fiscal Year 1984	1,140	400	2,960	

Various

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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

DEC 13 1983

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM: Dwight B. Johnson

Dwight B. Johnson

Problem: Your approval is required for contracting with the Atlanta Market Center in order to undertake an export promotion program in support of Caribbean Basin gift and handicraft products. Funding for this contract will be partially provided through the LAC Regional Private Sector Initiatives Project (598-0619).

Background: In July 1983 you approved the contracting of the Atlanta Market Center (AMC) to perform an initial survey of products in six Caribbean Basin countries which have the potential for being marketed through merchandise marts in the U.S. (see Attachment 1). Field work for this survey was completed in September 1983. AMC's survey report was circulated to the participating countries (Haiti, Jamaica, the Dominican Republic, Costa Rica, Honduras and Guatemala) and a meeting was held in Atlanta on October 24-25 to discuss AMC's findings and conclusions. Participants included J. Chalden, A.J. Robinson and R. Mafong (AMC); P. Bittner (LAC/DR); F. Obey (Regional Contracting Officer - USAID/Haiti); J. Thomas and S. Taylor (Haiti); C. Torres, L. Escalante and A. Lopez (Costa Rica); J. Zuniga (Honduras); and E. Ruiz and E. Villagran (Guatemala). There was no participation from Jamaica or the Dominican Republic.

The survey identified 106 giftware and handicraft product categories (ranging from eleven each in Costa Rica and the Dominican Republic to 31 in Haiti) with good U.S. market potential requiring little or no modification. In all but a limited number of cases, producers and manufacturers contacted in the six countries were not active in the export of products to the U.S. market. Their lack of familiarity with the idiosyncracies of the U.S. marketplace and the logistics of export sales has significantly limited the marketing potential of the products surveyed.

Discussion: As a part of the initial survey, AMC was asked to make recommendations on an appropriate marketing strategy for a Phase II program. AMC concluded that an appropriate strategy should combine the best available resources of the participating countries under a "Caribbean Show" umbrella at the annual July 1984 National Gift Market held at AMC. In its

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proposal for a Phase II effort submitted to LAC/DR on November 28, 1983, AMC pointed out that beyond the obvious potential of generating direct sales by virtue of exposure to some 15,000 U.S. retailers at the July 1984 National Gift Market, Caribbean Basin producers participating in the program will gain (a) first-hand knowledge of how the marketplace functions; (b) specific product design assistance for both short and long-term sales efforts; (c) business contacts for future sales; (d) the possibility of development of U.S. sales representation; and (e) familiarity with a marketing technique which can be used to expand market penetration beyond the Southeastern United States.

The AMC proposal includes several other important features. By sharing costs for promotion, administration, sales and field support expenses among several Basin countries, total costs per country are greatly reduced compared to a stand-alone project for individual countries. Building on the Phase I survey, AMC will assist producers in minor design, coloration or packaging refinements in order to assure the best potential for sales success. A pre-market training effort will be undertaken to insure that participants are adequately conversant with U.S. sales and distribution practices and that export/import logistics and requirements are clarified. Specialized direct mail, media, field sales, telephone and on-site promotional efforts will be organized in order to inform the likely audience (importers, wholesalers, retailers and press) at the July Gift Show about the Caribbean Basin products which will be available. The AMC proposal includes the development of a professionally designed display which will showcase all items to best advantage, create an effective umbrella impact and illustrate the essential uniqueness and appeal of each country's products. Promotional and logistical support is expected from the State of Georgia and the City of Atlanta to maximize the impact and importance of the joint undertaking.

LAC/DR has also examined the capabilities of other full service merchandise marts located across the U.S. (Dallas, Los Angeles and Chicago). Particular attention was paid to their experience with developing countries together with their possible interest in marketing Basin products. The Los Angeles mart does not carry the giftware product line, the Chicago mart did not respond at all and the Dallas mart, which appears to have the capability to undertake a Phase II program, was unresponsive to our inquiries concerning a Caribbean Basin marketing effort. Nonetheless, it is expected that the results of the Phase II program with AMC could lead to future marketing programs at selected giftware shows through merchandise marts in other U.S. cities.

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Success at the July National Gift Market and long run benefits of a marketing program through AMC and similar groups will, to a large extent, depend on organizational and product work done at the local level. The discussions held on October 24 and 25 concluded that local organizations participating in the Phase II program should nominate a project manager, preferably full time. These project managers will remain in contact for AMC and be responsible for communications between AMC, producers and the local organizations in the five countries which have agreed to participate; for logistical requirements such as visits by AMC representatives or visits to Atlanta for training programs; and for liaison with AID, the State of Georgia and the City of Atlanta.

The total cost for this Phase II marketing program is \$245,000, of which \$50,000 will be provided by the AID Missions in Costa Rica, Honduras and Haiti. Due to critical factors for the program's success, such as promotional lead time, final product modification and selection assistance, as well as sales and marketing assistance, it is essential that Phase II activities be initiated by January 1, 1984 at the latest. A waiver of normal competitive procurement procedures has been included as Attachment 2 to this memorandum.

Recommendation: That you approve the expenditure of up to \$245,000 (\$195,000 of which will be provided by the LAC Regional Private Sector Initiatives Project) for a Phase II export promotion program in support of Caribbean Basin gift and handicraft products by signing below and on the waiver included as Attachment 2.

Approved Marshall Brown

Disapproved _____

Date Dec 14, 1983

Justification for Noncompetitive Negotiation 1/

Prior to selecting the Atlanta Marketing Center (AMC) to perform Phase II of an export promotion program in support of Caribbean Basin gift and handicraft products, consideration was given to several other major merchandise marts across the U.S. Through contacting the National Association of Merchandise Marts, it was learned that in addition to AMC, only the merchandise marts in Dallas, Los Angeles and Chicago possessed the staff, physical accommodations, product breadth and geographic scope to form an effective marketing channel for Caribbean Basin exports. LAC/DR directly inquired about the experience these marts possess with developing countries and their interest in marketing Basin giftware and handicraft products. The Los Angeles mart does not carry a giftware product line and both the Dallas and Chicago marts were unresponsive to our inquiries.

Due to the momentum which has been gained as a result of the Phase I survey of Basin products and the lead time required to properly train and prepare local producers as well as provide the required promotion and publicity for a Caribbean Basin exhibit at the annual July 1984 National Giftware Market, it is essential that the Phase II program proposed by AMC begin immediately. Of the many ideas we have examined to promote exports from the Basin, this approach appears to be one of the best--merchandise marts are an existing vehicle for distributing products, the AMC provides both marketing and production assistance to the sellers and the costs appear reasonable. As a pilot effort, the timely confirmation of the results expected under this marketing activity will assist a wider replication of this strategy throughout the Basin and greatly enhance AID's support for the Caribbean Basin Initiative. Conversely, delays associated with following formal advertising regulations at this time will significantly disturb the implementation schedule. Procurement from a source other than AMC would impair foreign assistance objectives and would be inconsistent with fulfillment of the foreign assistance program.

Approved: Marshall Brown

Disapproved: _____

Date: Dec 14, 1983

1/ As required under Federal Procurement Regs. Subpart 7-3.101-50(b)

26 " 1983

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Dwight E. Johnson

Problem: Your approval is required to enable us to contract for assistance in the preparation of a survey of products in six Caribbean Basin countries which have the potential for being marketed through merchandise marts in the U.S. Funding for this export marketing analysis will be provided through the LAC Regional Private Sector Initiatives Project (598-0619).

Background: Several weeks ago officials of the Atlanta Merchandise Mart, Everett Wilcox (Atlanta Law Firm of Alson & Bird), Joe Thomas (contractor - USAID/Haiti) and Peter Bittner discussed the concept of utilizing the mart as a vehicle for introducing, promoting and selling products from the Caribbean Basin in the U.S. The mart is a for-profit organization which is in the business of bringing buyer and seller together for the purpose of promoting the distribution and sale of products in the national and regional markets of the U.S. The mart is one of five in the U.S. (others are in New York, Los Angeles, Chicago and Dallas) which provide product display space on a permanent basis as well as on a seasonal basis through special promotional trade shows. The Atlanta Mart focuses on products in the areas of carpeting, furniture, wearing apparel, housewares and giftwares. Over the last several years the mart has broadened its business plan to include promotional efforts in the international arena. For example, in the past two years they have worked with the Brazilians, the Peoples Republic of China, the Philippines, Hong Kong, Indonesia, Singapore and Korea to introduce products from these countries into the U.S.

The mart has a full-time staff of about 175 persons. They are organized to provide technical and marketing advice to producers on how to sell a product in the U.S. and to advise that producer on what changes might have to be made (new colors and styles, etc.) in order to advance its prospects for sale.

The mart is located in three buildings in downtown Atlanta (permanent space totals 3.6 million sq. ft.). In 1982, an estimated 150,000 buyers and sellers met to conduct business estimated at \$8 billion. Revenues for the mart itself are derived principally through the leasing of floor space for permanent showrooms and from special trade shows.

Clients of the mart include producers in the product areas mentioned above, plus, most importantly, wholesale and retail buyers from the entire U.S. It specializes in certain product lines and thus knows the industries in detail, it is able to

provide advice to producers, and it maintains significant permanent contacts with retail and wholesale buyers of all sizes.

As a result of these initial discussions, four AID Missions were invited to meet in Atlanta to observe the Mart's annual giftware show and at the same time to explore the capabilities of the Mart, and product potential in greater detail. The meeting was held July 9-11 and was attended by public and private sector representatives from five countries -- Dominican Republic (3), Haiti (2), Jamaica (3), Costa Rica (2), and Honduras (1) -- by USAID/Haiti (J. Thomas and A. Williams) and USAID/Costa Rica (C. Torres) and AID/W (P. Bittner).

This meeting concluded with a strong endorsement of the concept and of the capability of the Mart. The next steps in a possible marketing program include: a Phase I survey by a team from the Mart to determine specific product potential; a follow-on meeting with representatives of the Mart and the participating countries in mid-October to review the survey and a marketing strategy which the Mart will recommend; and a Phase II marketing program aimed at introducing, promoting and selling Basin products in the giftware line of merchandise in the U.S.

Discussion: The Phase I survey will involve field visits by two representatives from the Mart to six countries which were identified as having substantial potential for export (Guatemala, Costa Rica, Honduras, Jamaica, Haiti and the Dominican Republic). Other countries could be included later, if the concept proves successful. The giftwares line was targeted due to the wide variety of potential products which it covers and the possibility of branching into other product lines based on a successful Phase II marketing program.

Participants at the recent meeting in Atlanta will be responsible for hosting the survey team, preparing the itinerary within their respective countries, establishing the logistics so that the survey team can screen potential products, and arranging for discussions with the producers to determine interest, selling prices, production capacity, quality control, and willingness to meet buyer needs. At the same time, the survey team will be assessing product changes (e.g. design, color, etc.) which might be needed to more effectively market products in the U.S. Cost of the initial survey is estimated at \$29,000 and is comprised largely of salaries, travel and per diem expenses of two persons for 3-6 days in each of six countries.

The Atlanta Mart will be contracted for the survey (a justification for non-competitive procurement is included in the attached PIO/T) to assess product potential and will also be responsible for making recommendations on an appropriate marketing strategy for a Phase II program. Phase II itself could take several forms, including: a pilot program to examine the effectiveness of marketing Caribbean Basin products in the giftwares line through merchandise marts (if successful, this could later be extended to products in other lines, such as housewares, furniture and accessories, carpeting and apparel and other merchandise marts) or a special Caribbean Basin promotion and trade show sponsored in one or more marts.

While the Phase I survey is underway, we will examine the capabilities of the merchandise marts located in other cities (particularly their experience with developing countries as well as their possible interest in marketing Basin products). Should we find substantial capability and interest from other marts, it may be useful to prepare a Request for Proposal (RFP) to seek expressions of interest in sponsoring a Phase II program. The results of the Phase I survey could be used to prepare this RFP.

Conclusion: Of the many ideas we have examined to promote exports from the Basin, this approach appears to be one of the best -- merchandise marts are an existing vehicle for distributing products, the organizations can provide both marketing and production assistance to the sellers and the costs appear reasonable (estimates for a Phase II pilot program range from \$175,000 - \$200,000).

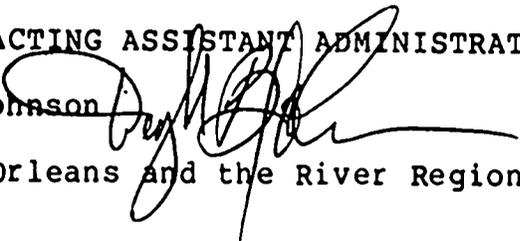
Recommendation: That you approve the expenditure of \$29,000 for a Phase I survey by signing the attached PIO/T.

Attachment

C Edge -

NOV 17 1983

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Dwight Johnson 

SUBJECT: The Chamber/New Orleans and the River Region

Problem: Your approval is required for FY 1984 funding, through the LAC Regional Private Sector Initiatives Project 593-0619, of a Grant to The Chamber/New Orleans and the River Region (The Chamber) to assist in financing their proposed New Orleans/Caribbean Basin Private Sector Initiative.

Background: Late in 1982 The Chamber presented an unsolicited proposal to AID which contemplated the establishment and operation of an office within the Latin American Chamber of Commerce (LACC), a division of The Chamber, to promote business contacts between The Chamber members (over 5,000 member firms) and Caribbean Basin countries, beginning with Honduras and Guatemala. Trade and investment opportunities were to be sought in a 15-month market research, promotion, and technical assistance effort for which \$926,000 in grant funds was requested. This project is similar to the Chicago Association of Commerce and Industry (CACI) \$750,000 grant signed one year ago. After almost a year of discussion and revision, The Chamber now proposes to concentrate its efforts in Honduras and Belize, over a 12-month span, with an estimated total budget of up to \$344,900, of which AID will finance \$244,700. A prime advisor during the development stage and intended consultant during the implementation stage is Manchester Associates, a Washington-based independent consulting company established in 1979 to specialize in international economic affairs, the development of trade and investment opportunities, and government relations.

Discussion: New Orleans is a major U.S. gateway to the CBI region. Business and social ties between New Orleans and Honduras go back to the days of Mamita Yunai. With over 50,000 Hondurans in residence, New Orleans is the third largest Honduran City. In Honduras this project will build on an established base of business and social relations. Belize was selected as the second participating country because of the

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ease with which it can be reached from New Orleans and Honduras, and the Louisiana presence already there in the form of investment and tourism.

Under the Chicago project, new trade and investment transactions with the Dominican Republic are expected to be confirmed shortly. The Chamber project will offer a second test of this model. Success on both counts will yield a spread of tangible, substantial, and continuing trade and investment activities generated in four CBI countries with an AID investment of less than \$1 million.

Specific outputs to be realized during the Project term will include training sessions and trade missions in New Orleans, Honduras, and Belize; imports into the Gateway Area of new products from Honduras and Belize, and by importers new to the Honduras and Belize trade; investment opportunities in Honduras and Belize under serious consideration; and a variety of trade and investment publications and promotional activities. The attached PIO/T will trigger a Cooperative Agreement including a scope-of-work based on The Chamber's proposal.

Recommendation: That you approve (a) \$244,700 in Grant funding through the LAC Private Sector Initiatives Project 598-0619 for a Cooperative Agreement with the New Orleans Chamber and (b) sign the attached PIO/T.

Approved: Smantle Brown

Disapproved: _____

Date: Nov 20, 1983

AID 1350-1 (10-79) PIO/T	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	1. Cooperating Country LAC Regional	Page 1 of Pages
		2. PIOT No. 598-0619-1-6541301	3. <input checked="" type="checkbox"/> Original or Amendment No. _____
		4. Project/Activity No. and Title Private Sector Initiatives 598-0619	

DISTRIBUTION	5. Appropriation Symbol 72-1141021.6	6. Allotment Symbol and Charge LDAA-84-35598-DG-12 (446-65-598-00-69-41)
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document	8. Project Assistance Completion Date (Mo., Day, Yr.) 12-31-84
	9. Authorized Agent LAC/DR	10. This PIOT is in full conformance with PRO/AG N/A Date _____
	11a. Type of Action and Governing AID Handbook <input type="checkbox"/> AID Contract (HB 14) <input type="checkbox"/> PASA/RSSA (HB 12) <input checked="" type="checkbox"/> AID Grant (HB 13) <input type="checkbox"/> Other	11b. Contract/Grant/PASA/RSSA Reference Number (if this is an Amendment) N/A

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)

Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
			\$244,700		244,700
	B. U.S.-Owned Local Currency				

13. Mission References

14a. Instructions to Authorized Agent
Negotiate and execute a cooperative agreement with The Chamber/New Orleans and The River Region (The Chamber).

FUNDS RESERVED BY
KT 4,90
POSTED 11/28/83
SER/PIL/CEB

14b. Address of Voucher Paying Office
FM/PAD AID/W

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate Dwight Johnson, LAC/DR Charles Connolly, LAC/DR <i>CC</i>	Phone No. 632-9484 Date <u>4 Nov 83</u>	B. The statement of work lies within the purview of the initiating and approved agency program J. Peter Bittner, LAC/DR <i>JPB</i>	Date <u>11/7/83</u>
C. Stephen Whitman, GC/LAC <i>SW</i> Scott Smith, LAC/DR Irwin Levy, LAC/DR <i>IL</i>	Date <u>11/7</u> <u>11/9</u>	D. Funds for the services requested are available	
E. Bette Cook, LAC/DP <i>BC</i> Edward Campbell, LAC/CAR <i>EC</i> Neil Billig, LAC/CEN <i>NB</i>	Date <u>11/2/83</u> <u>11-24-83</u> <u>11/24/83</u>		

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to	17. For the Agency for International Development
Signature _____ Date _____	Signature <u>Marshall Brown</u> Date <u>Nov 20, 1983</u>
Title _____	Title Acting Assistant Administrator

AID 1350-1 (10-79) PIO/T	1. Cooperating Country LAC Regional	2. PIO/T No. 598-0619-1-6541301	Page 2 of Pages
	4. Project/Activity No. and Title Private Sector Initiatives 598-0619		

SCOPE OF WORK

18. THE SCOPE OF TECHNICAL SERVICES REQUIRED FOR THIS PROJECT ARE DESCRIBED IN ATTACHMENT NUMBER 1 HERETO ENTITLED "STATEMENT OF WORK".

15. SPECIAL PROVISIONS

- A. LANGUAGE REQUIREMENTS (SPECIFY) None
(IF MARKED, TESTING MUST BE ACCOMPLISHED BY AID TO ASSURE DESIRED LEVEL OF PROFICIENCY)
- B. ACCESS TO CLASSIFIED INFORMATION WILL WILL NOT BE REQUIRED BY TECHNICIAN(S).
- C. DUTY POST(S) AND DURATION OF TECHNICIANS' SERVICES AT POST(S) (MONTHS)
Honduras for local representative, New Orleans for The Chamber staff.
- D. DEPENDENTS WILL WILL NOT BE PERMITTED TO ACCOMPANY TECHNICIAN.
- E. WAIVER(S) HAVE BEEN APPROVED TO ALLOW THE PURCHASE OF THE FOLLOWING ITEM(S) (COPY OF APPROVED WAIVER IS ATTACHED)
- F. COOPERATING COUNTRY ACCEPTANCE OF THIS PROJECT (APPLICABLE TO AID/W PROJECTS ONLY)
 HAS BEEN OBTAINED HAS NOT BEEN OBTAINED
 IS NOT APPLICABLE TO SERVICES REQUIRED BY PIO/T
- G. OTHER (SPECIFY)
 1. AID should approve all sub-contracts (sub-grants) under the cooperative agreement with The Chamber.
 2. Spanish-speaking ability desirable but not required for core staff in New Orleans.

20. BACKGROUND INFORMATION (ADDITIONAL INFORMATION USEFUL TO AUTHORIZED AGENT)

The Chamber proposal (attached)

21. SUMMARY OF ATTACHMENTS ACCOMPANY THE PIO/T (INDICATE ATTACHMENT NUMBER IN BLANK)

- 2 DETAILED BUDGET IN SUPPORT OF INCREASED FUNDING (BLOCK 12)
- _____ EVALUATION CRITERIA FOR COMPETITIVE PROCUREMENT (BLOCK 14)
- _____ JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT (BLOCK 14)
- 1 STATEMENT OF WORK (BLOCK 18)
- _____ WAIVER(S) (BLOCK 19) (SPECIFY NUMBER)

AID 1250-1 (10-79)	3. Cooperating Country LAC Regional	2. PIO/T No. 598-0619-1-6541301	Page 3 of Pages
PIO/T	4. Project/Activity No. and Title Private Sector Initiatives, 598-0619		

22. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities The Chamber will select its own representative in Honduras, who will deal with businessmen in Honduras and Belize. The Chamber contacts with Government or AID officials in Honduras and Belize will be occasional and informal.

B. Cooperating Country Liaison Official

C. AID Liaison Officials
 USAID/Honduras: Ron Nicholson
 USAID/Belize: Neboysa Brashich
 LAC/DR: Charles Connolly

LOGISTIC SUPPORT

23. Provisions for Logistic Support	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY	
A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")					
(1) Office Space					X
(2) Office Equipment					X
(3) Housing and Utilities					N/A
(4) Furniture					N/A
(5) Household Equipment (Stoves, Refrig., etc.)					N/A
(6) Transportation in Cooperating Country					X
(7) Transportation To and From Country					X
(8) Interpreter Services/Secretarial					X
(9) Medical Facilities					X
(10) Vehicles (official)					X
(11) Travel Arrangements/Tickets					X
(OTHER SPECIFY)					
(12)					
(13)					
(14)					
(15)					

B. Additional Facilities Available From Other Sources

- APO/FPO
 PX
 COMMISSARY
 OTHER (Specify, e.g., duty free entry, tax exemption)

THE NEW ORLEANS GATEWAY AREA/CARIBBEAN BASIN
PRIVATE SECTOR INITIATIVE

Statement of Work

A. Purpose and Participants

The purpose of this Cooperative Agreement is to assist The Chamber to demonstrate ways of linking specific private businesses in New Orleans and the River Region, and the U.S. hinterland of the Port of New Orleans, henceforth called the New Orleans Gateway Area (Gateway) with opportunities in the Caribbean Basin, beginning with two countries: Honduras and Belize.

This is a 12-month, calendar year 1984, pilot project. The Chamber will have responsibility for the overall administration of the Project, and will commit sufficient resources, including its network of contacts, to insure its success. The Latin American Chamber of Commerce (LACC), a division of The Chamber, will devote a large part of its resources to this Project and will be the manager and principal liaison point within The Chamber. The Chamber will be assisted in this Project by its subcontractor, Manchester Associates, Inc.

B. Activities

This Project will include four activities:

1. Research

Investigation of the export potential and investment needs of Honduras and Belize, and identification of possible business linkages between the Gateway and these countries.

2. Promotion

Dissemination of information about specific Honduran and Belizean opportunities to businesspersons in the Gateway and vice versa.

3. Technical Assistance in Trade and Investment

Provision of import/export, investment, and tourism technical assistance in support of specific identified trade and investment opportunities.

4. Replication

To identify, test, and report on replicable means of linking U.S. and Caribbean Basin businesses and executives for trade and investment.

C. Implementation

The Chapter will implement these four activities as follows:

1. Research

(a) Conduct market research in the Gateway to determine trading opportunities, especially demand for Honduran and Belizean products.

(b) Conduct investigations in Honduras and Belize of specific opportunities for Gateway businesses to trade or invest. This research also may consider productive enterprises outside the Gateway which use New Orleans services, finance, and port facilities.

(c) Compile existing in-country (Honduran and Belizean) incentives intended to attract investment and promote exports.

(d) Conduct in-country investigations of investment, export/import, and tourism needs which may be met by Gateway firms.

(e) Compile information gathered through AID's Office of Private Enterprise reconnaissance missions and the computer information services offered by the Department of Commerce, Overseas Private Investment Corporation, World Tech/Control Data, Caribbean Central America Action, and others.

(f) Collaborate with market research and data producing organizations such as the International Trade Mart, The Chamber's Economic Development Council, the Louisiana Office of Commerce and Industry, and local offices of the Department of Commerce, as well as the Department of Commerce C.E.I. Office and the Association of American Chambers of Commerce in Latin America.

2. Promotion

(a) Establish a Caribbean Basin Investment, Trade, and Tourist Promotion Center in New Orleans, with preliminary emphasis on Honduras and Belize.

(b) Hire a local resident representative in Honduras to begin to establish in-country contacts in Honduras and Belize, and solicit interest in and provide information about the Project.

(c) Conduct seminars, lectures, conferences, and workshops in New Orleans on specific opportunities, with presentations by officials and businessmen from Honduras and Belize.

(c) Exchange trade, investment, and tourist missions with Honduras and Belize, including company and plant visits on both sides.

(e) Computerize specific raw material needs of Gateway industries, and match with possible Honduran and Belizean suppliers.

(f) Match in-country investment opportunities with interested Gateway investors.

(g) Prepare trade and investment "opportunity" bulletins for distribution to Chambers in Louisiana, the International Trade Mart, and Gateway businesspersons. This will include the publication and distribution of a business directory with two separate business listings -- firms in the New Orleans and River Region interested in doing business in Honduras and Belize, and firms in Honduras and Belize interested in doing business in the New Orleans and River Region. This directory can be eventually expanded to include businesses in the Gateway.

3. Technical Assistance in Trade and Investment

(a) Provide political, economic, and cross-cultural orientation sessions for Gateway businesspersons.

(b) Conduct training programs in Honduras and Belize on how to export to the Gateway.

(c) Assist Honduran and Belizean firms to participate in Gateway trade shows.

(d) Appraise specific trade or investment opportunities.

(e) Help establish agent or distributorship relations in the Gateway for products from Honduras and Belize.

(f) Appraise potential partners for Honduran and Belizean and Gateway businesses.

(g) Help negotiate agreements between Honduran and Belizean and Gateway firms.

(h) Encourage Gateway banking institutions to finance specific investment and trade projects.

(i) Assist Gateway businesses in seeking support from non U.S. Government Development Organizations based in Washington.

4. Replication

The Chamber's final Progress Report will include a section on its successes and failures in promoting trade and investment under this Project, and will be made available to other Chambers of Commerce or business organizations to assist them in carrying out their own programs to stimulate private sector trade, investment, and tourism in the Caribbean Basin.

D. Indicators

At the end of the first three months The Chamber will have completed a list of existing and possible industries appropriate to Honduras and Belize in which Gateway businesses might invest, and a list of actual and potential products which Gateway businesses could import from these areas.

By the end of the Project year, it is anticipated that the following will have occurred:

1. Four orientation sessions for Gateway businesspersons interested in doing business in Honduras or Belize.
2. Five trade and investment "opportunity" bulletins sent out to all Gateway business interest members. One of the bulletins will be a directory with two separate business listings -- one listing firms in the New Orleans and River Region interested in doing business in Honduras and Belize, and the other listing firms in Honduras and Belize interested in doing business in the New Orleans and River Region.
3. Four trade missions conducted to Honduras and Belize, and two from Honduras and Belize.
4. Ten investment opportunities referred from Honduras and Belize to interested parties in the Gateway, with three transactions executed or under serious study or negotiation.
5. Imports of several products new to the Gateway.
6. Imports to several new buyers in the Gateway
7. One trade exhibit in New Orleans sponsored for each country.

E. Evaluation

After the first nine months of the Project year, The Chamber and AID will review the execution and effectiveness of this pilot Project, taking into account the Indicators mentioned above, and may plan a second phase.

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Reports

The Chamber will submit two reports on a calendar quarterly basis during 1984: the Financial Report SF 269 described in Handbook 13, Chapter 1-M-3-a; and the Program Performance Report described in Handbook 13, Chapter 1-N.

Five copies of each Report should be submitted to LAC/DR within 30 days after the close of the reporting period.

BUDGET

<u>New Orleans</u>	<u>Total</u>	<u>AID</u>	<u>In-Kind</u>
Coordinator	24,000	24,000	
Secretary	12,000	12,000	
Office Set-up *	<u>10,000</u>	<u>10,000</u>	
	46,000	46,000	
The Chamber	(25,200)		25,200
Port of N. O.	(36,000)		36,000
Louisiana State University	(27,000)		27,000
Louisiana District Export Council	<u>(10,000)</u>		<u>10,000</u>
	(98,200)		98,200
<u>Washington, D.C.</u>			
<u>Manchester</u>			
Labor	42,000	42,000	
Overhead	9,000	9,000	
Fee	9,000	9,000	
Office Services for Area Businessmen	<u>(2,000)</u>		<u>2,000</u>
	62,000	60,000	2,000
<u>Honduras</u>			
Coordinator	10,000	10,000	
Secretary	6,000	6,000	
Office Set-up *	<u>5,000</u>	<u>5,000</u>	
	21,000	21,000	
<u>Publications</u>	<u>30,000</u>	<u>30,000</u>	
	30,000	30,000	
<u>Trade Missions</u>			
Four Missions at 6,800	<u>27,200</u>	<u>27,200</u>	
	27,200	27,200	

* Space costs, equipment rental, supplies, copying, telephone, postage

BUDGET Cont'd.

-2-

<u>Market Studies</u>	<u>Total</u>	<u>AID</u>	<u>In-Kind</u>
Three studies @ 5,000	<u>15,000</u> 15,000	<u>15,000</u> 15,000	
 <u>Trade Promotion Center</u>			
<u>Staff</u>			
New Orleans U.S. Hispanic Chamber of Commerce	15,000 <u>5,000</u> 20,000	15,000 <u>5,000</u> 20,000	
 <u>Software/Systems/</u>			
<u>Applications</u>			
New Orleans U.S. Hispanic Chamber of Commerce	10,000 <u>10,000</u> 20,000	10,000 <u>10,000</u> 20,000	
 <u>Travel</u>			
New Orleans/Washington/ Kansas City			
Travel	3,500	3,500	
Per Diem	<u>2,000</u> 5,500	<u>2,000</u> 5,500	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$344,900	\$244,700	\$100,200

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PROGRAM DESCRIPTION

Proposed Contract Agreement Between AID and The Chamber/New Orleans and the River Region

A. Purpose of Agreement

The purpose of this Agreement is to provide support for Private Sector Initiatives in the Caribbean Basin, by means of the Recipient demonstrating workable ways of linking specific private businesses in New Orleans and the River Region (The Chamber), State of Louisiana, and the normal U.S. hinterland of the Port of New Orleans,* henceforth called the New Orleans Gateway Area, with opportunities in specific Caribbean Basin Nations and vice versa, beginning with two primary countries: Honduras and Belize.

It is anticipated that this is a pilot program that would be expanded in the Caribbean Basin. The Chamber will have responsibility for the management of the project and will commit sufficient resources including its network of contacts to insure its success.

The Chamber will have overall responsibility for coordination of the project. The Latin American Chamber of Commerce (LACC) division of The Chamber will devote a large part of its resources to this project and will be the principal liaison point within the overall Chamber. The Chamber will coordinate this project with its subcontractor, Manchester Associates, Inc.

- * U.S. hinterland of the Port of New Orleans -- 12 state region serviced by inland rivers, interstate and rail; detailed information enclosed.

FINAL DRAFT

B. Specific Objectives

The specific objectives of this Agreement are as follows:

1. Research

To investigate the needs of Honduras and Belize and determine linkages between the New Orleans Gateway Area and these countries.

2. Promotion

To disperse information about specific Honduran and Belize opportunities to businesspersons in the New Orleans Gateway Area and vice versa.

3. Technical Assistance in Trade and Investment

To broker specific contacts and link needs of Honduran and Belize business persons in the New Orleans Gateway Area through import/export, investment and tourist specialists.

4. Replication

To develop information about the most promising and appropriate means of linking U.S. and Caribbean Basin business executives for the purpose of trade and investment.

C. Implementation

To achieve the above objectives, the Recipient shall carry out the following activities with funds provided by this Agreement:

1. Research

(a) Conducting market research for products in the New Orleans Gateway Area in order to determine trading opportunities.

(b) Conducting in-country investigation of specific opportunities for New Orleans Gateway Area businesses as a means of providing incentives to trade or to invest. Our research would not be limited to productive enterprises in the New Orleans Gateway Area but would include productive enterprises outside this area which use New Orleans services, finance, and port facilities.

(c) Working with existing in-country initiatives designed to attract investment and promote exports.

- (d) Conducting in-country investigation of investment, export/import and tourism needs which may be met by New Orleans Gateway Area firms.
- (e) Tapping into information gathered through AID's Office of Private Enterprise reconnaissance missions. Using computer information services offered by the Department of Commerce, Overseas Private Investment Corporation, World Tech/Control Data, Caribbean Central America Action and others.
- (f) Working with already existing market survey research and market data organizations such as the International Trade Mart, The Chamber's Economic Development Council, Louisiana Office of Commerce and Industry and local offices of the Department of Commerce, as well as the Department of Commerce C.B.I. Office and the Association of American Chambers of Commerce in Latin America.

2. Promotion

- (a) Establishing a Caribbean Basin Investment, Trade and Tourist Promotion Center in New Orleans, with preliminary emphasis on Honduras and Belize. (We would envision developing a one-stop selling center to be used by businesses interested in the New Orleans Gateway Area.)
- (b) Hiring a local representative in Honduras to begin to establish in-country contacts in Honduras and Belize, and solicit interest and provide information about the program (see Part F below).
- (c) Conducting seminars, lectures, conferences, and workshops on specific opportunities by country, sector and industry, including visits by high officials from Honduras and Belize. (We would work with the International Trade Mart (ITM) by expanding ITM seminars to assist the two countries -- Honduras and Belize -- exporters' efforts in the designated areas of the U.S. It is anticipated that ITM would offer its facilities to assist in organizing trade missions to the area.)
- (d) Preparing "alert" and "opportunity" sheets for distribution to Chambers in Louisiana, the International Trade Mart and other New Orleans Gateway Area businesspersons. This will also include the publication and distribution of a business directory with two (2) separate business listings -- one listing firms in the New Orleans

and River Region interested in doing business in Honduras and Belize and the other listing firms in Honduras and Belize interested in doing business in the New Orleans and River Region. This directory can be eventually expanded to include businesses in the New Orleans Gateway Area. (There has been a great deal of demand for this type of directory from businesses in the New Orleans area and from visiting Caribbean/Central American businessmen.)

- (e) Receiving trade, investment and tourist missions from the two primary countries and organizing visits to those countries. This part of the program will emphasize personal and long-term business relationships for both parties.
- (f) Arranging for company and plant visits in the New Orleans Gateway Area.
- (g) Coordinating appearances by Caribbean Basin Firms at local and regional trade shows.

3. Technical Assistance in Trade and Investment

- (a) Providing political, economic, and cross-cultural training sessions for New Orleans Gateway Area and Caribbean Basin businesspersons.
- (b) Conducting training programs on export for Honduras and Belize.
- (c) Screening specific trade or investment opportunities.
- (d) Helping to examine potential partners for both Honduras and Belize, and New Orleans Gateway Area businesses.
- (e) Matching opportunities with interested New Orleans Gateway Area residents.
- (f) Computerizing raw material needs of New Orleans Gateway Area industries and matching with possible Honduras and Belize suppliers.
- (g) The proposal agreement will coincide with the 1984 Louisiana World Exposition, allowing the possibility of businesses in Honduras and Belize to receive full attention during the exposition.

- (h) Developing effective program with U.S. (nationwide) Hispanic Chamber of Commerce concerning business opportunities of the two. (LACC is an active member of the U.S. Hispanic Chamber of Commerce. In our understanding, LACC is the only Hispanic Chamber fully integrated to include all elements of the Hispanic Community; there are no separate Cuban, Puerto Rican, Mexican, etc. Chambers in the New Orleans and River Region.)
- (i) Helping to negotiate agreements between Honduras and Belize and New Orleans Gateway Area firms.
- (j) Helping to establish agent or distributorship relations in the New Orleans Gateway Area for products from Honduras and Belize.
- (k) Assisting New Orleans Gateway Area businesses in pursuing possible support from U.S. Multilateral Development organizations based in Washington.
- (l) Encouraging New Orleans Gateway Area banking institutions to finance specific investments and development projects.

4. Replication

- (a) Tracking the process of this New Orleans Gateway Area Private Sector Initiative.
- (b) Using this information to develop a written guidebook for other Chambers of Commerce or other locally-based business organizations to assist them in carrying out their own program to stimulate private sector trade, investment and tourism in the Caribbean Basin, or in other developing countries.

D. Indicators

At the end of the first six months, we will have completed a list of potential industries which are appropriate to Honduras and Belize, in which New Orleans Gateway Area businesses have a potential to invest. We will also have completed a list of potential products which New Orleans Gateway Area businesses could import from these areas.

By the end of the agreement twelve month period, it is anticipated that the following will have occurred:

1. Develop market contacts for at least three (3) new products from each primary country.

2. At least investment of \$2,000,000 will have been discussed and negotiated.
3. Ten (10) investment opportunities will have been referred from Honduras and Belize to interested parties in the New Orleans Gateway Area.
4. Five (5) bulletins will have been sent out to all New Orleans Gateway Area business interest members. These bulletins will focus on trade, investments, and other business opportunities in Honduras and Belize. At least one of the bulletins will be devoted to a directory with two (2) separate business listings -- one listing firms in the New Orleans and River Region interested in doing business in Honduras and Belize, and the other listing firms in Honduras and Belize interested in doing business in the New Orleans and River Region.
5. Four trade missions will have been conducted to Honduras and Belize. The trade missions will focus on specific sectors where possible.
6. One general orientation program will have been held for New Orleans Gateway Area businesspersons interested in doing business in each country.
7. One exhibit in New Orleans will have been sponsored for each country.

E. Evaluation

At the completion of the first twelve months of this Cooperative Agreement, the Recipient and AID shall review the effort to date, and jointly plan a third phase of activities, if appropriate (see Part F below).

F. Substantial Involvement Understandings

It is understood and agreed that AID will be involved in the following:

1. This New Orleans Gateway Area/Caribbean Basin Private Sector Initiative may be carried out in two or more phases. This Cooperative Agreement is for the first phase only, in which the basic concept, methods, and potential of the program will be examined in Honduras and Belize. After start-up of these in-country efforts, a modified effort, with AID consultation concurrence, may begin in one other Central American or Caribbean country. These additional countries will be chosen jointly by AID and the Recipient, and will be served by the Recipient's in-country resident representative in Honduras.

2. We would envision the project running for a twelve month period beginning as close to October 1, 1983 as possible. This would enable us to take advantage of the momentum and interest generated by the soon to be implemented Caribbean Basin Initiative.

It would allow the project to coincide with the Louisiana World Exposition so that the exposition can provide reinforcement and amplification to our efforts.

Unlike more general projects of this kind, we foresee focusing as soon as possible on specific sectors for trade, investment and tourism, and emphasizing culmination of specific trade investment projects.

3. Evaluation of this New Orleans Gateway Area/Caribbean Basin Private Sector Initiative will be jointly performed by the Recipient and AID, as indicated in Paragraph E above.
4. AID retains the right to review the qualifications, and to approve the hiring, of proposed candidates for the in-country resident representative for Honduras and Belize.
5. Notwithstanding paragraph (a) of the Standard Provision of this Agreement entitled "Subordinate Agreements," and paragraph (b) (7) of the Standard Provision entitled "Revision of Financial Plans," AID retains the right to prior approval of all subordinate agreements placed under this Cooperative Agreement.

BUDGET

<u>New Orleans</u>	<u>Total</u>	<u>AID</u>	<u>In-Kind</u>
Coordinator	24,000	24,000	
Secretary	12,000	12,000	
Office Set-up	<u>10,000</u>	<u>10,000</u>	
	46,000	46,000	
The Chamber	(25,200)		25,200
Port of N. O.	(36,000)		36,000
Louisiana State University	(27,000)		27,000
Louisiana District Export Council	<u>(10,000)</u>		<u>10,000</u>
	(98,200)		98,200
<u>Washington, D.C.</u>			
Manchester			
Labor	42,000	42,000	
Overhead	9,000	9,000	
Fee	9,000	9,000	
	<u>(2,000)</u>		<u>2,000</u>
	62,000	60,000	2,000
<u>Honduras</u>			
Coordinator	10,000	10,000	
Secretary	6,000	6,000	
Office Set-up	<u>5,000</u>	<u>5,000</u>	
	21,000	21,000	
<u>Publications</u>	<u>30,000</u>	<u>30,000</u>	
(research, write, publish and postage)	30,000	30,000	
<u>Trade Missions</u>			
Four (4) missions at 6,800	<u>27,200</u>	<u>27,200</u>	
	27,200	27,200	

* Space costs, equipment rental, supplies, copying, telephone, postage

<u>Market Sector Studies</u>	<u>Total</u>	<u>AID</u>	<u>In-Kind</u>
Three (3) studies @ 5,000	<u>15,000</u> 15,000	<u>15,000</u> 15,000	
 <u>Trade Promotion Center</u>			
<u>Staff</u>			
New Orleans U.S. Hispanic Chamber of Commerce	15,000	15,000	
	<u>5,000</u> 20,000	<u>5,000</u> 20,000	
 <u>Software/Systems/</u>			
<u>Applications</u>			
New Orleans U.S. Hispanic Chamber of Commerce	10,000	10,000	
	<u>10,000</u> 20,000	<u>10,000</u> 20,000	
 <u>Travel</u>			
New Orleans/Washington/ Kansas City			
Ten trips @ 350 (Hotel/Food) @ Two nights @ ten (persons)	3,500	3,500	
	<u>2,000</u> 5,500	<u>2,000</u> 5,500	
	<hr/> <hr/>		
	\$344,900	\$244,700	\$100,200

* The Chamber reserves the right to re-allocate these figures, staying within the overall totals.

LATIN AMERICAN CHAMBER OF COMMERCE (LACC)

The Latin American Chamber of Commerce is a committee of The Chamber of Commerce/New Orleans and the River Region -- comprised of over 5,000 member firms representing 8,500 persons in a seven parish (county) area. The Chamber is the largest business organization in the State of Louisiana.

As a result of this organizational structure, the LACC is fully integrated in the mainstream of the local and regional economy. This relationship also provides the LACC with The Chamber's resources that range from attracting airline service to marketing warehouse space in the region.

The dual purpose of the LACC is to re-establish New Orleans as a major Gateway City for the Americas, and to improve the economic well-being of the local Hispanic businessperson.

The LACC has developed an effective dialogue with other internationally oriented organizations in the state -- International Trade Mart, Port of New Orleans, Louisiana Office of Commerce and Industry, and Chambers of Commerce throughout Louisiana -- as a means of coordinating trade development programs with Latin America.

The LACC is also a member of the U. S. Hispanic Chamber of Commerce (USHCC), comprised of 151 affiliates in 21 states. The LACC maintains close communication with the USHCC, in order to take advantage of U. S. Hispanic entrepreneurs expertise in trade developments with Latin American businesses.

TRADE MISSION

ADVANCE PERSON

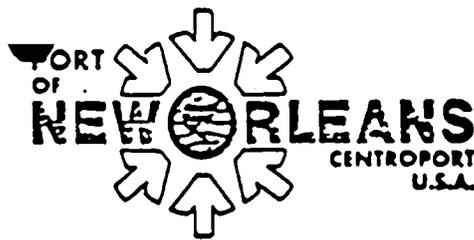
Airfare - N.O. - Honduras 400 (roundtrip)
Hotel & Food 100/@ 3 300
700

MISSION

1. N.O.	Airfare - 400/person @ 5 =	2,000
	Hotel & Food - 100-/day @ 3 days @ 5 persons	<u>1,500</u> 3,500
2. USHCC	Airfare - 600 - @ 2	1,200
	Hotel & Food - 100 @ 3 days @ 2 persons	<u>600</u> 1,800
3. Washington	Airfare - 500 - @ 1	500
	Hotel & Food - 100 @ 3 days	<u>300</u> 800

ENTERTAINMENT

Total 400
6,800



March 4, 1983

Mr. Christian J. Laborde
Manager
Latin American Chamber of Commerce
P. O. Box 30240
New Orleans, Louisiana 70190

Dear Chris:

In reply to your letter of February 25, 1983 to Mr. Reed and furthering our conversation of March 3, 1983, concerning local in-kind match for AID, we have indicated below the annual cost of services which could be provided by this Board;

Services of Latin American Office	\$ 8333
Services of New York Office	\$ 4536
Services of Chicago Office	\$ 2882
Services of St. Louis Office	\$ 3113
Services of New Orleans Sales Office	\$ 2330
Services of Marketing Office	\$ 6605
Services of Management	\$ 8201
TOTAL	\$36000

Type of service is detailed below:

Personnel Costs	\$10,000
Travel	\$ 8,000
Promotion	\$ 4,000
Telephone and Telex	\$ 2,000
Supplies	\$ 1,500
Marketing Data	\$ 2,500
Administration	\$ 3,000
Others	\$ 5,000
TOTAL	\$36,000

Sincerely,

Henry R. Rauber
Assistant Executive Port Director

HRR/w



BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
(A Unified Local Government of the State of Louisiana)
INTER-OFFICE COMMUNICATION.

TO: Mr. Henry R. Rauber

DATE: September 16, 1983

FROM:

Denis B. Grace *DBG*

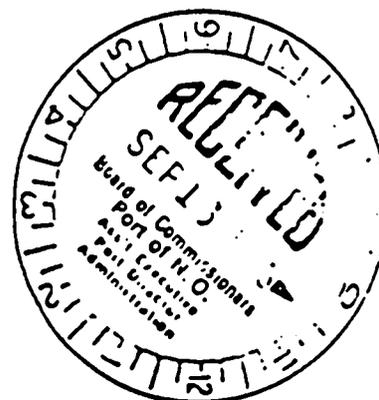
C.C.

SUBJECT: Latin American Chamber of Commerce - AID Grant Proposal.

The in-kind services that the Port would perform in coordination with LACC in increasing trade and investment between Panama/Honduras and the New Orleans Gateway Area are as follows:

- 1) Sales - Our Latin American office and our four domestic offices which cover the New Orleans Gateway Area are fully staffed with transportation specialists. They would assist LACC in providing the importer or exporter with expert information as to the most economical means of moving their products between the Gateway Area and Panama/Honduras to include mode (breakbulk, container or barge carrying ship) means (railroad, truck, barge) rate and steamship lines.
- 2) Marketing - Assist LACC in directing the efforts of the Port's salesmen.
- 3) Management - Assist LACC
 - a) by providing trade literature and statistics to the Caribbean Basin Investment and Trade Promotion Center.
 - b) by finding speakers and suggesting topics for the seminars, lectures, conferences and work shops.
 - c) by briefing foreign trade missions on the facilities and operations of the Port.
 - d) by suggestions in organizing their training programs.

DBG:mr





Center for Latin American Affairs
LOUISIANA STATE UNIVERSITY AND AGRICULTURAL AND MECHANICAL COLLEGE
BATON ROUGE · LOUISIANA · 70803-4927
504 388-5300

September 12, 1983

Mr. Christian Laborde, Manager
Latin American Chamber of Commerce
P.O. Box 30240
New Orleans, LA 70190

Dear Mr. Laborde:

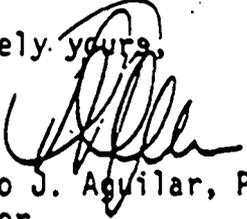
I am herewith reiterating the Center for Latin American Affairs' interest in participating in your AID contract regarding the Republic of Honduras. L.S.U.'s kind contribution could be, as we discussed at our meeting of September 7, 1983, in the following areas:

1. The Central American Graduate School of Banking
2. The Latin American Energy Exchange Program
3. The Center's television documentary being produced by WRBT TV Channel 33, an NBC Affiliate, to be aired on prime time; and a documentary of a field trip to Honduras, to be produced by WBRZ TV Channel 2, an ABC affiliate, in cooperation with the Caribbean Commission on its humanitarian efforts in that country. The Caribbean Commission is chaired by Alton Ochsner, M.D., an internationally renowned surgeon.

From L.S.U.'s point of view I will be acting as principal investigator and contact person. To this end I am enclosing a copy of my resume of education and experience. Our commitment, of course, is contingent upon your obtaining funding from AID and upon the successful conclusion of a formal agreement between Louisiana State University and the Latin American Chamber of Commerce.

Looking forward to working with you, I remain,

Sincerely yours,


Rodolfo J. Aguilar, Ph. D.
Director

RJA:cvh

cc: Vice-Chancellor Sean McGlynn
Dr. Emma Brossard
Dr. Stanley Hilton

CENTER FOR LATIN AMERICAN AFFAIRS
LOUISIANA STATE UNIVERSITY

In-kind Support for AID Program with The Chamber/New Orleans and the River Region.

1. Central American Graduate School of Banking

This session will be offered in Tegucigalpa, Honduras. Classroom space will be provided for Honduras businessmen. Additional lectures and professors' consultation services will be offered. Project cost: \$20,000.

2. Latin American Energy Exchange Program.

Program will focus on areas of mutual energy problems between Louisiana and energy centers in Latin America. (Our focus will be Honduras and Belize.) Program will be accomplished by: 1) exchange of foremost scholars in diverse energy-related areas; 2) establishment of Inter-American conferences at LSU of leading hemispheric experts in diverse energy-related areas; 3) support of graduate students from Honduras and Belize; and 4) establishment of new energy centers in Inter-American countries, thus permitting direct interaction with hemispheric leaders. Project cost: \$2,000.

3. Television documentary on Honduras that will focus on Honduras' economic needs and opportunities. Project cost: \$5,000



LOUISIANA DISTRICT EXPORT COUNCIL

432 INTERNATIONAL TRADE MART

NEW ORLEANS, LA. 70130

AREA CODE (504) 589-6546



September 19, 1983

Mr. Chris Laborde
Latin American Chamber of Commerce
c/o The Chamber New Orleans and the River Region
P.O. Box 30240
New Orleans LA 70190

Dear Chris:

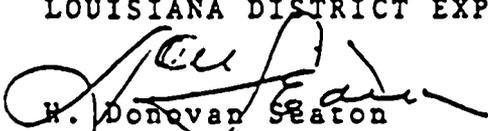
The Louisiana District Export Council is particularly interested in the development of your group's project to assist the progress of Louisiana/Honduras trade. The fact that this effort will center on and rely on the private sector makes it worthy of this DEC's wholehearted support.

Of course, support with complements is not all that the LACC needs on this project, we understand. The DEC is actively assisting the Consortium of Small Business Assistance Centers developed by the universities in Louisiana to develop smaller independent businesses throughout the State. We will hold a three day seminar in New Orleans to train the staff in the prospects for export and foreign cooperation in their clients' activities. Although this conference will be for the staff, we would be glad to include LACC members and representatives from the center, if they are available.

On an ongoing basis the consortium can be relied on to assist incoming businessmen to form associations in Louisiana and to identify sales or supplier prospects. The DEC through its active committees is willing to assign specific time programs for training or consulting assistance to the center's clients. Our members are all active in international trade and in the practical day-to-day aspects of trade. We will assign 200 hours to your effort. This time would have a normal value in the range of \$50/\$100 per hour.

Let us know how we can participate further.

Sincerely,
LOUISIANA DISTRICT EXPORT COUNCIL


H. Donovan Seaton
Vice Chairman

Manchester Associates is being subcontracted by the Latin American Chamber of Commerce of New Orleans to help coordinate the proposed private sector project as part of the Administration Caribbean Basin Initiative. Steve Lande, Vice President of Manchester Associates, who had responsibility for the design of the trade and investment parts of the CBI before he resigned from the government will be the principal person at Manchester for this project.

Given its experience in the trade and investment area, both in the private sector and in the government. Manchester Associates will participate in all four aspects of the project: research promotion, technical assistance and publication.

I. Research

- a) Manchester Associates will assist in conducting market research for products for the New Orleans Gateway area;
- b) provide advice on the U.S. trade regime covering imports of Honduran products;
- c) assist in conducting in-country investigations of investment and export opportunities;
- d) be a Washington contact point to tap into information gathered through AID's office of private enterprise; the Department of Commerce's Caribbean Basin Group, the Overseas Private Investment Corporation, the Export-Import Bank and the Department of Agriculture, and
- e) be a contact point for Washington and New York centered private sector investment groups (Caribbean Central American action, Council of the America, etc.)

Promotion

Manchester Associates will:

- a) provide technical assistance and other forms of advice in establishing the Caribbean Basin Investment and Trade Promotion Center in New Orleans;
- b) assist in hiring a local representative in Honduras and an assuring that the representative is carrying out the functions assigned;
- c) monitor as necessary to assure that the in-country representative is facilitating, not interfering, with the attainment of the AID objective of this program;

- d) help arrange and participate in seminars, lectures, conferences, and workshops for private sector and government officials from Caribbean Basin countries;
- e) work with trade missions from and to the target countries.

Technical Assistance in Trade and Investment

Manchester Associates will:

- a) assist in providing trade, investment and cross cultural sensitivity training sessions for New Orleans Gateway business people;
- b) help screen and advise on specific trade and investment opportunities as well as appropriate foreign business contacts (agents, distributors);
- c) help match Caribbean opportunities with interested businessmen.
- d) be Washington contact point for New Orleans Gateway businesspeople with specific proposals involving U.S. government agencies (OPIC, EX-Im Commerce, AID, Agricultural, etc.) and international institutions headquartered in Washington (IDB, IBRD);
- e) provide advice on the outlook for continued market access for products being considered for importation in the United States and advise on barter trade and export trading companies as they relate to doing business with Honduras.

IV. Replication

Manchester Associates will participate with the Chamber in developing a written guidebook for other Chambers or other local business group based on its experiences in this area.

Budget

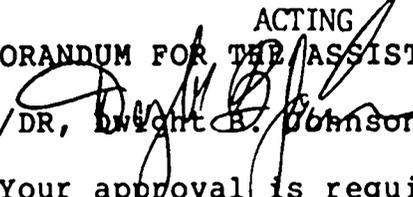
Manchester estimate that 250 man days of its personnel will be devoted to this contract. Further, normal overhead such as secretarial support and normal supplies is estimate at 15 percent of labor. Finally, Manchester's fee will be 15 percent of the labor component.

As part of the contribution, Manchester will provide office space and normal overhead for New Orleans and Honduras businessmen who are working on this project in Washington. We estimate this is valued at about \$2,000.

Labor	\$42,000
Overhead	9,000
Fee	<u>9,000</u>
	\$60,000

NOV 15 1983

ACTING
ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR,  Dwight B. Johnson

Problem: Your approval is required for the expenditure of up to \$2,500 in grant funds under the LAC Regional Private Sector Initiatives Project (598-0619) for the purpose of preparing materials for a display booth on "AID's Role in the Caribbean Basin" at the Caribbean Basin Investment Exposition in Miami November 29 through December 2, 1983.

Background: As explained in the letter included as Attachment 1, Caribbean/Central American Action (C/CAA) is sponsoring its seventh annual Miami Conference on the Caribbean November 29 through December 2. In a departure from previous conferences which focused primarily on examining the various aspects of the CBI legislation and generating support for its passage, this year C/CAA will emphasize the practical implementation of the CBI by U.S. and Caribbean Basin businessmen wishing to capitalize on the trade and investment opportunities which the legislation provides. The traditional format has been expanded to include a facility for direct promotional displays by Basin countries, government agencies and private corporations. Earlier this year, the LAC Bureau provided C/CAA with \$40,000 in grant resources under the Private Sector Initiatives Project, and the Small Business Administration contributed an additional \$20,000, in order to engage a marketing consulting firm to recruit at least 400 U.S. businessmen interested in exploring new ventures for attendance at the Miami Conference and Investment Exposition.

It is expected that virtually every Basin country will be represented in Miami by a visual display exhibit featuring its trade and investment potential and by a team of public and private sector investment promotion experts holding individual consultations with prospective investors in reception suites. The investment exposition's "business services investment cluster" will feature exhibits by approximately 25 government agencies and companies offering investment facilitating services to U.S. and Basin businessmen. In addition to AID, other USG agencies planning to present displays in Miami include the Departments of Agriculture and Commerce, OPIC, and Small Business Administration.

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The cost of preparing the AID exhibit includes the contracting of a design firm to provide the graphic services and furniture required and the printing of a folder by the AID printing office. C/CAA has waived the rental fee for the floor space and display unit. Concurrently, we have arranged for the printing of a brochure on AID and the CBI and the development of country-specific handout material on AID's program activities in the Caribbean Basin. Brochures and pamphlets on PRE Bureau and TDP activities which relate to the Caribbean Basin will also be made available.

Recommendation: That you approve the expenditure of up to \$2,500 under the LAC Private Sector Initiatives Project for the contracting of a design firm and covering the cost of in-house printing services in order to prepare an AID exhibit for the 1983 C/CAA Miami Conference and Investment Exposition.

Approved: _____

Disapproved: _____

Date: _____

Attachment
Tab A

Clearance:

LAC/DR:PBittner (draft)

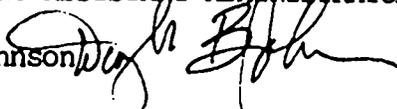
LAC/DR:SSmith

LAC/DR:ILevy

LAC/DR:MDeal:msw:0228L:11/8/83

AUG 1 1983

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Dwight B. Johnson 

Problem: Your approval is requested to advertise in the Wall Street Journal, on behalf of the Government of Peru (GOP), an investment announcement seeking co-financing in the amount of \$10 million to finance the Private Sector Agricultural Investment Promotion project. Funding for this announcement will be provided through the LAC Regional Private Sector Initiatives project (598-0619).

Background: The purpose of the Private Sector Agricultural Investment Promotion project is to increase the availability of medium-term credit in Peru by strengthening the capacity of private sector financial institutions to finance medium-term agricultural loans. The project will create a fund for rediscounting eligible loans made by local banks to sub-borrowers for medium-term credits of up to ten years for on-farm improvements. In addition to the \$10 million AID loan and \$5 million GOP counterpart, the project is to provide \$10 million in co-financing through a loan to the GOP from a U.S. financial institution(s).

The purpose of the Private Sector Initiatives (598-0619) project is to assist private and public sectors in generating a more effective private sector participation in the development of the region. Among other activities, funds under this project are to be utilized to attract U.S. and other foreign investment capital. Thus, the proposed expenditure is directly responsive to both the project's intent and fund utilization, since the objective of the announcement is to tap U.S. private sector resources and thereby increase an agricultural credit fund to which AID, the GOP, and the Peruvian private sector financial institution are contributing.

Discussion: The Mission and the GOP have vigorously pursued contacts with U.S. banks in Peru as well as major U.S. banks which do not currently have representation in Peru. The most recent and promising of these contacts, with Union Bank of California, resulted in a negative response. As requested by the Mission, the announcement will be published in the Commerce Business Daily. However, a more effective means by which to reach potential investors is through the "capital wanted" section of the Wall Street Journal. We have discussed this option with the Mission and they have agreed that we proceed with the announcement.

Recommendation: That you approve the expenditure of up to \$6,000, by signing the attached PIO/T, in order to advertise for a co-financing investor for the Peru Private Sector Agricultural Investment project in the national edition of the Wall Street Journal.

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AUG 1 1983

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Dwight B. Johnson *DBJ*

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Discussion: The Mission and the GOP have vigorously pursued contacts with U.S. banks in Peru as well as major U.S. banks which do not currently have representation in Peru. The most recent and promising of these contacts, with Union Bank of California, resulted in a negative response. As requested by the Mission, the announcement will be published in the Commerce Business Daily. However, a more effective means by which to reach potential investors is through the "capital wanted" section of the Wall Street Journal. We have discussed this option with the Mission and they have agreed that we proceed with the announcement.

Recommendation: That you approve the expenditure of up to \$6,000, by signing the attached PIO/T, in order to advertise for a co-financing investor for the Peru Private Sector Agricultural Investment project in the national edition of the Wall Street Journal.

DB
LAC/DR:DChiriboga:rjw:7/26/83:#5276C

Clearances:

LAC/DR:PBittner (SUBS)
LAC/DP:BCook (DRAFT)
GC/LAC:PJohnson (DRAFT)
LAC/DR:SSmith (DRAFT)
LAC/DR:ILevy *IL*

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QUOTE A. THE GOVERNMENT OF PERU (GOP), ACTING THROUGH THE DEVELOPMENT FINANCE CORPORATION (COFIDE), IS SEEKING CO-FINANCING IN THE AMOUNT OF \$18 MILLION TO FINANCE PRIVATE SECTOR AGRICULTURAL INVESTMENT PROJECTS IN PERU, UNDER THE PRIVATE SECTOR AGRICULTURAL INVESTMENT PROMOTION PROJECT SIGNED BETWEEN THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (AID) AND THE GOP. DISBURSEMENT OF AID FINANCING FOR THE PROJECT (\$10 MILLION) IS CONDITIONED UPON THE GOP ACQUIRING CO-FINANCING FROM A UNITED STATES FINANCIAL INSTITUTION. THE AID-GOP LOAN AGREEMENT CONTAINS A CROSS-DEFAULT CLAUSE WHICH WILL OPERATE BETWEEN THE U.S. GOVERNMENT LOAN AND THE LOAN PROVIDED BY THE U.S. FINANCIAL INSTITUTION/INSTITUTIONS.

B. INVESTORS ELIGIBLE TO PARTICIPATE IN THIS PROJECT ARE COMMERCIAL BANKS AND OTHER U.S. FINANCIAL INSTITUTIONS.

C. DISBURSEMENTS FOR PROJECT ACTIVITIES WILL BE SUBJECT TO CERTAIN CONDITIONS REQUIRED OF THE GOP (THE BORROWER) BY AID AS SET FORTH IN THE PROJECT AGREEMENT BETWEEN AID AND THE BORROWER. THE PROJECT AGREEMENT AND PROJECT PAPER MAY BE OBTAINED FROM THE PERSONS LISTED IN SECTION H BELOW.

D. THE BORROWER DESIRES TO RECEIVE PROPOSALS FROM U.S. INVESTORS CONTAINING ONE OF THE FOLLOWING ALTERNATIVES:

(1) LOAN AMOUNT \$18 MILLION.

(2) LOAN AMOUNT \$5 MILLION

THE BORROWER MAY ACCEPT ONE OR TWO OF THE PROPOSALS FROM ONE OR TWO INVESTORS, FOR A TOTAL AMOUNT OF \$18 MILLION.

E. SINCE THE INVESTOR OR INVESTORS WILL BE SELECTED ON THE BASIS OF THE PROPOSALS, THE PROPOSALS SHOULD CONTAIN THE BEST TERMS TO BE OFFERED BY THE INVESTORS.

THE PROPOSALS SHOULD STATE:

(1) THE INTEREST RATE PER ANNUM (FIXED IF POSSIBLE).

(2) THE TERM OF THE LOAN (WHICH SHOULD EXCEED 10 YEARS).

(3) THE MINIMUM TIME, IF ANY, DURING WHICH PREPAYMENT OF PRINCIPAL BY THE BORROWER WILL NOT BE ACCEPTED.

(4) THE INVESTOR'S COMMITMENT OR SERVICE FEE, IF ANY, AND SCHEDULE OF PAYMENTS OF SUCH FEE.

F. THE CLOSING DATE BY WHICH PROSPECTIVE INVESTORS ARE REQUESTED TO SUBMITTED TO THE BORROWER AT THE ADDRESS LISTED IN SECTION G BELOW. NEGOTIATION OF THE LOAN AGREEMENT IS EXPECTED TO TAKE PLACE IN LIMA, PERU IN September 1983.

G. ELIGIBLE INVESTORS ARE INVITED TO CONSULT PROMPTLY WITH THE BORROWER AT THE FOLLOWING ADDRESS: MR. PEDRO DE LAS CASAS GRIEVE, CENTRAL MANAGER OF THE FINANCE DIVISION OF COFIDE, P.O. NO. 18377, LIMA 1, PERU; TELEPHONE NO.

24-34-11; TELEX NO. 20162 PE OR 25356PE. TELEX AND TELEPHONE COMMUNICATION SHOULD BE FOLLOWED BY LETTER. CLOSING DATE: SEPTEMBER 1, 1983

H. ADDITIONAL INFORMATION ON THE PRIVATE SECTOR AGRICULTURAL INVESTMENT PROMOTION PROJECT CAN BE OBTAINED FROM MESSRS. PETER BITTNER, PETER ORR, LAC/DR, OR ROBERT PARRA, PRE/1 AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, D.C. 20523. TELEPHONES: P. BITTNER: (202) 632-2302; P. ORR (202) 632-3464; R. PARRA: (703) 235-2274.

I. THIS ANNOUNCEMENT IS NOT AN OFFER BY THE BORROWER. THE GOP WILL SELECT AN INVESTOR AND NEGOTIATE THE TERMS OF THE PROPOSED LOAN. UNQUOTE

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, *D. M. B. Johnson*

Problem: Your approval is required to enable us to contract for assistance in the preparation of a survey of products in six Caribbean Basin countries which have the potential for being marketed through merchandise marts in the U.S. Funding for this export marketing analysis will be provided through the LAC Regional Private Sector Initiatives Project (598-0619).

Background: Several weeks ago officials of the Atlanta Merchandise Mart, Everett Wilcox (Atlanta Law Firm of Alson & Bird), Joe Thomas (contractor - USAID/Haiti) and Peter Bittner discussed the concept of utilizing the mart as a vehicle for introducing, promoting and selling products from the Caribbean Basin in the U.S. The mart is a for-profit organization which is in the business of bringing buyer and seller together for the purpose of promoting the distribution and sale of products in the national and regional markets of the U.S. The mart is one of five in the U.S. (others are in New York, Los Angeles, Chicago and Dallas) which provide product display space on a permanent basis as well as on a seasonal basis through special promotional trade shows. The Atlanta Mart focuses on products in the areas of carpeting, furniture, wearing apparel, housewares and giftwares. Over the last several years the mart has broadened its business plan to include promotional efforts in the international arena. For example, in the past two years they have worked with the Brazilians, the Peoples Republic of China, the Philippines, Hong Kong, Indonesia, Singapore and Korea to introduce products from these countries into the U.S.

The mart has a full-time staff of about 175 persons. They are organized to provide technical and marketing advice to producers on how to sell a product in the U.S. and to advise that producer on what changes might have to be made (new colors and styles, etc.) in order to advance its prospects for sale.

The mart is located in three buildings in downtown Atlanta (permanent space totals 3.6 million sq. ft.). In 1982, an estimated 150,000 buyers and sellers met to conduct business estimated at \$8 billion. Revenues for the mart itself are derived principally through the leasing of floor space for permanent showrooms and from special trade shows.

Clients of the mart include producers in the product areas mentioned above, plus, most importantly, wholesale and retail buyers from the entire U.S. It specializes in certain product lines and thus knows the industries in detail, it is able to

provide advice to producers, and it maintains significant permanent contacts with retail and wholesale buyers of all sizes.

As a result of these initial discussions, four AID Missions were invited to meet in Atlanta to observe the Mart's annual giftware show and at the same time to explore the capabilities of the Mart, and product potential in greater detail. The meeting was held July 9-11 and was attended by public and private sector representatives from five countries -- Dominican Republic (3), Haiti (2), Jamaica (3), Costa Rica (2), and Honduras (1) -- by USAID/Haiti (J. Thomas and A. Williams) and USAID/Costa Rica (C. Torres) and AID/W (P. Bittner).

This meeting concluded with a strong endorsement of the concept and of the capability of the Mart. The next steps in a possible marketing program include: a Phase I survey by a team from the Mart to determine specific product potential; a follow-on meeting with representatives of the Mart and the participating countries in mid-October to review the survey and a marketing strategy which the Mart will recommend; and a Phase II marketing program aimed at introducing, promoting and selling Basin products in the giftware line of merchandise in the U.S.

Discussion: The Phase I survey will involve field visits by two representatives from the Mart to six countries which were identified as having substantial potential for export (Guatemala, Costa Rica, Honduras, Jamaica, Haiti and the Dominican Republic). Other countries could be included later, if the concept proves successful. The giftwares line was targeted due to the wide variety of potential products which it covers and the possibility of branching into other product lines based on a successful Phase II marketing program.

Participants at the recent meeting in Atlanta will be responsible for hosting the survey team, preparing the itinerary within their respective countries, establishing the logistics so that the survey team can screen potential products, and arranging for discussions with the producers to determine interest, selling prices, production capacity, quality control, and willingness to meet buyer needs. At the same time, the survey team will be assessing product changes (e.g. design, color, etc.) which might be needed to more effectively market products in the U.S. Cost of the initial survey is estimated at \$29,000 and is comprised largely of salaries, travel and per diem expenses of two persons for 3-6 days in each of six countries.

The Atlanta Mart will be contracted for the survey (a justification for non-competitive procurement is included in the attached PIO/T) to assess product potential and will also be responsible for making recommendations on an appropriate marketing strategy for a Phase II program. Phase II itself could take several forms, including: a pilot program to examine the effectiveness of marketing Caribbean Basin products in the giftwares line through merchandise marts (if successful, this could later be extended to products in other lines, such as housewares, furniture and accessories, carpeting and apparel and other merchandise marts) or a special Caribbean Basin promotion and trade show sponsored in one or more marts.

While the Phase I survey is underway, we will examine the capabilities of the merchandise marts located in other cities (particularly their experience with developing countries as well as their possible interest in marketing Basin products). Should we find substantial capability and interest from other marts, it may be useful to prepare a Request for Proposal (RFP) to seek expressions of interest in sponsoring a Phase II program. The results of the Phase I survey could be used to prepare this RFP.

Conclusion: Of the many ideas we have examined to promote exports from the Basin, this approach appears to be one of the best -- merchandise marts are an existing vehicle for distributing products, the organizations can provide both marketing and production assistance to the sellers and the costs appear reasonable (estimates for a Phase II pilot program range from \$175,000 - \$200,000).

Recommendation: That you approve the expenditure of \$29,000 for a Phase I survey by signing the attached PIO/T.

Attachment

for ind
Drafted: LAC/DR: JPBittner: nhd: 7/25/83: W5239C

Clearance:

LAC/DR: ILEVY *JOB*

GC/LAC/GWinter (draft)

LAC/DP/BCook *for 7/25/83*

DAA/LAC: Cleonard *for*

26 APR 1983

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Irwin A. Levy

Irwin Levy

Problem: Your approval is required to enable us to contract for assistance in the preparation of an export marketing analysis to assist our Missions in Central America and Panama promote the expansion of non-traditional extra-regional exports. Funding for this export marketing analysis will be provided through the LAC Regional Private Sector Initiatives Project (598-0619).

Discussion: In support of the CBI and to assist AID Missions explore new and innovative ways to assist local entrepreneurs, identify market opportunities and overcome major constraints limiting export growth, LAC/DR has developed plans for a Caribbean Basin export marketing study. The terms of reference for this study were circulated to the AID Missions in Guatemala and Honduras for comments in February, and were discussed with Paul Montavon, ROCAP Mission Director, on his recent visit to AID/W. Based on a recently completed comparative advantage study financed by ROCAP of local industries with export potential, it was decided that the LAC/DR study, with certain modifications, would be a necessary complement for identifying priority industries for concentration of export promotion efforts in the region. As a result, the terms of reference for the export marketing study have been retailored and communicated to ROCAP and the bilateral USAIDs in Central America and Panama (Attachment 1).

Once this study is complete, it is expected that the ROCAP and bilateral USAIDs in the region will meet to discuss appropriate mechanisms for providing technical assistance and specialized training programs to local entrepreneurs so that they may be better prepared to take advantage of the identified export potential. Bilateral missions will be able to capitalize on the results of this study in designing new country-specific activities and a ROCAP regional export promotion project (currently programmed for FY 83) may be developed to provide further support to the bilateral missions in this area.

The PIO/T included as Attachment 2 provides for contractual assistance with International Parks, Inc. to conduct this analysis. We do not have the time nor the expertise in-house to undertake this analysis ourselves. International Parks, Inc's principal officer assigned to this effort (Richard Bolin) has over 25 years experience in industrial development, marketing and export promotion, most of which has been devoted to developing countries in Latin America. The firm also has an extensive data bank and data processing capability under an agreement with the Flagstaff Institute. A total of five weeks professional services plus data processing is contemplated. The total cost will not exceed \$25,000.

Recommendation: That you indicate your approval by signing the PIO/T included as Attachment 2.

Attachments:

a/s

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WTR 06 APR 1983
-S. date

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Irwin A. Levy

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Recommendation: That you indicate your approval by signing the PIO/T included as Attachment 2.

Attachments:
a/s

Drafter: LAC/DR: JMD Deal: bat: 04/26/83: Ext: 29162: 4240C

Clearances:
LAC/DR: JPBittner

LAC/DR: CLeonard

DAA/LAC: MDPrown

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21 APR 1983

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Dwight B. Johnson

Dwight B. Johnson

Problem: To approve the expenditure of \$125,000 under the LAC Regional Development of Environmental Management Systems Project (598-0605) for a grant to the OAS to develop an environmental education and public awareness program in the wider Caribbean region.

Discussion: The LAC Regional Development of Environmental Management Systems Project (No. 598-0605) is designed to fund environmental surveys and assessments, natural resource studies, conservation techniques, conferences and seminars to promote a greater understanding of environmental problems in Latin America and the Caribbean. It is also designed to be the mechanism whereby the United States makes projectized contributions to the Caribbean Environmental Action Plan (CEAP).

In FY 1983, \$300,000 has been budgeted for CEAP activities (\$250,000 SDA and \$50,000 ARDN). This money was budgeted for CEAP activities after Mr. McPherson and Senator Pell agreed to do so.

This proposed activity is directly responsive to the highest priority concerns of the CEAP. The idea has been discussed with the CEAP Secretariat and was supported at the CEAP Intergovernmental Meeting held in Cartagena in March, 1983. It is also directly responsive to Congressional interest in supporting the CEAP.

This activity of A.I.D. and the OAS, in conjunction with the Rare Animal Relief Effort and the Caribbean Conservation Association (two private environmental organizations who have special expertise in Caribbean environmental education), would create an environmental education and public awareness program which will provide for implementation of the initial stages of projects in certain countries to be followed by continuing programs in these and other countries. It will also develop an awareness and understanding of the necessary actions for solving environmental problems in the wider Caribbean so that these countries may increase their support for the efforts necessary to insure the protection of their natural resources through the establishment and strengthening of the linkages which exist among local organizations and agencies currently involved in environmental affairs. There will be three main program elements: training of local professionals, establishment of a network of expertise and production and dissemination of resource materials for training and education programs.

Two private, environmental organization experts in Caribbean environmental education are being included in this OAS proposal because they have existing

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expertise, can operate at a cost far below consulting firms or universities; can generate contributions of time and advice others can not; and Mr. McPherson has recently indicated his interest in having A.I.D. work with private environmental organizations.

A.I.D. will grant \$125,000 to the OAS who is acting as the principal coordinator of this activity. We have previously made two grants to the OAS for oil spill contingency planning activities and have been completely satisfied with the professional manner in which the OAS has handled this money. We expect OAS will continue its expert management of this grant as well.

Recommendation: That you approve an expenditure of \$125,000 in SDA funds under the LAC Regional Development of Environmental Management Systems Project (No. 598-0605) to be granted to the OAS for purposes of financing an environmental education and awareness project. If you concur in this use of funds, please indicate your approval below, and sign the attached letter to the OAS.

APPROVED: _____

DISAPPROVED: _____

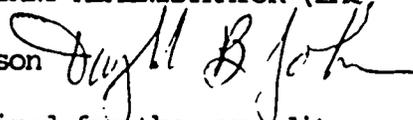
DATE: _____

*letter forwarded to OAS
4-9-83 by J. Hester*

1 APR 1983

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Dwight B. Johnson



Problem: Your approval is required for the expenditure of up to \$40,000 in grant funds under the LAC Regional Private Sector Initiatives Project (598-0619) for the purpose of conducting a market research and promotion effort to identify and attract appropriate U.S. firms to the Caribbean/Central American Action sponsored Miami Conference and Investment Exposition.

Background: A.I.D. and other USG agencies, as a part of the Caribbean Basin Initiative (CBI), are presently undertaking a series of activities to encourage greater trade and investment in the region by focusing on the direct participation of U.S. companies. For example, the Department of Commerce has opened a Caribbean Basin Business Information center to provide comprehensive economic information to U.S. business representatives. This center also works with local Department of Commerce district offices throughout the United States in arranging seminars on business opportunities in the Caribbean Basin area. The Overseas Private Investment Corporation (OPIC), in cooperation with A.I.D., has organized investment missions and 'telemissions' for U.S. businessmen interested in the region. A.I.D. is currently funding two efforts to identify, design and implement new investment opportunities (including joint venture possibilities for U.S. firms) which promote productive employment: RDO/C's Project Development Assistance Program with Coopers & Lybrand and the United Nations Development Program's Caribbean Project Development Facility. In addition, A.I.D. signed a cooperative agreement with Caribbean/Central American Action (C/CAA) in September, 1982 to assist the Caribbean basin's private sector in developing contacts with the U.S. business community through the creation of 1) a U.S./Caribbean basin data bank and information system, 2) a twin chamber program, and 3) a mechanism to tap the resources of the U.S. Chamber of Commerce.

While these efforts have had and will continue to have a positive impact on increasing the American business community's awareness of the business opportunities which exist in the Caribbean Basin, they are by no means all encompassing. Many potential investors are not located in those cities participating in the twin chamber programs, others may not have formed the level of interest or specific country focus to be ready for OPIC investment missions and there are those who do not possess the export orientation which attracts most participants to Commerce Department programs.

Discussion: In order to reach a broader U.S. audience and to build upon the momentum generated by the CBI thus far, LAC/DR has contracted separately for the development of a plan for promoting the Caribbean Basin to the U.S. business community. This marketing plan, which is presently in draft form, recommends a series of advertising and promotional media, including participation in trade fairs and conferences. The C/CAA proposal for marketing Caribbean Basin

RECORD COPY

17

trade/investment opportunities to U.S. businessmen via the 1983 Miami Conference and Investment Exposition (Attachment 1) combines a number of these media by emphasizing a well thought out campaign to identify and recruit a targeted business audience to be followed up by an investment exposition.

C/CAA's annual Miami Conference is an established, well known forum, both in the Caribbean basin and the U.S. business community, which attracts the backing and participation of top Caribbean and U.S. government leaders. In the past, the Miami Conference has focused primarily on examining the various aspects of the CBI legislation and generating support for its passage. C/CAA's approach for the 1983 conference, however, will emphasize the practical implementation of the CBI by U.S. and Caribbean basin businessmen wishing to capitalize on the trade and investment opportunities which the legislation provides. C/CAA's plans for the 1983 Miami Conference (Attachment 2) calls for an expansion of the traditional format to include a facility for direct promotional displays by participating countries and an orchestrated marketing effort to attract targeted U.S. companies to the event for the opportunity of discussing business opportunities with their Caribbean basin counterparts. What is needed at this point is a professional marketing effort to insure the quality and quantity of the U.S. business participation at the 1983 conference. C/CAA's proposal involves the contracting of professional services on a competitive basis to identify the target audience; market the desirability of Caribbean trade and investment opportunities generally, and the usefulness of attending the Miami Conference and Investment Exposition in particular; assure the attendance of 400-500 U.S. businessmen interested in exploring new ventures; and provide ongoing feedback in the form of consulting advice to enable C/CAA to assist the Caribbean Basin exhibitors in targeting and projecting their message to the audience of U.S. businessmen.

C/CAA has requested A.I.D. and OPIC financial assistance for this marketing effort. The estimated budget is \$80,000, to be funded by contributions from OPIC and/or private sources in addition to A.I.D. grant assistance. OPIC has expressed its willingness to provide partial funding for this endeavor. At this time, however, no firm budget allocation has been made. The list of targeted firms, which this marketing activity will generate, will also be available for use by C/CAA, A.I.D. and other USG agencies for corollary marketing efforts in support of the CBI.

In support of its proposal, C/CAA is planning to contract with its own resources for an exhibition design firm to work with the Caribbean Basin country exhibitors and insure consistently high professional quality in the final display exhibits. Further, C/CAA, together with the Caribbean Association of Industry and Commerce (CAIC), is scheduling a training session for industrial development corporation personnel and private sector leaders in trade and investment promotion techniques particularly

14 JAN 1983

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, DWIGHT B. Johnson

Problem: Your approval is required to enable us to contract for assistance in preparation of an information package on opportunities and programs in the CBI. Funding will be provided through the LAC Regional Private Sector Initiatives Project (598-0619).

Discussion: The CBI contains trade and investment incentives, as well as financial assistance, aimed at stimulating U.S. business investment in the Basin countries and creating an export market for products produced in the countries. In order to accurately describe AID's role and planned activities under the CBI, as well as to identify opportunities and support programs available, appropriate written information should be prepared for the general public.

We believe it would be useful to prepare a package of information which could be distributed, upon request or at various conferences, seminars, speaking engagements etc., which we are asked to participate in. The material would include:

- a description of the legislative aspects of the CBI.
- a general description of the countries which constitute the Caribbean Basin.
- a summary of AID's overall role in the CBI, including activities of the LAC and PRE Bureaus, plus TDP.
- the specific locational and physical characteristics, demographic aspects, trade and economic statistics, principal exports, labor force characteristics and wage levels and principal incentives to attract foreign investors of each Basin country.
- a description of the country programs (ongoing or planned) of each AID Mission in the Basin.
- a description of the programs (ongoing or planned) of other USG agencies.
- a description of the role of PVOs and cooperatives.

Contractual assistance is needed to prepare this material because we do not have the time and expertise in-house. The individual we intend to utilize (Kevin Power) has written several articles on the Caribbean Basin, including an advertising supplement for INC. Magazine. Mr. Power will be employed for about 6 weeks (about 40 work days) and report to Peter Bittner. Total cost is \$7,000 of which \$5,000 is for salary and the balance for secretarial support. Terms of reference for the contractor are contained in the attached PIO/T.

Recommendation: That you indicate your approval below and also by signing the attached PIO/T.

Approval: *D. J. Min*

Disapproval: _____

Date: *Jan 15, 1983*

Attachment: PIO/T

AGENCY FOR INTERNATIONAL DEVELOPMENT

ADVICE OF PROGRAM CHANGE

COUNTRY	:	LAC Regional
PROJECT TITLE	:	Private Sector Initiatives
PROJECT NUMBER	:	598-0619
FY 1983 CP REFERENCE	:	LAC Annex III, Table II, Page 54
APPROPRIATION CATEGORY	:	Selected Development Activities
LIFE-OF-PROJECT FUNDING	:	\$2,255,000 Grant
INTERIM FY 1983 OBLIGATION	:	\$800,000 Grant

This is to advise that A.I.D. intends to obligate \$800,000 in Fiscal Year 1983 for the Private Sector Initiatives project and to increase the life-of-project funding from \$950,000 to \$2,255,000.

The project objective is to assist and strengthen elements in the private sector so that it more actively contributes to the development of the LAC region. The project will provide seed capital to initiate private sector involvement and in order to tap private sector resources required to address some of the economic and social problems facing the IAC region.

As a result of A.I.D.'s review of the progress of several ongoing activities and in preparation and implementation of promising activities for the Caribbean Basin Initiative, it was decided that this project merits an increase in funding at this time.

Attachment: Activity Data Sheet

122'

**AGENCY FOR INTERNATIONAL DEVELOPMENT
ACTIVITY DATA SHEET**

CF 01-06 (8-78)

PROGRAM: LAC Regional

TITLE Private Sector Initiatives		FUNDING SOURCE Selected Development Activities	PROPOSED OBLIGATION (in thousands of dollars) FY 83 900		LIFE OF PROJECT (Auth.) 2,255
NUMBER 598-0619	NEW <input type="checkbox"/>	PRIOR REFERENCE Advice Program Change	INITIAL OBLIGATION	ESTIMATED FINAL OBLIGATION	ESTIMATED COMPLETION DATE OF PROJECT
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>	CONTINUING <input checked="" type="checkbox"/>	dtd 11/12/81	FY 82	FY 85	FY 85

Purpose: To assist private and public sectors in generating more effective private sector participation in the development of the region.

Background: The challenge facing LAC countries is to sustain higher growth rates needed to provide an increasing share of economic benefits to lower income groups and to broaden the socio-economic support needed for the maintenance of pluralistic political systems. To respond to this challenge, a focus on the private sector with a view toward increasing private investment opportunities, economic output and productive employment is called for. In some countries, the high cost of imported energy, the limited prospects for increased exports, and the slowdown in foreign capital inflows have combined to create severe balance of payments and debt service problems. Lack of scientific and technical information also constrains the rate of industrial growth.

Project Description: The thrust of this project is to stimulate the LAC private sector to adopt a more active role in the economic development of the LAC region. The project will not attempt to underwrite private sector investment. Rather it will provide seed capital to initiate private sector involvement and tap private sector resources for solutions to social and economic problems facing the region. Project funds will be utilized to undertake surveys and assessments of constraints to and opportunities for greater private investment; to examine the impact of various governmental policy and regulatory measures on private incentives; to assess managerial and skilled labor deficiencies; to prepare feasibility studies for new investment opportunities, e.g., trading companies, duty free industrial zones and development banks; to examine the role and responsiveness of public sector institutions such as the Central American Bank of Economic Integration (CABEI) toward private sector productive investment requirements; to facilitate measures to promote the transfer of technologies particularly through joint ventures with U.S. firms; to attract U.S. and other foreign investment capital; to evaluate successful small industry expansion activities; and to establish linkages with U.S. organizations such as the U.S. Chambers of Commerce, trade groups and the like. Seminars, workshops and conferences at national and regional levels could also be financed as appropriate.

Relation of Project to A.I.D. Country Strategy: Virtually all of the LAC countries have a significant yet unrealized potential for economic growth through expanded private investment. Profitable investment opportunities have by no means been exhausted nor are indigenous human and natural resources inadequate for further development. Thus, there is economic opportunity for increased private sector activity in support of national economic development.

Beneficiaries: In the broadest sense, this project is aimed at utilizing the private sector as the engine of growth and development. Thus, the immediate beneficiaries are likely to be the firms and institutions which receive project funds. Ultimately, LAC societies as a whole stand to benefit to the extent that this project has an impact on output, employment and growth with equity.

Host Country and Other Donors: Assistance will be provided in kind from those host country organizations participating in this project.

Major Outputs:

All Years

Services to be available to AID Missions and LAC country private sectors:

Studies	X
Seminars	X
Policy Analyses	X
Trained Personnel	X

A.I.D. Financed Inputs:

(\$thousands)
Life of Project

Salaries	1535
Travel	250
Operation	<u>470</u>
Total --	2255

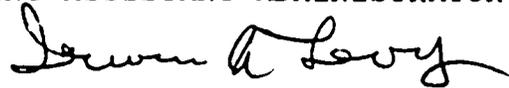
U.S. FINANCING (in thousands of dollars)				PRINCIPAL CONTRACTORS OR AGENCIES
	Obligations	Expenditures	Unliquidated	
Through September 30, 1981	-	-	-	To be Selected
Estimated Fiscal Year 1982	655	18	-	
Estimated Through September 30, 1982	655	18	637	
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1983	800	800	2255	

598-0619

DEC 29 1981

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR; Irwin A. Levy



Problem: To approve the expenditure of up to \$5,000 under the LAC Private Sector Initiatives Project to fund a personal services contract supporting involvement of private sector institutions in mobilizing domestic financial resources for agricultural credit in Bolivia.

Discussion: The LAC Private Sector Initiatives Project (598-0619) was developed to stimulate the private sector to adopt a more active role in economic development of the LAC region. The purpose of the project is to assist private and public sectors in generating more effective private sector participation in the development of the region. For FY 82, \$200,000 is budgeted for the project.

Under this activity, we propose to contract Dr. Dale Adams from Ohio State University to assist the Federation of Savings and Loans Cooperatives (FENACRE) and the Integral Cooperatives (IC's) of Bolivia in addressing replication of a successful savings mobilization project in Peru. Professor Adams will participate as "resource person" in a Workshop on Rural Financial Markets and propose a plan for involving financial private sector institutions for mobilizing private savings in rural areas and thereby increasing the availability of rural credit, especially to small borrowers. Dr. Adams will spend 10 days in Cochabamba, Bolivia (February 9 - 19) interacting with representatives of financial institutions such as FENACRE, ONCICOOP, and credit unions as well as other financial institutions participating in the Workshop on Rural Financial Markets. His activities will also include participation in the preparation of a proposal for incorporating savings mobilization as part of the functions of the Integral Cooperatives in Cochabamba, Santa Cruz, and Yacuiba.

The proposed replication project will indirectly benefit CREDICOOP in Paraguay at a country level and COLAC in Panama at a regional level. Representatives of both institutions will be invited to participate in the workshop.

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Recommendation: That you approve an expenditure of up to \$5,000 in grant funds under the LAC Private Sector Initiatives Project to fund a personal services contractor as Rural Financial Market specialist.

Approved: Charles Brown

Disapproved: _____

Date: 1/8/82

AGENCY FOR INTERNATIONAL DEVELOPMENT
ADVICE OF PROGRAM CHANGE

Date:

COUNTRY : LAC Regional
PROJECT TITLE : Private Sector Initiatives
PROJECT NUMBER : 598-0619
FY 1982 CP REFERENCE : None
APPROPRIATION CATEGORY : Selected Development Activities
LIFE-OF-PROJECT FUNDING : \$950,000 Grant
INTENDED FY 1982 OBLIGATION: \$200,000 Grant

This is to advise that A.I.D. intends to obligate \$200,000 in Fiscal Year 1982 for the Private Sector Initiatives Project. This is a new project and was not included in the FY 1982 CP.

The project will attempt to stimulate the private sector to adopt a more active role in economic development of the LAC region. The project will provide seed capital to initiate private sector involvement and tap private sector resources for solutions to economic and social problems facing the LAC region.

The purpose of the project is to assist private and public sectors in generating more effective private sector participation in the development of the region. Virtually all of the LAC countries have a significant yet unrealized potential for economic growth through expanded private investment. With appropriate public programs and incentives, private sector development will improve the growth performance of individual countries, help alleviate unemployment and improve social conditions.

Attachment: Activity Data Sheet

11/9
RECORD COPY

12/31/81
ATG

SECRET

Clearances:

LAC/DR:JPBittner
LAC/DR:CLEonard
LAC/DR:ILevy

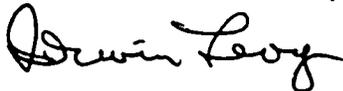
GC/LAC:BVeret
GC/LP :BDavis
AAA/LAC:MDBrown
AA/PPC:LSmucker (Info)

LAC/DP:BCook
LAC/DP:DErk

Drafter:LAC/DR:JLofatrom:bat:10/28/81:Ext:29164

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Irwin Levy



Problem: Your approval is required to enable us to contract for assistance in preparation of a marketing plan for the Caribbean Basin Initiative (CBI). Funding will be provided through the LAC Regional Private Sector Initiatives Project (598-0619).

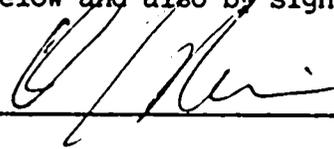
Discussion: The CBI contains trade and investment incentives, as well as financial assistance, aimed at stimulating U.S. business investment in the Basin countries and creating an export market for products produced in the countries. In order to accelerate business interest in the region, the advantages and opportunities of trading and investing in the region will have to be promoted.

We believe it would be useful to prepare a marketing plan to guide us in a promotional effort. The purpose of preparing this plan, including a statement of objectives, preparation of a promotional strategy and detail of specific actions, is to better define who we want to reach in the U.S. business community and how we can go about stimulating their interest. We expect that the plan to be prepared will be implemented by AID and possibly other USG agencies as a complement to efforts initiated by the Caribbean Basin countries themselves.

Contractual assistance is needed in the preparation of this marketing plan because we do not have the time and expertise in-house. The individual we intend to utilize (Wayne Dunlap) will be employed for two months (about 65 work days) and report to Peter Bittner. Total cost is \$18,150 of which \$14,365 is for salary and the balance for secretarial support, communications and one trip to New York City. Terms of reference for the contractor are contained in the attached PIO/T.

Recommendation: That you indicate your approval below and also by signing the attached PIO/T.

Approval: _____



Disapproval: _____

Date: _____

Oct 9, 1982

Attachment: PIO/T

**AGENCY FOR INTERNATIONAL DEVELOPMENT
ACTIVITY DATA SHEET**

CP 81-08 (8-78)

PROGRAM: LAC Regional

TITLE Private Sector Initiatives		FUNDING SOURCE Selected Development Activities		PROPOSED OBLIGATION (In thousands of dollars)		LIFE OF PROJECT (Auth.) 950
NUMBER 598-0619		NEW <input checked="" type="checkbox"/> CONTINUING <input type="checkbox"/>		FY 82	200	
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>		PRIOR REFERENCE None		INITIAL OBLIGATION FY 82	ESTIMATED FINAL OBLIGATION FY 85	ESTIMATED COMPLETION DATE OF PROJECT FY 85

Purpose: To assist private and public sectors in generating more effective private sector participation in the development of the region.

Background: The challenge facing LAC countries is to sustain higher growth rates needed to provide an increasing share of economic benefits to lower income groups and to broaden the socioeconomic support needed for the maintenance of pluralistic political systems. To respond to this challenge, a focus on the private sector with a view toward increasing private investment opportunities, economic output and productive employment is called for. In some countries, the high cost of imported energy, the limited prospects for increased exports, and the slowdown in foreign capital inflows have combined to create severe balance of payments and debt service problems. Lack of scientific and technical information also constrains the rate of industrial growth.

Project Description: The thrust of this project is to stimulate the LAC private sector to adopt a more active role in the economic development of the LAC region. The project will not attempt to underwrite private sector investment. Rather it will provide seed capital to initiate private sector involvement and tap private sector resources for solutions to social and economic problems facing the region. Project funds will be utilized to undertake surveys and assessments of constraints to and opportunities for greater private investment; to examine the impact of various governmental policy and regulatory measures on private incentives; to assess managerial and skilled labor deficiencies; to prepare feasibility studies for new investment opportunities, e.g., trading companies, duty free industrial zones and development banks; to examine the role and responsiveness of public sector institutions such as CABEI toward private sector productive investment requirements; to facilitate measures to promote the transfer of technologies particularly through joint ventures with U.S. firms; to attract U.S. and other foreign investment capital; to evaluate successful small industry expansion activities; and to establish linkages with U.S. organizations such as the U.S. Chambers of Commerce, the National Association of Manufacturers, trade groups and the like. Seminars, workshops and conferences at national and regional levels could also be financed as appropriate.

Relation of Project to A.I.D. Country Strategy: Virtually all of the LAC countries have a significant yet unrealized potential for economic growth through expanded private investment. Profitable investment opportunities have by no means been exhausted nor are indigenous human and natural resources inadequate for further development. Thus, there is economic opportunity for increased private sector activity in support of national economic development.

Beneficiaries: In the broadest sense, this project is aimed at utilizing the private sector as the engine of growth and development. Thus, the immediate beneficiaries are likely to be the firms and institutions which receive project funds. Ultimately, LAC societies as a whole stand to benefit to the extent that this project has an impact on output, employment and growth with equity.

Host Country and Other Donors: Assistance will be provided in kind from those host country organizations participating in this project.

Major Outputs:

All Years

Services to be available to AID Missions and LAC country private sectors:

Studies	X
Seminars	X
Policy Analyses	X
Trained Personnel	X

A.I.D. Financed Inputs:

(\$thousands)
Life of Project

Salaries	665
Travel	95
Operations	190
Total -	<u>950</u>

U.S. FINANCING (In thousands of dollars)				PRINCIPAL CONTRACTORS OR AGENCIES	
	Obligations	Expenditures	Unliquidated		
Through September 30, 1980	0	0	0	To be Selected	
Estimated Fiscal Year 1981	0	0	0		
Estimated through September 30, 1981	0	0	0		
		Future Year Obligations	Estimated Total Cost		
Proposed Fiscal Year 1982	200	750	950		

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ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, Irwin Levy /S/ Irwin A. Levy

Problem: Your approval is required to enable us to contract for assistance in preparation of a marketing plan for the Caribbean Basin Initiative (CBI). Funding will be provided through the LAC Regional Private Sector Initiatives Project (598-0619).

Discussion: The CPI contains trade and investment incentives, as well as financial assistance, aimed at stimulating U.S. business investment in the Basin countries and creating an export market for products produced in the countries. In order to accelerate business interest in the region, the advantages and opportunities of trading and investing in the region will have to be promoted.

We believe it would be useful to prepare a marketing plan to guide us in a promotional effort. The purpose of preparing this plan, including a statement of objectives, preparation of a promotional strategy and detail of specific actions, is to better define who we want to reach in the U.S. business community and how we can go about stimulating their interest. We expect that the plan to be prepared will be implemented by AID and possibly other USG agencies as a complement to efforts initiated by the Caribbean Basin countries themselves.

Contractual assistance is needed in the preparation of this marketing plan because we do not have the time and expertise in-house. The individual we intend to utilize (Wayne Dunlap) will be employed for two months (about 65 work days) and report to Peter Bittner. Total cost is \$18,150 of which \$14,365 is for salary and the balance for secretarial support, communications and one trip to New York City. Terms of reference for the contractor are contained in the attached PIO/T.

Recommendation: That you indicate your approval below and also by signing the attached PIO/T.

Approval: S / O R

Disapproval: _____

Date: 10/9/82

Attachment: PIO/T

LAC/DR:JPBittner:mlc:10/6/82:1789C

Clearances: LAC/DP:BCook [Signature]
LAC/DR:CLEonard [Signature]
DAA/LAC:MBrown [Signature]

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM : LAC/DR, *[Signature]* Johnson

11 AUG 1982

*official
LAC Regional
Private Sector
Initiatives*

Problem: Your approval is required for FY 1982 funding through the LAC Regional Private Sector Initiatives Project 598-0619 of a Grant to the Chicago Association of Commerce and Industry (CACI) to assist in financing their proposed Chicago/Caribbean Private Sector Initiative.

Background: On March 25, 1982 the CACI presented an unsolicited proposal to AID which contemplated the establishment and operation of an office within the CACI to promote business contacts between CACI members (6,000 companies in the metropolitan Chicago area) and the countries included in the Caribbean Basin Initiative. Trade and investment opportunities were to be sought in at least six countries, in a three-year effort for which \$2.5 million in grant funds was requested. After informal discussions in Washington and in Chicago, and two revisions of the application, CACI now proposes to concentrate its efforts in two countries (Dominican Republic, Costa Rica) over an 18-month span, with an estimated budget slightly below \$1 million.

While the scope of effort now appears reasonable, the funding requested is still beyond our reach. Following your approvals requested herein, a Project Implementation Order will be issued which will trigger a "Survey Team Evaluation" of the proposed budget, an exercise which we expect to lead to further cost cuts and assumptions of costs by the CACI, and reductions in the AID funding accordingly. If an acceptable grant total is agreed upon, we propose to obligate \$200,000 of FY 1982 funds for this activity under the LAC Private Sector Initiatives Project.

Discussion: This is a good proposal. The Chicago and Caribbean business communities have a lot to learn about one another, and there may be significant trade and investment opportunities. The CACI has a successful record in this sort of endeavor, and the overall concept fits in with the thrust of the Caribbean Basin Initiative. The next step in our negotiations will be to press for a reduction in the funding request to the \$500,000 level.

Recommendation: That you approve \$200,000 in Grant funding for FY 1982 through the LAC Private Sector Initiatives Project 598-0619 for the CACI Chicago/Caribbean Basin Private Sector Initiative.

Approved: *Charles Brown*

Disapproved: _____

Date: *Aug 11, 1982*

RECORD COPY

AUG 1982

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Dwight Johnson

Problem: Your approval is required for the expenditure of up to \$480,000 in grant funds under the LAC Regional Private Sector Initiatives Project (598-0619), for the purpose of initiating a program with Caribbean/Central American Action. The program would: 1) support the creation of a U.S./Caribbean data bank and information system; 2) establish a technical assistance clearinghouse and basic support mechanism for U.S./Caribbean and U.S./Central American twin chamber network; and 3) create a mechanism to tap the resources of the U.S. Chamber of Commerce, as part of an investment and marketing outreach program by the region's private sector into the U.S. business community.

Background: Over the past year, AID has been engaged in a process designed to strengthen business organizations in the Caribbean Basin, and to work closely with them on developmental programs. This work has taken place in Jamaica, the Eastern Caribbean (with the Caribbean Association of Industry and Commerce - CAIC), and most recently in Central America. The efforts have been important for several reasons. The economic development these countries are seeking requires the presence at the local level of strong, functioning economic institutions, pools of skilled management and labor, reliable firms in the supply and distribution chains, credit institutions and service industries. Effective leadership and organization in the local business community can boost private-sector morale, mobilize the interest and talents of local entrepreneurs in active development efforts (e.g., job-training programs, investment attraction, business promotion), and undertake direct steps to meet needs, and solve problems inhibiting business growth. Assistance on these endeavors has been provided by Caribbean/Central American Action (C/CAA) in close association with technical consultants from the U.S. Chamber of Commerce movement. The Twin Chamber Program, initiated by C/CAA about 18 months ago, has led to the formation of twenty-two "twins" in the Basin countries. These twin chambers are beginning to undertake productive activities that are mutually benefitting their respective U.S. and Caribbean private sectors.

On April 20, 1982, we received a proposal (Attachment I) from C/CAA to fund a three-component project. A project committee was formed to review the submission (comprised of Messrs. Peter Bittner, Mike Lofstrom, Scott Smith, Hank Johnson and Jim Purcell) and recommend a modified program for AID funding. This modified program was described to Caribbean and Central American missions and comments and suggestions have been incorporated into the final design. The original proposal is summarized below and is followed by a description of the recommended, modified project.

Summary of Original C/CAA Proposal: The April proposal for a two year program had an estimated total cost of \$1,224,000, with a proposed AID contribution of \$660,000. The proposal's three major components and their related costs are summarized as follows:

RECORD COPY

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1. The Caribbean Basin Information System is designed to provide adequate and timely information to people involved in business development in the Caribbean Basin region. This would include U.S. and other foreign businessmen who are potential investors, buyers, lenders or distributors in the region; Caribbean entrepreneurs and business organizations looking for market openings and venture possibilities; Caribbean government agencies trying to promote trade and investment; and external agencies trying to assist them. As proposed, the system would include computerized facilities and terminals for storage and retrieval of information, and would integrate an electronic data bank to permit rapid communication throughout a network of key private sector contact points within the U.S., Central America and the Caribbean. (Cost: AID - \$90,000; Others - \$132,000)
2. The Chamber Twin Technical Assistance Clearinghouse component is intended to build the institutional capacities of Caribbean Basin business organizations in order to serve private sector development needs in their respective countries. The immediate objective is the institutional strengthening of the Caribbean or Central American "twin" chamber, through technical assistance and mutual participation in the direction and promotion of business endeavors with its U.S. twin. The local entity would also be used as a conduit for new projects and benefits to the community that increase the prestige and role of the chamber organization. (Cost: AID - \$360,000; Others - \$1,008,000).
3. An Outreach Program through the U.S. Chamber of Commerce is designed as a complementary program to that of the Caribbean Basin chamber twin program. It is envisioned that a whole new network of direct business contacts in the U.S. can be opened to Caribbean Basin private sector organizations by means of resources that are accessible through the U.S. Chamber of Commerce. As a national organization, the U.S. Chamber has an enormous membership base of large, small and medium-sized firms throughout the country, as well as affiliated memberships with all local chambers and close ties with business and industrial associations. It also has extensive resources of its own -- providing technical publications for businessmen, speakers and seminars, audio-visual materials, and other educational assistance. (Cost: AID - \$241,000; Others - \$84,000).

Discussion: Rationale for a Program with C/CAA - After analyzing the proposed project and upon further discussions with C/CAA, the U.S. Chamber of Commerce and AID field missions, the Project Committee believes there is considerable merit in funding a program with C/CAA, albeit modified in scope and reduced in cost. The committee recommendations are based upon several factors: benefits to U.S. and Basin businesses; cost effectiveness; breadth and depth of services to be provided; and impact on AID relationships with U.S. business groups.

- The ultimate of payoff from this program should be measured in terms of trade and investment. Attachment II, Outputs, attempts to quantify these aspects. Other benefits will include strengthening of local chambers (institution building), through training and technical advice provided by the

U.S. twins; financially stronger and better managed local businesses from training, TA or joint ventures with U.S. business; and stronger ties between the U.S. and the Basin countries.

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N.B.

- While a grant of \$480,000 to any organization for a two year program is not inconsequential, it is below average size for projects of this type. For example, PRE's support to the World Trade Institute costs \$450,000 per year and the IESC receives \$5 million per year from AID. The 18 month proposal being contemplated with the Chicago Association of Commerce and Industry will cost about \$500,000. Further, these organizations contribute few of their resources. The counterpart contribution to this proposed program (from, C/CAA, U.S. and Basin chambers, the U.S. Chamber of Commerce and a few private businesses) is conservatively estimated to equal twice the amount of AID's grant.

- The services to be provided from the U.S. chamber twin, through the U.S. Chamber of Commerce and by the information system are multiple and extremely varied. C/CAA is probably unique in terms of its specific focus on the Basin countries. There are few groups with a network and the contacts of C/CAA. The one exception may be the American Association of Latin American Chambers of Commerce which has a focus on American businessmen abroad. C/CAA focuses on both American and local businessmen. There is probably no less expensive mechanism nor a more appropriate vehicle for stimulating business association interest in the Basin countries and ultimately for stimulating substantial new trade and investment.

- The Twin Chamber and information system components of the program in particular have already generated a great deal of goodwill as well as enthusiasm and expectations from U.S. and Basin chambers. The "twinned" chambers have maintained some contact and have begun to establish their own programs. A systematic source of data on trade, investment and general economic trends will greatly facilitate the trade and investment goals of the chambers.

AID's support for this three dimensional program should be seen as catalytic, as seed capital limited in duration, but important to more effectively stimulate business ties between the U.S. and the Basin.

Description of Modified Program. The following is a description of the modified program and a summary of the costs of the respective project components. Specific outputs are itemized in Attachment II.

1. Caribbean Basin Information System: The information system is designed to provide a wide range of data and contribute in an active way to promoting private sector activity and economic growth in the Caribbean Basin. C/CAA's automated data transfer system would be accessed through terminals at locations in the U.S. and the Caribbean Basin Region (C/CAA, U.S. Department of Commerce, CAIC in Barbados, PSOJ (Private Sector Organization of Jamaica) in Jamaica, and the new Guatemalan Chamber of Enterprise). In the addition, U.S. affiliate organizations such as IFC, IDB, Rockefeller Brothers Fund, U.S.

Chamber of Commerce, and OPIC, would provide initial user support for the data bank information system, and would at some point in the future access the system through their own terminals.

Examples of the types of data to be collected and diffused by the system would include basic commercial activities of U.S. and Caribbean Basin Corporations that are engaged in regional trade; a listing of the principal owners and executive officers of these firms; recent experiences of indigenous, U.S. and other firms operating in each country, and cross-reference information enabling participants in the network to tap into existing computerized data bases where relevant information has already been gathered. Moreover, the information system would identify products and underdeveloped industries with high market potential, along with the constraint factors and current information on laws, regulations, incentive programs and feasibility studies. Other key items of information updated by the system would be the investment priorities and other development activities established by local governments, Chambers of Commerce, or business associations.

During discussions with C/CAA regarding the proposed data bank and information system, the question was raised as to the exact nature of C/CAA's system and how it would differ from the CBI Information Center recently initiated by the Department of Commerce or other information systems now being employed by government agencies and/or private business entities. In a meeting with representatives from the Department of Commerce, it was made clear that the information being compiled through the CBI Information Center by means of inter-agency resources, Embassy commercial offices, Commerce Department staff and other private sector sources, is focussed more on the overall investment climate and private sector structure of a country, as opposed to the transfer of specific information that could be immediately capitalized on by potential investors, lenders, buyers or distributors. Other advantages of the C/CAA system include system search capabilities and access to various software packages made available through Control Data Corporation, other multinational firms, and business associations operating both in the U.S. and the Caribbean Basin.

The primary private sector sponsors of the data bank component are C/CAA and Control Data Corporation. C/CAA would provide a general management service to the data bank, including the coverage of direct operational expenses, and technical and professional staff time. One of the key aspects of the system is the involvement of Control Data, which is not only providing computer processing and storage time, but will supply the necessary training to regional and U.S. affiliated members and other operators of the system. AID's contribution in year one would consist of central station terminal; costs associated with building up the data base for additional participant usage, and the salary and travel expenses of the data bank manager. The continuing direct costs of operating the system (primarily the technician's salary, computer time and storage), which would increase over time as use of the system expands, would be increasingly compensated for by fees derived from annual or per-use charges to third party participants.

The Project Committee agreed that the proposed AID contribution of \$60,000 in year one and \$30,000 in year two was justified.

2. Chamber Twin Technical Assistance Clearinghouse: The clearinghouse mechanism would encompass the following four elements which together would enable AID to leverage a far greater amount of resources and participation from the private sector.

A. Technical Assistance and Guidance to Twin Program. The services of Lumsden and Associates would be contracted on an as needed basis, primarily for the purposes of recruiting new U.S. chambers into the twin program and providing them with the necessary initiative, guidance, and points of reference. Mr. Lumsden's services will also be utilized to evaluate the progress of twin relationships, stimulate greater efforts by laggard participants, and to help shape long-term strategies for effective program execution.

The proposed amount of technical assistance to be provided by Lumsden and Associates for the purposes of evaluating and selecting the appropriate technical personnel needed to assist on twin chamber project is estimated to cost \$20,000 for approximately 100 work-days over the two year life of project.

B. Central Coordination and Clearinghouse Support. This program element consists of a full-time professional staff person to serve as contact point for local chambers and to work directly with each organization on the planning and implementation of programs; to provide follow-up assistance to enhance the relationships of each twin organization; to assist in logistical arrangements for programs sponsored by twinned chambers to introduce Caribbean Central American public and private sector leaders to the U.S. business community; to receive requests from chambers for travel support for their own technical experts or for identification of outside talent under the clearinghouse program; to provide related administrative and communications support to all chambers in the program; and lastly, to provide direct technical advice to chambers in the Basin countries.

AID's contribution to this project element would be \$43,000 to cover salary, benefits, travel, and communication expenses. C/CAA would provide \$15,000 per year in management and professional staff time, and the U.S. participating chambers would contribute professional staff time estimated to be \$72,000, for the purpose of managing and coordinating the twin program.

C. Travel Support Pool for Technical Assistance Providers. The heart of the program would be the provision of technical assistance to chambers in the region by experts from the American chamber system. A fund provided by this program would be available to defray the transportation and per diem travel expenses of executives recruited for assignments under the program. An AID contribution of \$90,000 the first year, and \$60,000 the second year, is based on an assumption that each twin would request an average of five such placements for its Caribbean chamber per year, with AID supporting

three the first year, and two the second. Conversely, the chamber itself would fund two additional trips the first year and three the second.

D. Consulting Fee Pool for Special Assignments. It is contemplated that in certain instances, where major changes are anticipated for a Caribbean or Central American chamber, it would be most appropriate to recruit specialized assistance. For that reason a consulting-fee pool would be established to provide funding for consulting requirements, estimated to cost \$30,000 for about 75 work days per year.

Thus, AID's total support for this entire component would equal \$168,000 in year 1 and \$128,000 in year 2.

3. U.S. Chamber Outreach Program: The first major feature of this U.S. Chamber outreach program would be to place a full-time Caribbean Basin resource person in the U.S. Chamber of Commerce, to access the full range of institutional resources and contact points that organization possesses. Secondly, the outreach mechanism would actively market a series of intensive business programs in which representatives from the region would meet with carefully selected U.S. groups to review and act upon trade and investment opportunities.

The staff person would serve as an intermediary for Caribbean Basin private-sector organizations that are interested in forming business promotional teams to meet with U.S. audiences. For example, such audiences would include industrial associations, chambers, or firms identified and recruited as participants by the resource person in place at the U.S. Chamber.

In discussions with Mr. Michael Samuels, Vice President/International of the U.S. Chamber, and the AID Project Committee, an understanding was reached that a full-time staff person at the U.S. Chamber office could play a valuable role in support of a Caribbean Basin/U.S. business outreach program. Mr. Samuels stated, however, that the U.S. Chamber was unable to fund such a position at this time, and further, a U.S. Chamber policy prohibited them from using public monies to support Chamber programs.

Therefore, AID would provide funding to C/CAA which will hire a full-time professional staff person with experience in the American chamber movement or American private industry (who most likely will be recruited from an active position in a firm or chamber, or be placed on temporary leave by arrangement with that organization), to be located in the U.S. Chamber office. The cost of salary, benefits, a secretary, and other direct expenses would total \$80,000 per year.

With regard to the proposed AID funding in year two for the full-time professional staff person located at the U.S. Chamber of Commerce, the Project Committee recommends that an evaluation of this position be made after one year, and at that time a decision be made as to additional AID support of this component. Thus, AID support for the U.S. Chamber Outreach Program would total \$80,000 for funding in year one only.

The Project Committee believes the proposed program, as modified, will stimulate twin chamber activities and at the same time strengthen the capacities of regional business and industrial organizations to meet the demands of the Caribbean Basin and U.S. private sectors. In recent discussions with William Delphos, Director of Marketing at OPIC, he agreed that the U.S. Chamber system had substantial potential to serve trade and investment objectives of the CBI and that the U.S. Chamber could play an important role for the USG.

MODIFIED BUDGET SUMMARY

	<u>Year 1</u>		<u>Year 2</u>	
	<u>AID</u>	<u>Private</u>	<u>AID</u>	<u>Private</u>
1. <u>Caribbean Basin Information System</u>				
Access and Usage		20,000		30,000
Computer Equipment	20,000	5,000		5,000
Management Operations				
Central Station Operator	25,000		25,000	
Extra initial inputting	10,000		5,000	
Travel/training start-up	5,000			
Management and overhead,		10,000		10,000
design and training		15,000		5,000
Staff time		10,000		10,000
Travel and per diem		5,000		5,000
Sub-Totals --	<u>\$60,000</u>	<u>\$65,000</u>	<u>\$30,000</u>	<u>\$65,000</u>
2. <u>Chamber Twin Technical Assistance Clearinghouse</u>				
A. Lumsden Expertise	15,000	72,000	5,000	72,000
Travel and Per Diem	5,000		5,000	
B. Clearinghouse Staff				
Person	43,000		43,000	
Management, Overhead				
C/CAA		15,000		15,000
Chamber Staff time		72,000		72,000
C. Travel for T.A.	90,000	60,000	60,000	90,000
D. Technical Consultancies	<u>15,000</u>	<u>270,000</u>	<u>15,000</u>	<u>270,000</u>
Sub-Totals --	<u>\$168,000</u>	<u>\$489,000</u>	<u>\$128,000</u>	<u>\$519,000</u>
3. <u>U.S. Chamber Outreach Program</u>				
Salary/Benefits, secretary,				
travel	80,000			
Mgt. and staff time,				
facilities		15,000		
Senior Staff time		15,000		
Caribbean Business				
Community		12,000		
Sub-Totals --	<u>\$80,000</u>	<u>\$42,000</u>		
4. Contingency	7,000		7,000	
Total Program	<u>\$315,000</u>	<u>\$596,000</u>	<u>\$165,000</u>	<u>\$584,000</u>

Recommendation: That you approve the expenditure of up to \$480,000 under the LAC Private Sector Initiatives Project for a collaboration agreement with C/CAA to: (1) create a Caribbean Basin Data Bank Information System; (2) establish a Chamber Twin Clearinghouse; and (3) develop a business community outreach program within the U.S. Chamber of Commerce in support of the Caribbean Basin Initiative.

APPROVED:



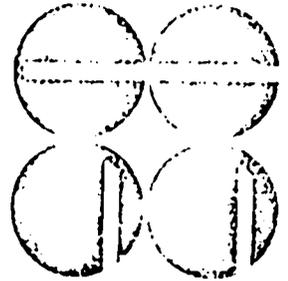
DISAPPROVED:

DATE:

Aug 6, 1982

Attachment I

Caribbean
Central American
Action



April 20, 1982

PROPOSAL MEMORANDUM

To: Bureau for Latin America and the Caribbean
U.S. Agency for International Development

From: Peter B. Johnson, Executive Director
Caribbean/Central American Action

This is a proposal for 2-year funding on a 65% private counterpart basis of a three-component program to provide support mechanisms in the U.S. private sector for the growing leadership role of Caribbean and Central American private sector organizations in the economic development of the region. This program would complement existing AID programs that provide funding directly to these organizations on a seed basis to enhance their performance capacity and on an ongoing basis as a conduit for channeling development assistance for job creation, productivity enhancement, export marketing enhancement, etc., directly into the private sector.

The three components of this proposed program would support the creation of a Caribbean databank and information system, establish a technical assistance clearinghouse and basic support mechanisms for the recently established U.S.-Caribbean and U.S.-Central America chamber twin network, and create a mechanism to tap the resources of the U.S. Chamber of Commerce as part of an investment and marketing outreach by the region's private sector into the U.S. business community.

Caribbean/Central American Action would be the central contractor and implementing organization for the 3-part program. Counterpart funding and/or services would be provided by C/CAA as well as by participating U.S. metropolitan chambers of commerce, Control Data Corporation in the case of the databank program, by the U.S. Chamber of Commerce, and by participating Caribbean and Central American business organizations.

A budget showing proposed funding by AID and the counterpart providers for each component program for each of the two years is attached.

Background

For the past 2 years, AID has been deeply engaged in a process designed to strengthen moderate business leadership organizations in the Caribbean Basin, and to work closely with them on developmental efforts. This is important for several reasons. The economic development these countries are seeking requires the presence at the local level of strong, functioning economic

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institutions--pools of skilled management and labor, reliable firms in the supplying and distribution chains, credit institutions, service industries, etc. This is true not only for basic expansion of the indigenous economy and broadening of participation in it, but also for practical absorption of foreign development capital, whether in the form of private investment or public-sector assistance. Effective leadership and organization in the local business community can boost private-sector morale, mobilize the interests and talents of local entrepreneurs in active developmental efforts (e.g., job-training programs, investment attraction outreach, etc.), and can undertake direct steps to meet needs and solve problems inhibiting business growth. Effective business leadership and the strong private sector that flows from it can also play an important institutional role in the development or durability of pluralistic societies and democratic institutions. Finally, the existence of strong private-sector leadership can provide an important option for AID in the delivery of resources and programs, particularly where strained political relations or bureaucratic inefficiency make direct governmental aid less attractive.

The resurgence over the past decade of enterprise-oriented governments in the Eastern Caribbean has been matched by a recent resurgence of interest on the part of the region's leading businessmen in taking on the type of active leadership role the private sector has the potential of playing. The reorganization of the Caribbean Association of Industry and Commerce has been accompanied by a revitalization effort in each of the local chambers. The key players meet both essential criteria--they are the real economic powers in their societies, and they are motivated by a broad vision of the role of enterprise in development. A similar process is underway with each of the national private sectors in Central America.

AID has played a major support role in this process, encouraging early initiatives by Caribbean business leaders, recruiting the leading American chamber executive to provide technical assistance during the CAIC reorganization, working with local and regional business leaders to make the same individual available for revitalization/reorganization workshops in each of the Caribbean and Central American countries, and committing substantial operating funds to the new CAIC's initial budget as well as those of the reorganized Central American business leadership organizations. This funding will support efforts to strengthen the institutional and financial base and operating effectiveness of these private-sector entities, as well as channel through them funds to support economic development program activity in such areas as investment attraction, job training, small business services, credit, marketing, and technical assistance.

A central concept behind the revitalization and enhancement of these private sector organizations in the region is the expectation that they will not only be conduits for public-sector-donor projects, but even more that they will be in a position to tap directly into U.S. private sector resources, both in the conduct of cooperative projects involving the business organizations as institutions and in the expansion of direct commercial opportunities and activity involving individual businesses in the respective countries. If this Caribbean-U.S. and Central American-U.S. loop is to be closed quickly, the actual economic results produced soon enough to have an impact on the political situation, some mechanisms are needed to enable the U.S. private sector to move simultaneously and meet their counterparts in the region halfway. The programs proposed here are designed to provide needed stimulus, support

and coordination of resources at the U.S. end, essential to enable the investment being made in private sector revitalization on the ground in the region to achieve its full potential.

Program Components

CARIBBEAN BASIN INFORMATION SYSTEM

The Need

An important factor inhibiting business development in the Caribbean responsive to local development priorities is the lack of adequate and timely information on the part of all relevant actors. Included in the latter would be U.S. and other foreign businessmen who would be potential investors, buyers, lenders or distributors if they were aware of the opportunities; Caribbean entrepreneurs and business organizations unaware of market openings or venture possibilities or how to take advantage of them; Caribbean government agencies trying to promote investment; and external agencies trying to assist them.

In some instances the necessary data is not available anywhere in the form needed. In other instances, plant feasibility studies, economic analyses, and other highly relevant data exist but their existence is not widely enough known or accessible to come to the attention of potential users. Additionally much material is gathered and circulated in a bulky, technical form not conducive to providing quick answers to preliminary questions. Even where accurate, accessible data in an appropriate form on a given matter has been prepared, it obsolesces quickly. Particularly for purposes of taking advantage of market openings, timing is of the essence.

The lack of readily accessible data of use to all sides in potential business transactions is compounded by the slowness of communications within the region. Simple inquiries can bog down in weeks-old mail, expensive telecommunications, and --at least until recently--the lack of personal interaction and networks among the leading local business figures in the various countries with their counterparts elsewhere in the Basin.

An information system that would be a repository for intensive collection of relevant economic and business data, that would include computerized facilities for storage and ready retrieval of information, that would integrate the electronic databank with available hard copy material, and that would permit rapid communication and cooperation among parts of the network based in the U.S., Central America, and the Caribbean, would by its nature address many of these problems at once and contribute in a substantial way to an active process of promoting constructive private-sector activity and economic growth in the Caribbean Basin.

The Proposed System

A Caribbean Information Center would be established in the office of Caribbean/Central American Action, building on existing reference materials in the organization's library but incorporating as its major new elements a computerized databank and electronic network tying together the private sector organizations in the Caribbean. The C/CAA terminal station and three initial terminal stations in the Caribbean (at CAIC, PSOJ, and the Guatemala private sector organization) would contribute and access

information housed in computer storage by Control Data Corporation. Control Data computers would be utilized to perform the on-line operations (information unit creation, search, retrieval, edit, etc.) of the Caribbean Databank, which would be organized on a simple key-word system already developed for other Control Data systems, which lay persons unfamiliar with computer language can be easily trained to operate. Additional terminals in each Central American or Caribbean chamber (or equivalent national business umbrella group) would be added as the system grows and as each chooses to affiliate.

The central operating station at C/CAA would have primary responsibility for inputting of data, on-line communications with the computer, and revision of previously stored data. A full-time professional staff person would operate this station, responsible for organizing and abstracting material, collecting bodies of data, communicating with the computer in all input, output, editing and operational modes required, and receiving and sending communications to and from other participants in the network. He/she would receive requests for searches and other types of time-consuming computer operations from network participants, and perform actual on-line operations out of the Washington office, thus saving other participants in the network the expense of long-distance on-line operations. He would also oversee the organization of the physical inventory of the information center to complement the electronic databank, and respond to requests from participants for hardcopy materials.

The central operating station (as well as the three key in-region terminal stations at their option) would be equipped with a word processor with screen display and printer, permitting many editing and sorting tasks to be performed on the word processor and its disks internally, with on-line time being required in many instances only when retrieving or replacing large sections of information in the storage. The word processor would operate either alone or as a terminal. The office would also be equipped with a simple portable terminal unit for accessing of data by other staff persons, when appropriate, and for travel use. Similar terminals would be used by other participant entities (the three major Caribbean terminals and other Caribbean business organizations) unless they opt for hooking in their own word processor. CAIC, for instance, will have the capability of hooking into the system through its CPT word processor plus a modum.

Caribbean Basin participants in the network would "buy in" to the project by contributing the cost of a basic terminal unit in each station and related installation costs, and defraying their own telephone charges incurred during communications with the central station or, if appropriate, with the computer directly. Project growth is projected with the three initial stations (Caribbean Association of Industry and Commerce, Private Sector Organization of Jamaica, and Guatemala Chamber of Entrepreneurs) being joined by an additional three a year from the Central American and Caribbean national business organizations. Those with the interest and resources to do so would be permitted to link in ahead of schedule. All interested chambers would be tied into the information system in its broadest sense from the outset, before becoming a participating terminal station, by arrangements enabling their needs to be met in cooperation with the initial terminal in their part of the region (e.g., CAIC serving

the eastern islands, Guatemala serving Central America).

Participation in the network would provide Caribbean business leadership organizations an extremely useful access to data for their own purposes, an instant communication link to the U.S. business community through C/CAA, and added leverage in their own institutional setting as the source of valuable information of use to public and private sector entities alike. Once established, these centers could defray some of their own participation expenses by being reimbursed for information provided to other interested agencies in their communities. The Caribbean Basin participants would feed as well as draw from the information bank, providing updated information on local government policies, economic data, and other information they would want to make easily accessible to potential investors and others.

Once a significant body of data is in place, the Databank would be marketed to third-party users (in addition to network participants) who would be permitted to tap in on an annual-fee or per-use basis. Typical third-party users might be U.S. firms, banks, consultants, international financial institutions, U.S. government agencies, and public-sector agencies in the region.

Databank Content

The types of information to be intensively collected, abstracted for input into the electronic bank, cross-referenced, backed up with physical reference material where appropriate, and made available to participants in the network and other users, would include material both of Caribbean Basin and U.S. origin, including but not limited to categories such as the following:

- o Laws, regulations, incentive programs and other policies of region governments affecting the investment climate in their respective countries.
- o Similarly relevant economic data by country (infrastructure, wage rates, cost-of-living, labor force and skills, currency convertibility, etc.).
- o Results of surveys, feasibility and engineering studies, plant capacity studies and the like on various sectors or specific projects.
- o Indigenous, U.S. and other firms operating in each country, their contact names, basic commercial activities, recent experiences.
- o Priorities for investment and other development activities established by local governments, chambers of commerce, or other such sources.
- o Conclusions of economic analyses such as those incorporated in the World Bank gray book series, the reports of major commercial accounting firms, planning documents of aid-granting agencies, and the like.
- o Identification of products or undeveloped industries with high market potential, along with feasible quantities, inhibiting factors, etc.
- o Data on available air and ocean shipping, communications, free zones, trading organizations, etc.
- o Identification of U.S. (and potentially other) manufacturers in specific categories by product, location, size, current overseas operations, etc., stored and sortable in forms conducive to selecting prime targets for investment in particular types of ventures.
- o Identification of prime players in major marketing and distribution

chains of potential interest to Caribbean Basin exporters (food retailing and processing companies, pharmaceutical processing and distributing, department store chains and other broad retailers of manufactured goods).

- o Up-to-date analysis and data on current market trends and openings.
- o Comparative wage and operating cost data to enable IDC or Caribbean Basin private-sector promoters to document marginal advantages for a prospective investor to operate in the Caribbean site as against a present U.S., Far East, ECM, etc., site.
- o Case studies on more and less successful experiences of past and present investors.
- o Summaries of current developmental projects being undertaken by non-profit public and commercial entities, their scope, objectives, impact to date, and relevance to prospective commercial ventures (example: x agency is funding hydropower development in x country, which by 1990 will permit heavy industrial usage of power at x rate).
- o Names of firms, organizations, contact people, etc., having particular talents or technical expertise appropriate to various types of developmental projects.
- o Contact data on various categories of organizations and individuals (participants in particular projects, trade association members, etc.).
- o Cross-reference information enabling participants in the network to tap into existing computerized data bases where relevant information has already been gathered (e.g., Control Data's Worldtech and Develop systems, Commerce Department industrial listings, databanks in the Dialog system).

The Caribbean Databank inventory will be developed incrementally around priority need areas identified by users, as opposed to canvassing the universe of potentially relevant data in a particular category selected for inclusion. Questionnaires distributed by Control Data at the mid-April chamber twin conference in Guatemala have provided some initial input on priority demand areas among potential users, and similar questionnaires will be mailed to Eastern Caribbean potential participants. In addition to manifesting a high degree of interest and enthusiasm for the project's overall potential, the responses received thus far (25-30) provide specific information on identification and ranking of data needs. This feedback is now being analysed by Control Data for recommendations to C/CAA on initial programming and category selection.

Sponsorship and Funding

Control Data Corporation and C/CAA are the primary private-sector sponsors of the Databank project. Public sector seed money would be provided on a declining basis by AID during the first two years (\$60,000 and \$30,000 respectively), and funding from AID or another donor would be sought for a final \$15,000 third-year seed grant. The project would not seek public-sector funding for the fourth or subsequent years. The participating private-sector entities in the Caribbean Basin would also be part of the sponsoring consortia, perhaps with some of their participation costs underwritten in some instances by AID or other donor agencies in the region.

Control Data Corporation as one of the project sponsors will donate the total projected first-year cost of computer operations (\$5,000) and storage (another \$5,000), and is expected to provide declining portions of the same expense categories phasing out after the second and third year. Control Data will also provide \$15,000 in technical assistance the first year for program design, start-up operations, training of the C/CAA staff operator and regional participant personnel, and ongoing technical advice. (Most of these are initial expenses only, but smaller amounts of technical assistance would be provided in the out years.)

C/CAA as a sponsor would provide general management, office space, overhead, facilities and supplies (\$10,000/year), approximately 100 manhours of technical and professional staff time (excluding general management) in the gathering and generating of data (\$10,000/year), and a counterpart contribution to the travel expenses incurred for training and coordination.

AID would contribute the cost of the central station equipment (word processor, modum, portable terminal) on a one-time basis (\$20,000 in first year); extra first-year travel costs for training and set-up (\$5,000); and \$25,000 each year for the first and second year salary and benefits of the central station operator. (Beginning with the second year, some costs in this category would be picked up elsewhere, and a partial subsidy of \$15,000 toward this staff position would be sought from a donor agency for the third year only.) In addition, AID funding would be used to defray anticipated costs (\$10,000 first year, \$5,000 second year) of contracting for the writing of additional entry units to build up the data base quickly.

Public-sector grant participation would be for the 3-year seed period only. Control Data's cash subsidy would also phase out over the 3-year period, although it would maintain its role as provider of necessary training and technical assistance (this would be a substantial contribution the first year of the project, and less thereafter). The role of C/CAA as overall manager of the project and provider of a substantial in-kind contribution in managerial and technical staff time, travel, facilities, and operating costs, would continue indefinitely. The aggregate contribution provided by the Caribbean participants would increase, but this would reflect the linking-in of additional units rather than an increase in the burden borne by any one of them.

A notable feature of the project is that over time it would become self-sustaining, in respect to costs over and above the basic operating contributions of C/CAA and other participants. The additional costs of operating the system (primarily the technician's salary, computer time and computer storage), which would increase over time as the system is more widely used, would be increasingly compensated for by fees derived from annual or per-use fees charged to third-party users. In today's market, an annual user fee of \$1,000 for the using U.S. company, Caribbean government, or whatever, would be very reasonable and competitive for the type of data we would have available in the Caribbean Databank. The projected budget is based on having no commercial users the first year (a period of intensive inputting but modest inventory), at least seven the second year, at least 30 the third year, and at least 50 thereafter. These are modest marketing projections given the potential demand and the moderate anticipated price.

Table of Projected Expenses and Sources

In this table, CD=Control Data Corporation, C/CAA=Caribbean Central American Action, AID=Agency for International Development, and RP= regional participants (Caribbean Basin business entities hooked into the network through terminals). Long-distance telephone costs are based on an average cost of \$100/hour, and the assumption that each regional station would spend up to one half-hour weekly in a telephone hook-up under the system.

COST ITEM	FIRST YEAR	SECOND YEAR	THIRD YEAR
<u>Access and Usage</u>			
Computer processing time	5,000 CD	15,000 { 10 CD 5 Users	20,000 { 5 CD 15 Users
Computer storage	5,000 CD		
Long-distance telephone			
C/CAA to region	2,500 C/CAA	2,500 C/CAA	2,500 C/CAA
RP to C/CAA or computer	7,500 3 RP	12,500 6 RP	17,500 9 RP
<u>Equipment</u>			
Central station (terminal + word processor/modum)	20,000 AID		
Regional stations (terminals)	5,000 3 RP	5,000 +3 RP	5,000 +3 RP
<u>Management/Operations</u>			
Start-up design, training, technical assistance	15,000 CD	5,000 CD	5,000 CD
Central station staff operator (salary, fringe)	25,000 AID	27,000 { 25 AID 2 Users	30,000 { 15 Donor 15 Users
General management, overhead, supplies	10,000 C/CAA		
Extra initial inputting	10,000 AID	5,000 AID	---
Regular staff time, gathering & generating data	10,000 C/CAA	10,000 C/CAA	10,000 C/CAA
Travel for training etc.			
Extra at start-up	5,000 AID		
C/CAA personnel	2,500 C/CAA	2,500 C/CAA	2,500 C/CAA
RP personnel	2,500 RP	2,500 RP	2,500 RP
TOTALS	125,000	97,000	105,000

Funding Source/Budget Allocations

In the present proposal, AID funding is sought for the public-sector-donor cost allocations for the first and second years--a total of \$90,000 or 40% of the total 2-year funding of \$222,000. The source of the \$15,000 earmarked as a public-sector grant for the third year is not addressed.

SOURCE	1st YR	2nd YR	3rd YR	4th YR & after
Caribbean/Central American Action	25,000	25,000	25,000	25,000
Control Data Corporation	25,000	15,000	10,000	5,000
Caribbean Basin participants	15,000	20,000	25,000	25,000+
Fee-paying users	---	7,000	30,000	50,000
Public-sector donors	60,000	30,000	15,000	---
Total project operating costs	125,000	97,000	105,000	105,000+

CHAMBER TWIN TECHNICAL ASSISTANCE CLEARINGHOUSE

The Need

A key element in the private-sector leadership development effort which AID has been promoting in the Caribbean Basin is a chamber of commerce twinning program, organized by Caribbean/Central American Action, under which each chamber or equivalent business association in the region's countries is paired with one or more active and effective metropolitan chambers in the United States. A chamber twinning conference of the island Caribbean in the fall of 1980 led to the formation of 22 pairs. In over half these cases, active relationships have been established with enthusiasm on both sides, significant project activities carried out, and plans laid for a growing interaction over the long term on chamber development and basic economic development fronts. A chamber twinning meeting for Central America, held in Guatemala in April 1982, brought ten U.S. chambers into the program, with a high level of enthusiasm on both sides.

The twinning process is intended not for the purpose of promoting cross-cultural interchange and good will (though these may well be among the spin-offs), but for the specific purposes of building the institutional capacities of Caribbean business organizations to serve critical developmental functions in their respective societies, and of using them directly as channels for such developmentally significant transfers as transfer of information, technology, technical assistance, and contacts for potential business ventures. The twin relationship can become itself a basis for technical assistance to the Caribbean chamber on matters directly related to chamber development and effectiveness (structure and organization, membership development, community involvement, etc.). It also serves as a starting point for investment attraction, entree into the U.S. market, promotion of joint commercial ventures, and joint undertaking of non-profit developmental projects. The immediate objective is the institutional strengthening of the Caribbean twin by observation of, technical assistance from, and participation with its U.S. twin, and by making the local entity a conduit for new projects and benefits to the community that increase its own prestige and leadership role.

AID has been closely involved from the onset in the C/CAA twinning program, regarding it as complementary to the in-region effort by AID to strengthen the local private sector organizations and work with them on a range of development projects. C/CAA, at AID's request, provided the original identification and recruitment of Arthur Lumsden for both the local/regional chamber reorganizing effort as well as the chamber twin program. The revitalization program, in which Mr. Lumsden conducts a 2-day workshop and works subsequently with local business leaders to help them redefine their goals, restructure their organizations, and reconcile disunited factions, has been a key step in bringing the local business organization to the point where it can build an effective twin relationship--which in turn reinforces its new efforts at structural reform and program activism.

While the catalytic efforts of C/CAA itself have sufficed to build the basic chamber twin network and facilitate communication among its participants, and while the resources individual U.S. and Caribbean Basin participant chambers hope to bring to the effort will themselves be significant, the chamber twin network and concept offers an opportunity to use this relationship as a framework for other more direct, substantive development programs, which would be beyond the independent financial resources of either C/CAA or the participating chambers, at least at the outset.

The present proposal calls for the development of a technical assistance clearinghouse around the existing chamber twin framework, and building on the relationships already built by AID between the Caribbean Basin private sector organizations and Arthur Lumsden. The clearinghouse would provide an active U.S. -based support program for the chamber twin program, providing administrative leadership in the twinning process (recruitment of additional participants, coordination, follow-up to insure appropriate progress in the relationship, guidance on structural approaches and specific projects, etc.), and providing the coordination and resources necessary to make the twin program a vehicle for supplying technical assistance to Caribbean Basin chambers in specific areas of business leadership and chamber development.

The Proposed Program

This component would itself encompass four elements--two administrative mechanisms and two funding mechanisms--which together would enable AID to leverage a far greater amount of resources and participation from the private sector.

1. Technical Assistance Talent Shop and Expert Guidance to Twin Program.
If the chamber twin process is to bring maximum relevant resources to the Caribbean Basin chamber, the U.S. counterpart chamber will need guidance and encouragement as well as access to a broader network of resources than it may have the capacity or sensitivity to provide on its own. The twin would be the first contact point for the Caribbean Basin chamber seeking assistance with its own institutional development (membership, structure, investment promotion mechanisms, public affairs, etc.) or with special community projects (health, sports, youth programs, etc.) that would serve a developmental as well as image-building purpose. The U.S. twin would in turn tap into the resource net this proposed program would provide.

The firm of Arthur Lumsden and Associates would be retained on a contract basis for approximately 150 man-days, assuring the continuing personal participation and leadership in the twin program of Mr. Lumsden and his principal deputy, Margaret Lawson. Mr. Lumsden recently retired as president of the Greater Hartford Chamber of Commerce, where both served for 25 years with widely recognized effectiveness. Mr. Lumsden is not only considered top of the line in the U.S. chamber movement, but has been integrally involved with AID in earlier phases of this project--the reorganization of CAIC, the original twinning of the U.S. and Caribbean chambers, the in-process reorganization of individual Central American and Caribbean chambers, and the recruitment of twins for the Central American groups. Mr. Lumsden and Ms. Lawson have talents and experiences that could not be duplicated elsewhere. This high-powered talent would not be required on a constant, day-to-day basis, but would be required for key interventions such as the following:

- a. Evaluating the suitability of proposed technical consultants to be provided to Caribbean or Central American chambers by their U.S. twins;
- b. Identifying and recruiting suitable individuals from elsewhere in the American chamber movement, or outside it if necessary, to meet technical assistance assignments that twinned chambers identify but cannot meet out of their own ranks;

- c. Recruiting new U.S. chambers into the twin program, providing them with initial stimulus, leadership, and guidance;
- d. Evaluating the effectiveness of twin relationships, stimulating greater efforts by laggard participants, and reassigning partners in the rare cases where this is necessary; and
- e. Providing counsel, guidance and leadership to the implementing organization and staff in the long-term shaping and execution of the program.

The contract with Lumsden and Associates would cover the above-described work performed on an ongoing/intermittent basis throughout the year. It would include work performed out of the firm's U.S. office as well as both the man-time and direct expenses of domestic travel to recruit and promote chamber development and manage the executive search operation. It would not, however, include any man-days for which Mr. Lumsden or members of his firm may be recruited to perform specific technical consulting assignments in the region. Projected annual cost of approximately 150 man-days of Arthur Lumsden and Associates is \$30,000. An additional \$5,000 is proposed for this element of the program to cover direct non-personnel costs (domestic travel, development of printed and presentation materials, administrative expenses, etc.). Participating U.S. chambers would invest one man-day/mo. (\$72,000).

2. Central Coordination and Clearinghouse Support. To assure routine follow-through in the chamber leadership and talent match operations without incurring the cost of Lumsden and Associates time more often than necessary, a staff support center would be established in the office of C/CAA as implementing organization. This program element would consist primarily of a full-time junior-professional staff person to be contact point for local chambers; to work with each on planning and implementation of programs; to monitor follow-up to insure full operation of each twin relationship; to assist in logistical arrangements for programs sponsored by twinned chambers to introduce Caribbean public and private sector leaders to the U.S. business community; to receive requests from chambers for travel support for their own technical experts or for identification of outside talent under the clearinghouse program; and to provide related administrative and communications support to all chambers in the program. An allocation of \$40,000 from AID under this project to support that function (\$32,000 for salary and benefits plus \$8,000 for travel and communication) would be counterparted by management and coordination expenses borne directly by C/CAA and the participating chambers. C/CAA would provide \$15,000 per year in top management, managerial and professional staff time other than that of the funded employee, office space, overhead, and management-related travel. Participating U.S. chambers (approximately 30) would each contribute 12 or more man-days per year (estimated at approximately \$200/day) of their own professional staff time for management and coordination of the twin program, for a combined \$72,000 per year, in addition to time put directly into the talent match.
3. Travel Support Pool for Technical Assistance Providers. The heart of the program would be the providing of technical assistance to chambers in the region, primarily on a voluntary basis, by experts from the American chamber system particularly knowledgeable in the specific area of assistance required. Examples include membership development, structural reorganization, investment promotion, better business bureaus, business-government cooperation, vocational projects, and the like. After the chamber twins identify the

need, the U.S. twin would attempt to identify an appropriate individual from its own staff or membership to undertake the assignment on an expenses-only basis. If the specific talent were not available locally, the chamber twin clearinghouse mechanism would be activated, with the identification and recruitment task shifted to Mr. Lumsden.

A funding pool under this program would be available to defray the transportation and per diem travel expenses of executives recruited for assignments under the program, whether they are from the originating twin chamber or obtained through the clearinghouse process. A \$90,000 first-year fund and \$60,000 second-year fund are based on an assumption that each twin would mount an average of five such placements into its Caribbean twin per year, with AID supporting three the first year and two the second. Conversely, the chamber itself would be responsible for two additional trips the first year and three the second. An average allowance of \$1,000 per trip is based on either of two models. The typical technical assistance trip would involve one executive for periods of one to three weeks. Alternatively, particularly in the case of chamber twins just beginning their relationship, one or more initial twin-building and goal-setting trips might involve two chamber executives for four days or less.

4. Consulting Fee Pool for Special Assignments. While the program is designed so that most of the visiting experts would be provided by their chambers or firms on a no-fee basis, in some instances the individual identified as the right man or woman for the job may be available only on a fee basis. It is particularly contemplated that in certain instances--particularly where the Caribbean or Central American chamber leadership wishes to undertake a major overhaul of its entire approach, objectives, organization and structure--it may be most appropriate to recruit Mr. Lumsden himself for the field assignment. In other instances, a technical specialist may be indicated, but the right person is found outside the chamber system in an organization not in a position to detail him or her with pay.

Projecting an average of 10 man-days per trip, and an average of five trips by 30 chambers per year, a total of 1,500 man-days of technical assistance would be provided to the region. A consulting-fee pool designed to permit payment of fees in 10 per cent of the cases, at approximately \$200/day for the 150 man-days involved, would require \$30,000 from AID. The 1,350 manhours to be delivered on a no-fee basis represent a counterpart contribution of \$270,000 from the U.S. private sector through participating chambers and firms.

Sponsorship and Funding

Caribbean/Central American Action would be the primary private-sector sponsor, responsible for central management and implementation of the grant agreement. Arthur Lumsden and Associates would be retained by C/CAA on a subcontract basis to perform the designated professional consulting functions described above. U.S. chambers participating in the chamber twin program would contribute a significant amount of coordination and management, both to the chamber twin program as a whole and to the technical assistance talent clearinghouse specifically. In this proposal this involvement has been represented by an acknowledged counterpart contribution of one man-day per month in each of these two activities by each chamber; in fact in nearly all cases the time invested would be substantially more. Even more significantly, the participating chambers, firms from among their members, other U.S. chambers in the American chamber network, and other organizations from which volunteer technical assistance would be recruited, would in fact contribute the bulk of resources under this program as a whole--\$270,000 in staff time, as noted above. AID participation would require decreasing funding levels as the

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program gets on its feet; in the second year the participating chambers would pick up \$30,000 in travel expenses borne by AID during the first year. As managing sponsor C/CAA would contribute \$15,000 in counterpart management staff time and overhead during each year of the program.

Table of Projected Expenses and Sources

In this table, ChT represents the aggregate of all U.S. chambers participating in the chamber twin program; C/CAA=Caribbean/Central American Action; and AID= Agency for International Development. Not included are travel, staff time or other program components brought to the program by the Caribbean and Central American chamber twins (whether from their own resources or AID-funded programs), and the resources brought by the U.S. or Caribbean Basin chambers directly into projects growing out of the twin relationship other than the technical assistance clearing-house and overall chamber-twin coordination. In fact, most of the twins are also involved in twinning-inspired travel and joint activities over and above the activities described here, whether AID-funded or chamber counterpart. The leveraging factor is therefore even greater in the overall effort than is here reflected.

COST ITEM	FIRST YEAR		SECOND YEAR	
<u>Lumsden Expertise & Talent Hunt</u>				
<u>and Recruitment Operation</u>				
Lumsden & Associates staff time	30,000	AID	30,000	AID
AL&A reimbursable travel & expenses	5,000	AID	5,000	AID
Talent hunt interaction by chambers	72,000	ChT	72,000	ChT
<u>Managing, Direction, Support</u>				
Staff person salary, benefits, travel	40,000	AID	40,000	AID
Central management, overhead, etc.	15,000	C/CAA	15,000	C/CAA
Coordination, administration staff time by individual chambers	72,000	ChT	72,000	ChT
<u>Travel for Technical Assistance</u>				
3 trips for each of 30 chambers	90,000	AID	90,000	ChT
2 trips for each of 30 chambers	60,000	ChT	60,000	AID
<u>Technical Consulting Time (\$200/day)</u>				
150 fee-paid man-days/year	30,000	AID	30,000	AID
1,350 volunteer man-days/year	270,000	ChT	270,000	ChT
<u>TOTALS</u>				
	195,000	AID	165,000	AID
	15,000	C/CAA	15,000	C/CAA
	474,000	ChT	504,000	ChT
	<hr/> 684,000		<hr/> 684,000	

AID funding during the two-year period, at \$360,000, represents 26 per cent of the full \$1,368,000 two-year program.

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OUTREACH THROUGH THE U.S. CHAMBER OF COMMERCE

The Need

If Caribbean private sector organizations are to function as active agents of development in their societies, they need to get quickly at the root of their societies' economic problems. That means rapid generation of business growth, jobs, and foreign exchange earnings. While business leaders in the region may be more familiar with how to do this than their governments would be, neither can pursue this approach very far or very rapidly without a whole new network of direct business contacts in the United States. The chamber twin mechanism, as described above, is designed primarily to channel technical assistance directly to Caribbean Basin private sector organizations to increase their effectiveness and absorptive capacity on the ground, while giving them at least one solid point of entry and contact into the U.S. economy. A complementary approach is needed to give these same business leaders--with their newly increased institutional capacity and developmental thrust--a broad, rapid exposure to the U.S. business community across the board.

A natural point of departure for this effort is the U.S. Chamber of Commerce. The U.S. Chamber as a national organization has an enormous membership base of large, small and medium-sized firms throughout the country, as well as affiliation relationships with all local chambers and close ties with business organizations organized on a single-industry or industrial group basis. It has several publications of wide circulation in the business community. It also has extensive resources of its own of a technical assistance nature--how-to publications for businessmen and business organizations, programs of speakers and courses, audio-visual materials, etc.

The U.S. Chamber, through its international division, is extremely interested in how its resources might be brought to bear to contribute to the Caribbean Basin initiative and assist private sector leadership and economic development in the region. While not directly involved in the twinning program (which is based on the local chamber level), the U.S. Chamber is familiar with and highly supportive of that program. Since its own staff and regular activities are strictly allocated to specific programs mandated through a cumbersome quasi-legislative process involving its national participants over the course of a year, the U.S. Chamber is not in a position to add in a Caribbean program at the initiative of its staff. However, it would welcome an externally funded staff element to work specifically on organizing maximum access by Caribbean chambers to all its resources and contacts, and would provide working space, close interaction, and full integration of such a unit into its inside network.

An externally funded staff person injected into the heart of the U.S. Chamber itself--particularly if backstopped by an active logistical/promotion effort on behalf of the Caribbean business leaders to enable them to take best advantage of that opportunity--could break through years worth of walls and information gaps and make an economically significant array of active business linkages a reality within months. While the immediate thrust of the twinning program would be institutional chamber strengthening (with economic impact the next step), the immediate thrust of the U.S. Chamber link would be economic development linkages, with institutional strengthening as the spin-off.

An important additional element would be needed to complement the resource access and contact point within the U.S. Chamber. That is an active marketing outreach effort within the U.S. business community on the part of the Caribbean Basin business leaders. This is the critical missing link in

a "private sector development approach" chain that has or is about to get most of its other essential links. The Coopers-Lybrand operation is identifying commercially viable potential projects. The P.B. Quan operation is standing by to help a prospective investor shape a bankable financial proposal. CAIC and the national business organizations--through the help of direct AID programs out of the regional offices, the Lumsden seminars, and the twin program where it is established--are working on the key ingredients in on-site investment attraction--encouragement of receptive government policies, education of local businessmen to joint venture possibilities, and plans for "red carpet tours" for visiting prospective investors. Governments in the region are attempting to upgrade their own investment attraction policies and programs. The U.S. Government, through the CBI, will be easing the credit crunch as well as giving tax and tariff breaks to make the Caribbean venture or trading relationship more attractive to the U.S. businessman. C/CAA's investment booklet series (with IDB and OPIC funding) will provide basic information to prospective investors; the new databank/information system proposed here will provide far more detailed information not only to investors but to the Caribbean partners seeking to identify them. OPIC missions, missions to Jamaica organized by the U.S. Business Committee on Jamaica, and ad hoc brokering efforts by C/CAA and other non-profit and for-profit groups, all play a role in bringing potential investors with a substantial degree of initial interest in for a closer look and friendly persuasion. What is missing in all this is a concerted effort to bring not-yet-interested potential consumers, investors and joint-venturers face-to-face with specific Caribbean Basin opportunities by reaching them on their home turf.

The Proposed Program

This program component would have two major features--first, the locating of a full-time Caribbean Basin resource person in the U.S. Chamber of Commerce to access the full range of institutional resources and contact points that organization possesses, and second, using that access point as a springboard around which to organize an intensive series of business outreach programs in which representatives from the region would meet with carefully targeted U.S. groups to present trade and investment opportunities.

A full-time professional staff person would be placed on a 2-year contract to work inside the U.S. Chamber, facilitating maximum utilization by Caribbean businesses and private sector organizations of all available resources, utilizing opportunities in Chamber publications and media programs to communicate on the Caribbean Basin, and lining up administrative contacts in local chambers, industry associations, firms, etc. whose cooperation in Caribbean outreach activities can be enlisted. This individual would be assigned to the office of Michael Samuels, vice president/international of the U.S. Chamber, or elsewhere within the organization as he may designate, and would also coordinate closely with Keith Miceli and the Association of American Chambers of Commerce in Latin America, as its activities tie in to those of the regular U.S. Chamber. He would be an individual with extensive experience in the American chamber movement or American private industry, and might be recruited from an active position in a firm or chamber on temporary leave by arrangement with the organization. The cost of his salary, benefits, a secretary, and direct expenses--a combined requirement estimated by the Chamber at \$65,000/year--would be paid by AID under this program.

The work of the in-Chamber executive would be complemented by the work of a logistical organizer recruited under this program and located at C/CAA. This staff person would work as an intermediary between Caribbean Basin private-sector organizations interested in mounting business promotion teams to meet with U.S. audiences and specific U.S. industry associations, chambers, or firms identified and recruited as participants by the staff person in place at the U.S. Chamber. The decision to mount such a team, as well as the actual expenses of its travel, would come from the Caribbean private sector entity involved, with leadership and involvement expected from CAIC in the case of the Caribbean. The small delegation would include leading businessmen who are not only leaders of the chamber or other private sector organization involved, but also individuals with sufficiently broad business interests of their own or sufficient familiarity with the range of economic activities in their society that they could enter into specific result-oriented discussions with U.S. businessmen showing an interest in various investment projects or in import or distribution of current or possible products of that economy in the U.S. market. A representative of labor and of the public sector investment promotion and/or export promotion agency could also be included. Each team would visit its chamber-twin city and an average of three other areas selected for economic relevance. The program at each site would include presentations about the country's available industrial capacity, business enterprises, export products, support infrastructure, etc., and individual or small-group meetings with carefully targeted firms. The staff facilitator at C/CAA would assist the Caribbean Basin groups and the U.S. Chamber-tapped local hosting entity in arranging their itineraries and programs, identifying the roles and tasks of various participants, and executing a planned work program for each event.

Sponsorship and Funding

The U.S. Chamber of Commerce and Caribbean/Central American Action would be the primary sponsors of this component. The U.S. Chamber would not allocate staff or funding directly to this project, but would provide working space and broad supervision and interaction for the staff person detailed to it, and would alert its various divisions and resource providers to be particularly receptive and responsive to his information and cooperation needs. Provision of facilities, access to various program mechanisms and resources, and time and involvement of top-level Chamber leadership would represent a counterpart contribution on the part of the Chamber estimated here at \$15,000/year.

C/CAA would be the immediate implementing sponsor, contracting with AID for overall implementation, recruiting and subcontracting the individual to be detailed to the U.S. Chamber, and recruiting the individual to be placed on its own staff. In addition to the direct program activities of the latter (for which AID would provide \$40,000 to cover salary, benefits and extensive domestic travel), C/CAA would contribute office space, overhead and substantial time and involvement of senior staff in overall program management and leadership, business contact-building and brokering follow-through. This counterpart contribution represents \$15,000/year.

U.S. host entities--companies, chambers, or trade/industry groups that agree to anchor a promotional visit from a Caribbean private-sector team--would certainly contribute a minimum of one man-day in the process of doing so. Depending on the nature of the local activities planned and undertaken,

the actual resources leveraged would be substantially greater. If each of the approximately 30 national private-sector organizations in the region mounted a visit in the course of the 2-year period, and included an average of four stops on their itineraries, 120 host entities would be involved, contributing collectively 60 man-days per year. This counterpart is valued at \$12,000. (The figure would, of course, decrease if not all Caribbean Basin private-sector organizations chose to participate, or were able to do so in this time period.)

AID funding would provide the basic staff and travel expenses for the staff person located at the U.S. Chamber (total \$65,000) and for the staff person located at C/CAA (total \$40,000) for each of the two years. This represents approximately 70% of the two-year administrative package. This does not take into account the major element of time and travel undertaken by Caribbean Basin participants under the proposed program. The program elements involving the individual at the U.S. Chamber and at C/CAA are severable (either could be valuably funded without the other), but the value of either would be greatly enhanced by undertaking both efforts simultaneously.

Projected Expenses and Funding Sources

In this table, USC=U.S. Chamber of Commerce, C/CAA=Caribbean/Central American Action, AID=Agency for International Development, and Host=participating entities such as local chambers or companies, taken together.

<u>U.S. Chamber Mobilization and Resource-Tapping</u>	BASIN 2-YEARS	
Salary/benefits of full-time executive at USC and secretary, plus executive's travel etc.	65,000	AID (0.00 / 1.00)
Counterpart value of management involvement, staff consultation/supervision, facilities	15,000	USC
<u>Organized Outreach to Business Community</u>		
Salary/benefits and travel of staff person placed at C/CAA	40,000	AID ✓
Senior management and professional staff time, facilities, overhead	15,000	C/CAA ✓
Coordination of programs for Caribbean business promotion teams, 60 man-days/year	12,000	Host
TOTALS	<u>105,000</u>	AID
	42,000	Counterpart
	<u>147,000</u>	
	122,000	

Implementation

All three major program components--information system, chamber twin clearing-house, and U.S. Chamber-based business outreach--could be implemented immediately upon agreement between AID as donor and C/CAA as principal contracting sponsor. All entities designated for cooperative or sponsoring roles have agreed in advance to play the roles indicated, except in the case where the recruitment of individual entities is part of the program tasks to be funded. Caribbean/Central American Action is a non-profit, non-governmental, non-political organization funded by contributions from about 60 U.S. business firms. Its sole purpose is to serve as a catalyst for increased economic development in the Caribbean Basin and improved U.S.-Caribbean relations through strengthening and harnessing the

resources of the U.S. and Caribbean Basin private sectors. C/CAA has strong ties and credibility with private sector leaders on both sides of the Caribbean Basin, and has worked closely with AID in the past in a variety of efforts related to those here proposed, though not in a grantee capacity. C/CAA does not depend on public-sector funding for any part of its basic operating budget, but is prepared to administer publicly funded projects the objectives of which coincide with its own, particularly in the context of the Caribbean Basin Initiative, which C/CAA actively supports.

Budget Summary

PROGRAM ELEMENT	FIRST YEAR COSTS		SECOND YEAR COSTS		2-YEAR PACKAGE	
	<u>AID</u>	<u>Private</u>	<u>AID</u>	<u>Private</u>	<u>AID</u>	<u>Private</u>
Information System	60,000	65,000	30,000	67,000	90,000	132,000
Chamber Twin Clearinghouse	169,000 195,000	489,000	108,000 165,000	519,000	296,000 360,000	1,008,000
U.S. Chamber/ Business Outreach	80,000 105,000	42,000	105,000 105,000	42,000	210,000 210,000	84,000
TOTALS	<u>360,000</u>	<u>596,000</u>	<u>300,000</u>	<u>628,000</u>	<u>660,000</u>	<u>1,224,000</u>
Miscellaneous	308,000 11,000		152,000 158,000		166,000 180,000	
	<u>\$ 322,000</u>		<u>158,000</u>		<u>180,000</u>	

"OUTPUTS" FOR PROPOSED C/CAA TWIN CHAMBER
AND CARIBBEAN BASIN PROGRAM

1. "Caribbean Basin Information System"

12 Month Status

Central Terminal Station is in operation
Operator/Manager hired and trained
Software and filing system modified and refined
Training of initial Caribbean Region users completed.
Input units are starting to be utilized (800 units by 12/82)
3 affiliate members continually accessing the information system.
20 hours per week of on-line usage by end of 12 months.
Electronic mail system operational.
Active research and search systems underway.

18 Month Status

10 affiliate members on-line and fully utilizing system.
C/CAA charges annual user fee of \$2,500 to facilitate program
self-sufficiency.

Access to 3 data bases available through Control Data Corp.
(i.e., Technotes, Trade Opportunities and Traders).
Equipment hardware at 40% of full-user capacity.
Additional regional connections sought.

2. "Chamber Twin Technical Assistance Clearinghouse"

It is expected that each chamber twin will develop a 12 month and subsequent 24 month plan of operation (in fact, some have already been developed), therefore, the following list of project outputs is meant to be indicative of results which should be derived from each of the twin chamber relationships.

12 Month Status

All twin pairs have established a strategy and identified specific needs.

Each chamber pair has completed 3-5 technical assistance consultations.

Significant improvements have been made in one or more of the following chamber programs:

a) Economic Development -- U.S. joint ventures, purchasing or marketing arrangements secured with Caribbean Basin corporations;

b) Business promotion and fund raising -- plan to revitalize membership and raise revenues has been implemented;

c) Advisory capacity -- TA program underway designed to assist small and medium businesses;

d) Organizational Development -- business/trade associations organized and other advocacy programs strengthened.

18 Month Status

Broader membership base of chamber twin and increased sources of revenues;

Local chamber organizations significantly stronger in terms of program development and representation of business interests.

3. "U.S. Chamber Outreach Program"

During the first 12 months of this project, the individual employed under the U.S. Chamber Outreach Program will:

A. Assess the potential of the U.S. Chamber communications/media network of information, and determine the most appropriate application of U.S. Chamber resources.

B. Establish a plan for marketing CBI benefits to U.S. Chamber affiliates and their business members.

C. Initiate and carry out the plan.

D. Promote and communicate the benefits of U.S. Chamber resources to U.S. chambers of commerce which are not participating in the twin chamber clearinghouse program, and to Caribbean regional business and chamber associations.

13 1982

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, *[Signature]* B. Johnson

Problem: Your approval is required to authorize the expenditure of \$50,000 in FY 1982 grant funds under the LAC Regional Private Sector Initiative Project (No. 598-0619), to fund a contract between USAID/Haiti and the Arthur D. Little Corporation (ADL), for assistance in the preparation of the project paper for the proposed Haitian Development Finance Corporation (DFC).

Background: The LAC Regional Private Sector Initiatives Project is designed to assist private and public sectors in generating more effective private sector participation in the development of the LAC region by providing seed capital to initiate private sector involvement and to tap private sector resources for solutions to social and economic problems facing the region.

The DAEC reviewed and approved a PID to establish a DFC in Haiti on July 2, 1982. The LAC guidance cable is being drafted and will authorize the USAID/Haiti Mission to proceed with the development of the project. The Mission has recommended that ADL assist in the preparation of the PP based upon the excellent and appropriate technical assistance provided to USAID/Haiti in the past. The services provided by ADL in the past consisted of developing data on the feasibility of a DFC in Haiti, including updating previous studies and projections made by both ADL and other consultants; and assisting the core group of Haitian investors in a review of existing and recommended legislation that would enable the proposed DFC to operate competitively. The DAEC concurs with the Mission's recommendation to utilize ADL for project design on the basis of ADL's recent experience in designing similar projects in Costa Rica and the Eastern Caribbean, and USAID/Haiti's favorable appraisal of ADL's performance in Haiti.

Proposed Contract

ADL has submitted to USAID/Haiti a comprehensive proposal for the required assistance. The Mission is in agreement with this proposal and has requested that LAC/DR provide \$50,000 to contract with ADL for an estimated 75 person-days of services, starting o/a July 18, 1982. The purpose of the contract will be to assist the core group and USAID in:

- Identifying projects for possible financing;
- Estimating the level of demand for financing by the DFC over a five to ten year period;
- Promoting the concept of the DFC within Haiti's private sector and among possible foreign investors and financial institutions;
- Developing financial projections and a computer model for financial projections, that will enable the investor group and the USAID to design the capital and organizational requirements of the DFC; and
- Design the capital and organizational requirements of the DFC.

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Normally, Mission funding would be utilized to contract for assistance in project design tasks. In this case, however, Project Development and Support funds are not available to USAID/Haiti. Given the importance and urgency of the DFC project, we believe the Bureau's Private Sector Initiatives Project should be utilized as the source of funding.

Recommendation: That you approve the expenditure of \$50,000 in FY 1982 grant funds under the LAC Regional Private Sector Initiatives Project (No. 598-0619) for a contract between USAID/Haiti and ADL for the purpose described above.

/s/ Marshall D. Brown

Approved: _____

Disapproved: _____

Date: JUL 14 1982

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LAC/DR:PBittner:07/12/82:22302

Clearances:

LAC/DR: ILevy *IL*
LAC/CAR: BKosheloff *(subs)*
LAC/DR: CLeonard *id*
LAC/DP: BCook *draft*
DAA/LAC: MDBrown _____

→ CWR
598-0619

14 APR 1982

ACTION MEMORANDUM FOR THE ASSISTANT ADMINSTRATOR (LAC)

FROM: LAC/DR, Irwin A. Levy *Irwin A. Levy*

Problem: Your approval is required to approve the expenditure of up to \$75,000 under the LAC Regional Private Sector Initiatives Project to finance a feasibility study for an export trading company serving the Caribbean and Central America.

Background: The LAC Private Sector Initiatives Project (598-0619) was developed to stimulate the private sector to adopt a more active role in economic development of the LAC region. The purpose of the project is to assist private and public sectors in generating more effective private sector participation in the development of the region.

Under this activity, we propose to finance a feasibility study (Attachment A), submitted by Castle & Cooke, Inc., to establish an export trading company in the Caribbean Basin. The Private Enterprise Bureau (PRE) is also interested in supporting this activity and thus will share the costs with us.

Summary of Proposed Export Trading Company

An export trading company may be defined as an independent firm which has the capability of providing a comprehensive range of services to facilitate export trade, develop new opportunities for export promotion, assist domestic producers to enhance their productive capacity and expand their markets, and create new employment opportunities.

Trading companies undertake many functions depending upon their country of origin and business focus. Primary functions include: the provision of financial services to small and medium manufacturing firms; collection of information about potential export markets; reduction of risk undertaken by various creditors to the exporters, execution of paperwork associated with the export transactions; and provision of insurance, warehousing and other transportation services. Such companies have also been engaged as organizers and coordinators of large scale development projects involving many different manufacturing and service organizations.

The export trading company to be defined in this study would retain the above-mentioned attributes of traditional trading companies. However, the concept would give parallel weight to activities which can serve to support the basic production functions of client producers. The trading company, therefore, would have two primary focuses:

(1) Trading Services

The trading company, acting as an independent international department, would utilize its distribution and marketing infrastructure in support of its client suppliers' export activities.

Typical functions may include:

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- assisting suppliers in developing comprehensive marketing and sales strategies;
- providing or arranging for buyer financing, if desired;
- handling all documentation requirements, insurance and shipping considerations;
- arranging for the assembly or fabrication of goods upon arrival overseas, if appropriate;
- assuming responsibility for delivery of goods;
- arranging or performing warranty and other servicing of goods;
- assisting manufacturers in arranging licensing agreements and joint ventures, as desirable;
- engaging in direct F.O.B. purchases of export products.

(2) Business Development Services

Because trading company operations are international in scope and because its financial and management resources are broad-based, it would have access to financing and the staff expertise to assist firms and domestic governments in developing more viable businesses.

Typical functions may include:

- undertaking feasibility and other studies;
- project management and organization;
- providing for or arranging financing for new and/or existing operations;
- assisting governments and firms in identifying and locating foreign firms suitable to develop domestic business opportunities;
- participating in joint ventures to expand a firm's domestic and export potential;
- providing technical assistance to make firms more productive and competitive abroad;
- assisting firms in developing business plans from production through marketing and distribution.

Discussion: Castle & Cooke submitted their proposal to us in early February. Since that time, we have met with representatives from PRE, as well as the International Finance Company and the Inter-American Development

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Bank, to discuss the merits of the proposal and to ascertain whether the IFC and IDB would be willing to finance a portion of the feasibility study. Representatives from both IFC and IDB agreed the prefeasibility proposal had merit and that a detailed feasibility study was warranted. Regarding participation in the study itself, IFC representatives stated that they cannot finance the up-front cost of feasibility studies, however, they could finance the costs should a loan or equity investment in the project follow. IDB representatives stated that they were not interested in the proposal at this time, in part because they did not normally participate in private sector ventures; thus, they did not envision future participation.

Following meetings with IFC and IDB and comments on the proposed scope and nature of the activities of the trading company, Castle & Cooke modified the proposed terms of reference and funding requirements (See Attachment B.) We also agreed that the study should be conducted in stages. The first stage would entail a survey of country specific opportunities (products, local business partners and existing competition), a legal assessment, a financial/economic review and a brief examination of existing trading company models in other parts of the world. Following completion of the first phase, we would review the report and determine whether support of the second stage, which would entail preparation of a business plan, would be warranted.

Total costs of Stage I would be \$225,000, of which LAC would finance \$75,000, PRE \$75,000 and Castle & Cooke \$75,000. Total costs for Stage II are estimated at \$150,000. As Stage II is very likely to lead into a firm business venture, we contemplate financing AID's share (which is yet to be determined) through a reimbursable arrangement whereby the new company would repay AID for the costs incurred under Stage II.

Given the potentially high payoff for such an activity, the need to establish new mechanisms to foster exports from the region and the high degree of interest and support we have been shown by Castle & Cooke, we believe this unsolicited proposal merits our support.

Recommendation: That you approve the expenditure of up to \$75,000 in grant funds under the LAC Private Sector Initiatives Project to finance a portion of the costs of a feasibility study to establish an export trading company.

APPROVED: _____



DISAPPROVED: _____

DATE: _____

April 14/82

Attachment:
a/s

ACTION MEMORANDUM FOR ASSISTANT ADMINISTRATOR, LAC (Acting)

FROM: LAC/DR, Irwin Levy *IL* (en)

Problem: Your approval is required to authorize the expenditure of \$18,000 in FY 1982 grant funds under the LAC Regional Private Sector Initiatives Project (No. 598-0619) for a cooperative agreement with Caribbean /Central American Action to assist the Honduras and El Salvador Chambers of Commerce to revitalize and restructure their organizations and to assist the Central American chambers to finalize a Twin Chamber Program.

Background:

The LAC Regional Private Sector Initiatives project is designed to assist private and public sectors in generating more effective private sector participation in the development of the LAC region by providing seed capital to initiate private sector involvement and to tap private sector resources for solutions to social and economic problems facing the region. The total cost of the project over four years is \$950,000. In FY 1982, \$200,000 is budgeted for the project.

During this past year, Mr. Arthur Lumsden and the Caribbean/Central American Action (C/CAA) have helped initiate a restructuring of the Chamber of Commerce associations in the Eastern Caribbean (Caribbean Association of Industry and Commerce -- the CAIC) and in Guatemala. The services provided in both instances have been advisory in nature (e.g., meeting with key chamber officials and discussing organizational goals, revenues, membership and programs) and have also included the preparation of a detailed planning guide. The purpose of the guide was to set forth in writing the proposed new organizational goals, functions and structure; to describe outreach programs; propose an expanded budget; and to restructure by-laws as appropriate.

At ROCAP's request, Messrs. Lumsden and Peter Johnson from C/CAA also undertook a trip through Central America to meet with the Panamanian, Honduran, Salvadorean, Nicaraguan and Costa Rican chamber officials and to promote the idea of revitalizing (and restructuring, if necessary) of those associations.

Lastly, Mr. Lumsden and C/CAA have also been instrumental in establishing a Twin Chamber Program, whereby chambers in the U.S. are matched with those in the Basin countries. To date this program has been under way, with limited but growing success, only in the Caribbean. Also, to date the costs of establishing a Twin

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Program have been borne entirely by C/CAA, although Mr. Lumsden has contributed his time (particularly in the context of his position as past President of the Hartford Chamber -- he retired on October 15, 1981) to help assure cooperation from the U.S. chambers.

With regard to the assistance Mr. Lumsden provided to the Guatemala Chamber and CAIC, the costs of his services, travel and per diem have been borne by our missions. The missions have also paid the travel and per diem expenses of C/CAA personnel in a few instances.

Discussion of Proposed Program: As a result of the above mentioned promotional tour through Central America and a December meeting of U.S. and Central American chambers in Miami, both the Honduras and Salvador chambers have requested Mr. Lumsden's and C/CAA's assistance in restructuring and revitalizing their organizations. U.S. chamber officials have also agreed to meet with Central American chamber officials in Guatemala to finalize a Twin Chamber Program.

The timing for these meetings is January 18-21 in Honduras, February 14-17 in El Salvador, and February 19 and 20 in Guatemala. (Substantial follow-up work to prepare the planning guides will also be necessary after these sessions). The cost of providing the requested services is \$18,000. Of this amount, about \$15,000 will be utilized for salary, travel and per diem of Arthur Lumsden and his associate, Margaret Lawson, and about \$3,000 will be for travel and per diem of Peter Johnson or Cathy Pierson.

In view of the interest expressed by these Central American chambers, the important role we believe these organizations can play in launching a private sector initiative, and the expertise Arthur Lumsden and C/CAA can provide to these chambers, we believe it would be advantageous to engage their services to support the restructuring efforts in Honduras and El Salvador plus the Twin Chamber Program planned for Central America. Considering the alternative of engaging Mr. Lumsden and C/CAA through individual mission contracts, we believe it would be administratively easier to access the required services with LAC Bureau funds. SLR/CM agrees with this approach and has suggested a cooperative agreement as the vehicle which would allow us best control and influence over the services to be provided. As envisioned the agreement would provide \$18,000 to C/CAA, which in turn would acquire the services of Arthur Lumsden.

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