

QUICK REFERENCE GUIDE TO
PRIVATE SECTOR INITIATIVES
IN LATIN AMERICA AND THE CARIBBEAN

Prepared for:

Private Sector Office
Bureau for Latin America and the Caribbean
U.S. Agency for International Development

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INTRODUCTION

Purpose

The purpose of the Quick Reference Guide (hereafter, "the Catalogue") is to provide a description of the Latin America and Caribbean Bureau's (LAC) private sector projects and programs.

The Catalogue is intended for use by Bureau staff and other Agency officers. The information included herein represents the current status of the LAC private sector portfolio. An update of the 1988 document, the 1989 Catalogue details new projects for FY 89 and FY 90 as well as on-going private sector projects previously not included. While serious efforts have been made to ensure current and complete information, we cannot guarantee 100% accuracy.

The following criteria were used for the inclusion of projects in the Catalogue:

- o current and active projects;
- o ESF and DA funded projects;
- o local currency funded projects greater than US\$500,000 equivalent;
- o training programs with a private sector focus; and
- o policy dialogue activities with impacts upon the private sector.

A.I.D.'s LAC Development Strategy: Promotion of the Private Sector

A.I.D.'s overall strategy for addressing the LAC region's development problems focuses on the achievement of four broad goals:

- o short-term economic stabilization;
- o an established basis for sustained economic growth;
- o broad participation in the benefits of growth;
- o strengthened democratic institutions and respect for human rights.

An important part of the LAC strategy for achieving these goals is the identification of the private sector as the engine of growth and is, therefore, directly related to the increased use of market forces and open trading systems in the development process.

As elaborated below, the LAC private sector strategy seeks to: adjust policies and remove structural barriers in order to promote productive private enterprise growth; support export and investment promotion initiatives aimed at stimulating increased non-traditional exports to U.S. and other markets; encourage micro, small and medium enterprise development; reduce the role of the state in the economy; and further develop public and private institutions that support free enterprise.

Geographically, A.I.D.'s resources are currently concentrated in countries in Central

America and the Caribbean. The implementation of A.I.D. strategies in those two subregions is closely allied with broader U.S. government policies and programs, incorporated in the Central America Initiative (CAI) and the Caribbean Basin Initiative (CBI). A.I.D. resources in South America are focused on three Andean countries (Ecuador, Peru, and Bolivia) with occasional, limited assistance to other South American countries.

The LAC Bureau's commitment to a strong private sector program is evidenced in the size and diversity of the Bureau's private enterprise project portfolio. A special private sector division was created in AID/W in 1982 in response to the need for improved coordination of the Bureau's private enterprise development programs. Due to the recognition by both the U.S. and countries in the LAC region of the ever-expanding role of the private sector, this staff unit was expanded into a staff office (LAC/PS) in 1986. LAC/PS is involved in three basic areas: policy/program development and monitoring; private sector outreach and public sector linkages in the U.S.; and field mission support for project design and implementation.

Since 1982, the LAC private sector portfolio has undergone substantial growth. Currently, this portfolio includes 103 projects with a total authorized life-of-project funding of approximately \$1.9 billion. LAC's initiative in the private sector is a key component of A.I.D.'s development assistance program and has provided the leadership required to assist LAC host countries in stimulating increased levels of foreign and domestic investment, employment generation and higher levels of foreign exchange earnings.

The LAC programs focus on longer-term activities designed to stimulate macroeconomic and sectoral policy changes as well as the development of infrastructure, human resources and institutions needed to sustain private sector-led economic development. While some elements of certain projects, such as investor services and free zone development, can and do have a valuable short-term impact (i.e., within one to two years), the primary concern of A.I.D.'s private enterprise activities has been to establish a basis for long-term, self-sustaining private sector growth.

Activity Categories

Seven key program areas comprise the principal LAC Bureau activity in private sector development.

1) Policy Dialogue

All LAC Missions are actively engaged in efforts to remove policy and regulatory impediments to private sector-led growth. Economic Support Funds have been used to provide balance of payments assistance as a means of encouraging economic policy reform. The emphasis is on policy reforms needed to achieve macroeconomic

stabilization as well as on additional structural adjustments required to establish conditions favorable to private sector investment in new export activities. The overall thrust of policy dialogue activities is to advocate export-led growth strategies which directly support the CBI objectives. Exemplary policy reforms can be found in the following countries: Jamaica, the Dominican Republic, Belize, Guatemala and Costa Rica.

2) Investment and Export Promotion

Each of the 12 LAC Missions has provided assistance to private sector investment and export promotion programs. Their mandate is to encourage and work with local and foreign investors and exporters by providing a range of business services (e.g., overseas promotion offices, marketing studies, joint venture brokering, etc.). In many countries, these organizations have been instrumental in the passage of legislation to stimulate investment and exports, the establishment of export processing zones and the adoption of other measures aimed at the development of a favorable business climate. Successful examples of investment promotion centers include CINDE in Costa Rica, IPC in the Dominican Republic, FUSADES in El Salvador and FIDE in Honduras.

3) Managerial Training

Private sector training and skills improvement is a key feature of the LAC private sector strategy. Each of the LAC Missions is involved in some aspect of management or skills training to upgrade the skills levels of both management and labor to those standards sought by foreign investors. Additionally, much needed training is being provided for micro and small entrepreneurs. Countries with successful training programs include Honduras, Belize and various Eastern Caribbean nations.

4) Credit/Banking Programs

Since the 1960's, when A.I.D. assisted in the creation of the Latin American Agribusiness Development Company (LAAD), several Development Finance Corporations (DFCs) and various types of bank guaranty mechanisms, the LAC Bureau has been recognized as the innovator of A.I.D. credit programs. LAC Missions continue to be the leaders in this area by funding banking programs that provide financing for non-traditional export projects. Many such programs include technical assistance components to assist small and medium-sized firms in project identification and development.

5) Privatization

LAC Missions have developed strategies for privatization activities; several have active technical assistance and financial support programs for the divestiture of state-owned enterprises. In many countries, privatizations have been effectively implemented. Examples include programs in Honduras, Jamaica and Costa Rica.

6) Micro and Small Business Assistance

Since the Alliance for Progress in the 1960s, instituted primarily through U.S. and local PVO's, the LAC Bureau has provided assistance to the micro and small enterprise sector. A principal objective of these programs is to extend the benefits of growth to include this large but often neglected group. By providing credit, technical assistance, training and innovative guaranty mechanisms, A.I.D. will continue to increase the availability of credit and critical support services to these types of businesses.

Currently, there are strong micro and small enterprise programs in the Dominican Republic, the Eastern Caribbean, Haiti, Ecuador, Honduras and Bolivia. USAID/Peru and LAC/PS also support the pioneering work on the informal sector of the Institute of Liberty and Democracy (ILD) in Peru.

7) Tourism Development

A.I.D.'s principle objectives in supporting tourism sector development are: to encourage countries to adopt policies that promote private sector development and attract local and foreign private sector investment; to foster the development of linkages to the manufacturing, agriculture and services sectors; and to preserve the socio-cultural heritage and national environment that provide the fundamental basis for the tourism industry.

Additional Notes

The seven key areas identified above are core private sector activities generally associated with the expansion of industry, including agribusiness, trade and commerce. The Catalogue does not include those projects aimed at the private provision of social services, such as in population, health, nutrition, education or disaster relief, nor does it list agricultural development projects which occasionally contain small elements of private sector promotion, e.g., the privatization of seed productions. In addition, a number of other A.I.D. private sector initiatives in Latin America and Caribbean countries are not included in the Catalogue. These include: PL 480 Section 108 private sector lending programs; special development assistance grants to Peace Corps volunteer projects; AID/PRE activities such as loan guarantee programs and technical assistance programs; and other central Bureau (AID/PPC, AID/ST) funded activities.

While the LAC Bureau occasionally assists private sector development in the Advanced Developing Countries of the region, descriptions of these activities are not included in this document due to the small amounts of funds involved.

Pie Charts

Pie charts are included at the beginning of each section of the Catalogue. These charts detail authorized A.I.D. funding levels by the seven categories discussed above. In the

event that a project involves more than one of the seven focus areas, e.g. Policy Dialogue as well as Privatization, the funds for that project have been divided equally between the categories.

Further Information

Comments, questions or corrections in relation to this Catalogue should be sent to the following address:

Private Sector Office (LAC/PS)
Room 3253NS
Bureau for Latin America and the Caribbean
U.S. Agency for International Development
Washington, DC 20523
(202) 647-9144

CORRECTIONS/RECOMMENDATIONS
PRIVATE SECTOR CATALOGUE

TO: Private Sector Office (LAC/PS)
Room 3253NS
Bureau for Latin America and the Caribbean
U.S. Agency for International Development
Washington, DC 20523

FROM: _____

(Your name and address)

The following space is for any comments, corrections and/or recommendations you wish to make concerning the September 1989 "Quick Reference Guide to Private Sector Projects in Latin America and the Caribbean."

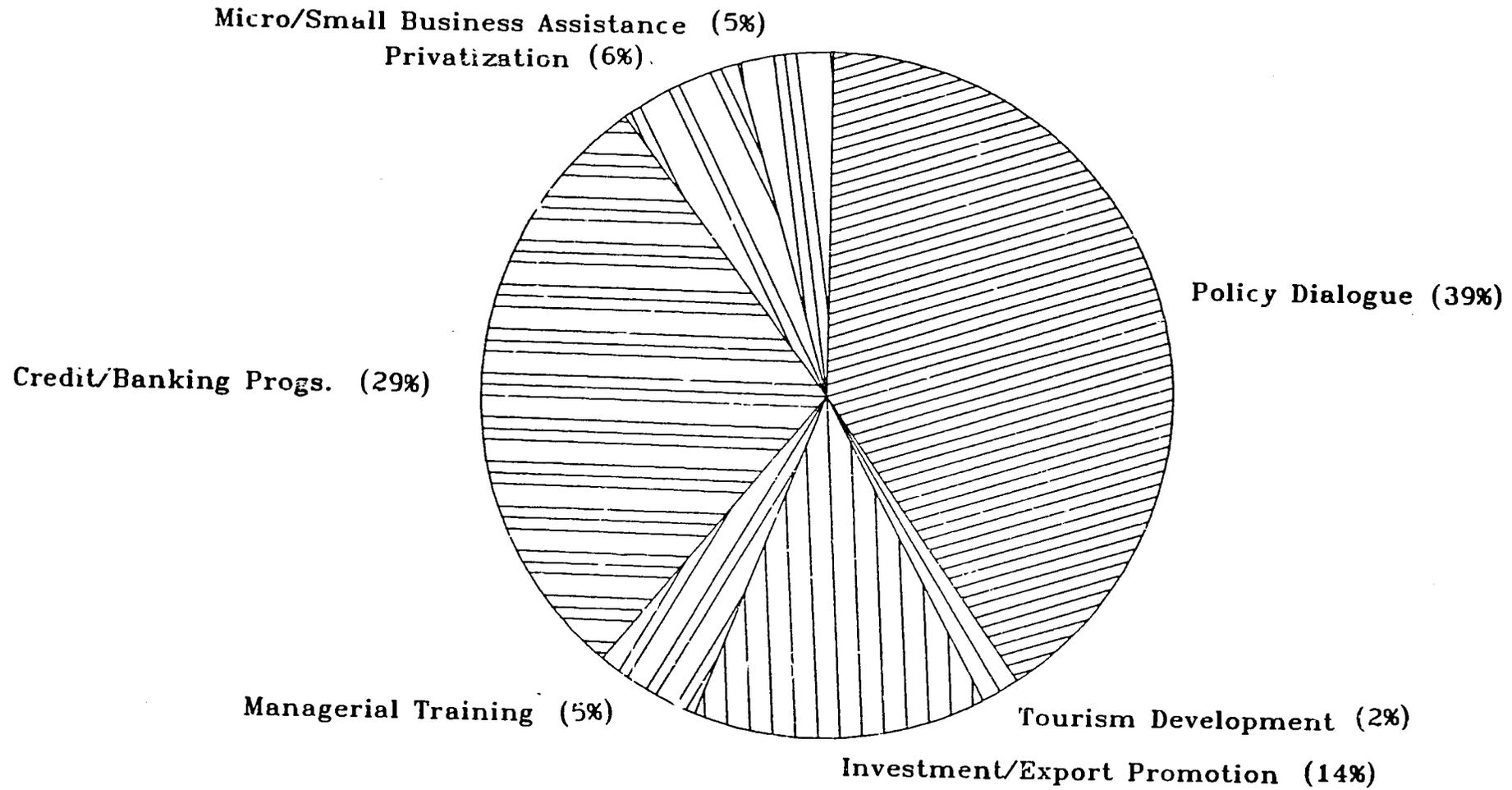
SUMMARY MASTER LIST
LAC/PS PROJECTS

CATEGORIES	NO. OF PROJECTS	AMOUNT AUTHORIZED US \$000s
<i>Policy Dialogue</i>	23	\$762,586
<i>Investment and Export Promotion</i>	33	\$257,970
<i>Managerial Training</i>	20	\$94,354
<i>Credit/Banking Programs</i>	29	\$547,046
<i>Privatization</i>	5	\$108,980
<i>Micro and Small Business Assistance</i>	20	\$84,276
<i>Tourism Development</i>	9	\$34,022
TOTAL:	139	\$1,889,233

There are actually 103 projects. The number of projects adds up to more than 103 because some of the projects fall into more than one category. In those instances, the amount authorized was divided evenly between the categories.

PRIVATE SECTOR PORTFOLIO

LATIN AMERICA AND THE CARIBBEAN



INDICES

LAC PRIVATE SECTOR CATALOGUE MASTER LIST

COUNTRY/PROJECT TITLE (Start Date)	PROJECT NO.	CATEGORY NO.	LIFE-OF-PROJECT AUTHORIZED AMOUNT:	
			Grants (\$000)	Loans (\$000)

AID/LAC/PS

Private Sector Initiatives Project (1982)	598-0619	1-7	\$4,724	
OAS Foreign Trade Info. Service (1989)	597-0047/ 598-0776			
Caribbean Project Development Foundation (1989)	597-0052/ 598-0779	2	\$634	
		4	\$1,400	

BELIZE

Commercialization of Alternative Crops (1985)	505-0008	2	\$6,800	
National Development Foundation OPG (1983)	505-0011	6	\$872	
Economic Support Proj. Counterpart Fund II (1985)	505-0012	1	\$2,579	\$15,000
Toledo Agricultural Marketing (1987)	505-0016	2	\$2,500	
Training for Employment and Productivity (1985)	505-0020	3,7	\$8,700	
Export and Investment Promotion (1986)	505-0027	2,7	\$4,500	
IESC Joint Venture Fund (1987)	505-0040	2,7	\$650	

BOLIVIA

Policy Reform (1983)	511-0571	1	\$5,000	
Market Town Capital Formation (1986)	511-0573	4	\$3,000	\$15,000
Economic Stabilization & Recovery (1990)	511-0576	1	\$27,850	
Industrial Transition/Privatization (1987)	511-0577	5	\$10,000	
Management Training (1985)	511-0580	3	\$6,000	
Handicraft Export Development (1985)	511-0583	6	\$4,000	
Export Promotion (1989)	511-0585	2	\$11,500	

CATEGORY DEFINITIONS

1. Policy Dialogue
2. Investment & Export Promotion
3. Managerial Training
4. Credit/Banking Programs
5. Privatization
6. Micro & Small Business Assistance
7. Tourism Development

LAC PRIVATE SECTOR CATALOGUE MASTER LIST

COUNTRY/PROJECT TITLE (Start Date)	PROJECT NO.	CATEGORY NO.	LIFE-OF-PROJECT AUTHORIZED AMOUNT:	
			Grants (\$00G)	Loans (\$000)

Micro and Small Enterprise Development (1988)	511-0596	6	\$10,000	
Strengthening Financial Markets (1987)	511-0598	4	\$6,200	
International Executive Service Corps (1989)	n/a	2,6	\$330	

COSTA RICA

CODESA Divestiture (1985)	515-0194A/1	1,5	\$174,000	
Private Investment Corporation (1984)	515-0204	4	\$1,000	\$20,000
Training for Private Sector Development (1985)	515-0212	3	\$5,000	
Agricultural and Industrial Reactivation (1986)	515-0223	4	\$350	\$19,650
Non-Traditional Ag. Exports Tech. Support (1987)	515-0237	1	\$3,500	
Economic Stabilization and Recovery VIII (1989)	515-0240	1	\$85,000	
BCCR Special Credit Line	n/a	4	n/a	

DOMINICAN REPUBLIC

Small Industry Development (1982)	517-0150	4,6	\$850	\$5,000
Agribusiness Promotion (1985)	517-0186	4	\$4,000	\$17,300
Investment and Export Promotion (1985)	517-0190	2	\$6,600	
Debt Conversion (1988)	517-0237	4	\$3,500	
Industrial Linkages (1989)	517-0252	2	\$5,000	planned
Micro Enterprise Development (1990)	517-0254	6	\$2,500	planned

ECUADOR

Non-Traditional Agriculture Exports (1984)	518-0019	2,4	\$2,723	\$8,000
Technical Training for the Financial Sector (1984)	518-0048	3	\$437	

CATEGORY DEFINITIONS

1. Policy Dialogue
2. Investment & Export Promotion
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LAC PRIVATE SECTOR CATALOGUE MASTER LIST

COUNTRY/PROJECT TITLE (Start Date)	PROJECT NO.	CATEGORY NO.	LIFE-OF-PROJECT AUTHORIZED AMOUNT:	
			Grants (\$000)	Loans (\$000)

Agricultural Sector Reorientation (1985)	518-0051	1	\$7,100	\$1,400
Small Enterprise Development (1986)	518-0056	6	\$5,000	
Economic Stabilization Recovery Program II (1989)	518-0078	1	\$68,000	planned

EL SALVADOR

Industrial Stabilization and Recovery (1984)	519-0287	1,2	\$29,460	
International Executive Service Corps (1985)	519-0302	3,6	\$500	
Urban Small Business OPG (1985)	519-0304	6	\$3,000	
Small Business Assistance (1989)	519-0318	6	\$10,000	planned
Free Zone Development (1988)	519-0323	4	\$26,000	
Private Sector Initiatives (1987)	519-0336	1,2	\$4,700	
Technical Support, Policy Anal. & Training (1988)	519-0349	3	\$17,000	
ESF Balance of Payments Support (1989)	519-0355	1	\$282,045	planned
Local Currency Lines of Credit	519-LC-18/26	4	\$104,850	
Investment Promotion Insurance System (1986)	519-LC-19	2	\$30,400	
Eastern Zone Reactivation Program (1987)	519-LC-(N/A)	4	\$58,600	
Trade Credit Insurance Program (1984)	n/a	4	up to \$100,000	

GUATEMALA

Special Development Fund (1963)	520-0145	4	\$100	
Low Cost Housing (1988)	520-0261	3,4	\$10,600	
Agri-Business Development (1985)	520-0276	2,3	\$4,500	\$9,500
Commercial Land Markets II (1984)	520-0330/0343	4	\$10,500	
Private Sector Development Coordination (1985)	520-0337	2	\$1,500	
Private Enterprise Development (1987)	520-0341	1,2,4,6	\$10,000	

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1. Policy Dialogue
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LAC PRIVATE SECTOR CATALOGUE MASTER LIST

COUNTRY/PROJECT TITLE (Start Date)	PROJECT NO.	CATEGORY NO.	LIFE-OF-PROJECT AUTHORIZED AMOUNT:	
			Grants (\$000)	Loans (\$000)

Asindes PVO Development Program (1986)	520-0348	3,6	\$2,300	
Micro Enterprise Development (1990)	520-0375	6	n/a	
Micro Business Promotion (1987)	520-0377	3,4,6	\$1,850	
Economic Stabilization and Growth (1990)	520-0385	1	\$78,100	

HAITI

Development Finance Corporation (1982)	521-0154	4	\$10,000	
Haitian National Mortgage Bank (1984)	521-0163	4	\$1,750	
Crafts Export Resource Center (1985)	521-0179	2	\$3,400	
Haitian Development Foundation (1984)	521-0181/0182	6	\$10,772	
Management and Productivity Center (1985)	521-0183	3	\$4,100	
Export and Investment Promotion (1986)	521-0186	2	\$7,700	

HONDURAS

Export Promotion and Services (1984)	522-0207	2	\$9,150	\$14,350
Small Business Development II (1988)	522-0241	6	\$15,000	
Advisory Council for HR Development (1984)	522-0257	3	\$6,325	
Privatization of State-Owned Enterprises (1986)	522-0289	5	\$4,000	
Investment and Export Promotion (1990)	522-0312	2	\$20,000	planned
Policy Planning & Institutional Development (1987)	522-0325	1	\$12,000	
Economic Support Program (1987)	522-0331	1,4	\$10,000	
Economic Stabilization and Recovery Program (1989)	522-0358	1,4	\$70,000	planned
International Executive Service Corps (1989)	522-0361	3	\$950	
Camara de Comercio e Industrias de Cortes (1989)	522-0363	2	\$675	

CATEGORY DEFINITIONS

1. Policy Dialogue
2. Investment & Export Promotion
3. Managerial Training
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LAC PRIVATE SECTOR CATALOGUE MASTER LIST

COUNTRY/PROJECT TITLE (Start Date)	PROJECT NO.	CATEGORY NO.	LIFE-OF-PROJECT AUTHORIZED AMOUNT:	
			Grants (\$000)	Loans (\$000)

JAMAICA

Technical Consultations and Training (1981)	532-0079	1,2,5,7	\$29,220	
Basic Skills Training (1983)	532-0083	3	\$4,900	\$8,500
Private Development Bank (1984)	532-0091	4	\$1,100	\$21,000
Revenue Board Assistance (1983)	532-0095	1	\$6,000	
Jamaica Agricultural Development Foundation (1985)	532-0105	4	\$1,000	
Private Sector Promotion of Family Planning (1985)	532-0122	1	\$448	
Agricultural Research (1986)	532-0128	2	\$7,600	
Export Development and Investment Promotion (1989)	532-0135	2	\$12,000	planned
Agricultural Export Services (1989)	532-0142	2	\$5,000	planned
Micro Enterprise Development (1990)	532-0156	6	\$2,000	planned
Tourism Support (1989)	532-0166	3,6,7	\$3,000	

PERU

Private Sector Management Improvement (1985)	527-0272	3	\$7,000	
Priv. Sec. Policy Planning & Inst. Dev. (1985)	527-0298	1	\$7,104	
Private Sector Institutional Reform (1989)	598-0772	1,3	\$10,000	

RDO/C

Caribbean Financial Services Corporation (1983)	538-0084	4,7	\$200	\$14,835
Investment Promotion & Export Development (1984)	538-0119	2,7	\$17,206	
Small Enterprise Assistance (1986)	538-0133	6	\$11,850	
High Impact Agricultural Marketing (1986)	538-0140	2	\$27,000	
Tropical Produce Support Program (1989)	538-0163	2	\$6,000	planned

CATEGORY DEFINITIONS

1. Policy Dialogue
2. Investment & Export Promotion
3. Managerial Training
4. Credit/Banking Programs
5. Privatization
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7. Tourism Development

LAC PRIVATE SECTOR CATALOGUE MASTER LIST

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			Grants (\$000)	Loans (\$000)

Eastern Caribbean Investment Promotion Svce. (1990)	538-0168	2	\$3,900	
Caribbean Tourism Development Project (1990)	538-0172	2,3,7	\$5,000	

ROCAP

Regional Industrial Energy Efficiency (1982)	596-0095	4	\$5,850	
Non-Traditional Agricultural Export Support (1986)	596-0108	2	\$8,000	
Regional Economic Recovery (1985)	596-0114	4	\$35,000	\$15,000
Export Agribusiness Dev. and Promotion (1985)	596-0123	2		\$15,000
Export Management Training (1985)	596-0124	3	\$6,800	
Private Sector Initiatives (1989)	596-0149	1	\$1,900	planned

CATEGORY DEFINITIONS

1. Policy Dialogue
2. Investment & Export Promotion
3. Managerial Training
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INDEX OF PROJECTS BY CATEGORY

1. POLICY DIALOGUE

AID/LAC/PS

598-0619	Private Sector Initiatives
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BELIZE

505-0012	Economic Support Project Counterpart Fund II
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BOLIVIA

511-0571	Policy Reform
511-0576	Economic Stabilization and Recovery

COSTA RICA

515-0194A/1	CODESA Divestiture
515-0237	Non-Traditional Agricultural Exports Technical Support
515-2040	Economic Stabilization and Recovery VIII

ECUADOR

518-0051	Agricultural Sector Reorientation
518-0078	Economic Stabilization Recovery Program II

EL SALVADOR

519-0287	Industrial Stabilization and Recovery
519-0336	Private Sector Initiatives
519-0355	ESF Balance of Payments Support

GUATEMALA

520-0341	Private Enterprise Development
520-0385	Economic Stabilization and Growth

HONDURAS

522-0325	Policy Planning and Institutional Development
522-0331	Economic Support Program
522-0358	Economic Stabilization and Recovery Program

JAMAICA

532-0079	Technical Consultations and Training
532-0095	Revenue Board Assistance
532-0122	Private Sector Promotion of Family Planning

PERU

527-0298	Private Sector Policy Planning and Institutional Development Private Sector Institutional Reform
598-0149	

ROCAP

539-0149	Private Sector Initiatives
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2. INVESTMENT AND EXPORT PROMOTION

AID/LAC/PS

598-0619	Private Sector Initiatives OAS Foreign Trade Information Service (598-0076)
597-0047	

BELIZE

505-0008	Commercialization of Alternative Crops
505-0016	Toledo Agricultural Marketing
505-0027	Export and Investment Promotion
505-0040	IESC Joint Venture Fund

BOLIVIA

511-0585	Export Promotion
N/A	International Executive Service Corps

DOMINICAN REPUBLIC

517-0190	Investment and Export Promotion
517-0252	Industrial Linkages

ECUADOR

518-0019	Non-Traditional Agricultural Exports
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EL SALVADOR

519-0287	Industrial Stabilization and Recovery
519-0336	Private Sector Initiatives
519-LC-19	Investment Promotion Insurance System

GUATEMALA

520-0276	Agri-Business Development
520-0337	Private Sector Development Coordination
520-0341	Private Enterprise Development

HAITI

521-0179	Crafts and Export Resource Center
521-0186	Export and Investment Promotion

HONDURAS

522-0207	Export Promotion and Services
522-0312	Investment and Export Promotion
522-0363	Camara de Comercio e Industrias de Cortes

JAMAICA

532-0079	Technical Consultations and Training
532-0128	Agricultural Research
532-0135	Export Development and Investment Promotion
532-0142	Agricultural Export Services

RDO/C

538-0119	Investment Promotion and Export Development
538-0140	High-Impact Agriculture Marketing
538-0163	Tropical Produce Support Program
538-0168	Eastern Caribbean Investment Promotion Service (ECIPS)
538-0172	Caribbean Tourism Development Program

ROCAP

596-0108	Non-Traditional Agricultural Export Support
596-0123	Export Agribusiness Development and Promotion

3. MANAGERIAL TRAINING

AID/LAC/PS

598-0619	Private Sector Initiatives
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BELIZE

505-0020	Training for Employment and Productivity
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BOLIVIA

511-0580	Management Training
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COSTA RICA

515-0212	Training for Private Sector Development
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ECUADOR

518-0048 | Technical Training for the Financial Sector

EL SALVADOR

519-0302 | International Executive Service Corps
519-0349 | Technical Support, Policy Analysis and Training

GUATEMALA

520-0261 | Low Cost Housing
520-0276 | Agri-Business Development
520-0348 | Asindes PVO Development Program
520-0377 | Micro-Business Promotion

HAITI

521-0183 | Management and Productivity Center

HONDURAS

522-0257 | Advisory Council for Human Resources Development (CADERH)
522-0361 | International Executive Service Corps

JAMAICA

532-0083 | Basic Skills Training
532-0166 | Tourism Support

PERU

527-0272 | Private Sector Management Improvement
598-0772 | Private Sector Institutional Reform

RDO/C

538-0172 | Caribbean Tourism Development Project

ROCAP

596-0124 | Export Management Training

4. CREDIT/BANKING PROGRAMS

AID/LAC/PS

598-0619 | Private Sector Initiatives
597-0052 | Caribbean Project Development Foundation (598-0779)

BOLIVIA

511-0573	Market Town Capital Formation
511-0598	Strengthening Financial Markets

COSTA RICA

515-0204	Private Investment Corporation
515-0223	Agricultural and Industrial Reactivation
N/A	BCCR Special Credit Line

DOMINICAN REPUBLIC

517-0150	Small Industry Development
517-0186	Agri-Business Promotion
517-0237	Debt Conversion

EL SALVADOR

519-0323	Free Zone Development
519-LC-18/26	Local Currency Lines of Credit
519-LC-(N/A)	Eastern Zone Reactivation Program
N/A	Trade Credit Insurance Program (TCIP)

GUATEMALA

520-0145	Special Development Fund
520-0261	Low Cost Housing
520-0330/0343	Commercial Land Markets II
520-0341	Private Enterprise Development
520-0377	Micro-Business Promotion

HAITI

521-0154	Development Finance Corporation
521-0163	Haitian National Mortgage Bank

HONDURAS

522-0331	Economic Support Program
522-0358	Economic Stabilization and Recovery Program

JAMAICA

532-0091	Private Development Bank
532-0105	Jamaica Agricultural Development Foundation

RDO/C

538-0084	Caribbean Financial Services Corporation
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ROCAP

596-0095	Regional Industrial Energy Efficiency
596-0095	Regional Economic Recovery

5. PRIVATIZATION

AID/LAC/PS

598-0619 | Private Sector Initiatives

BOLIVIA

511-0577 | Industrial Transition/Privatization

COSTA RICA

515-0194/A | CODESA Divestiture

HONDURAS

522-0289 | Privatization of State-Owned Enterprises

JAMAICA

532-0079 | Technical Consultations and Training

6. MICRO AND SMALL BUSINESS ASSISTANCE

AID/LAC/PS

598-0619 | Private Sector Initiatives

BELIZE

505-0011 | National Development Foundation OPG

BOLIVIA

511-0583 | Handicraft Export Development
511-0596 | Micro & Small Enterprise Development
N/A | International Executive Service Corps

DOMINICAN REPUBLIC

517-0150 | Small Industry Development
517-0254 | Micro Enterprise Development

ECUADOR

518-0056 | Small Enterprise Development

EL SALVADOR

519-0304	Urban Small Business OPG
519-0302	International Executive Service Corps
519-0318	Small Business Assistance

GUATEMALA

520-0341	Private Enterprise Development
520-0348	Asindes PVO Development Program
520-0375	Micro Enterprise Development
520-0377	Micro-Business Promotion

HAITI

521-018/0182	Haitian Development Foundation
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HONDURAS

522-0241	Small Business Development II
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JAMAICA

532-0156	Micro Enterprise Development
532-0166	Tourism Support

RDO/C

538-0133	Small Enterprise Assistance
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7. TOURISM DEVELOPMENT

AID/LAC/PS

598-0619	Private Sector Initiatives
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BELIZE

505-0020	Training for Employment and Productivity
505-0027	Export and Investment Promotion
505-0040	IESC Joint Venture Fund

JAMAICA

532-0079	Technical Consultations and Training
532-0166	Tourism Support

RDO/C

538-0084	Caribbean Financial Services Corporation
538-0119	Investment Promotion and Export Development
538-0172	Caribbean Tourism Development Project

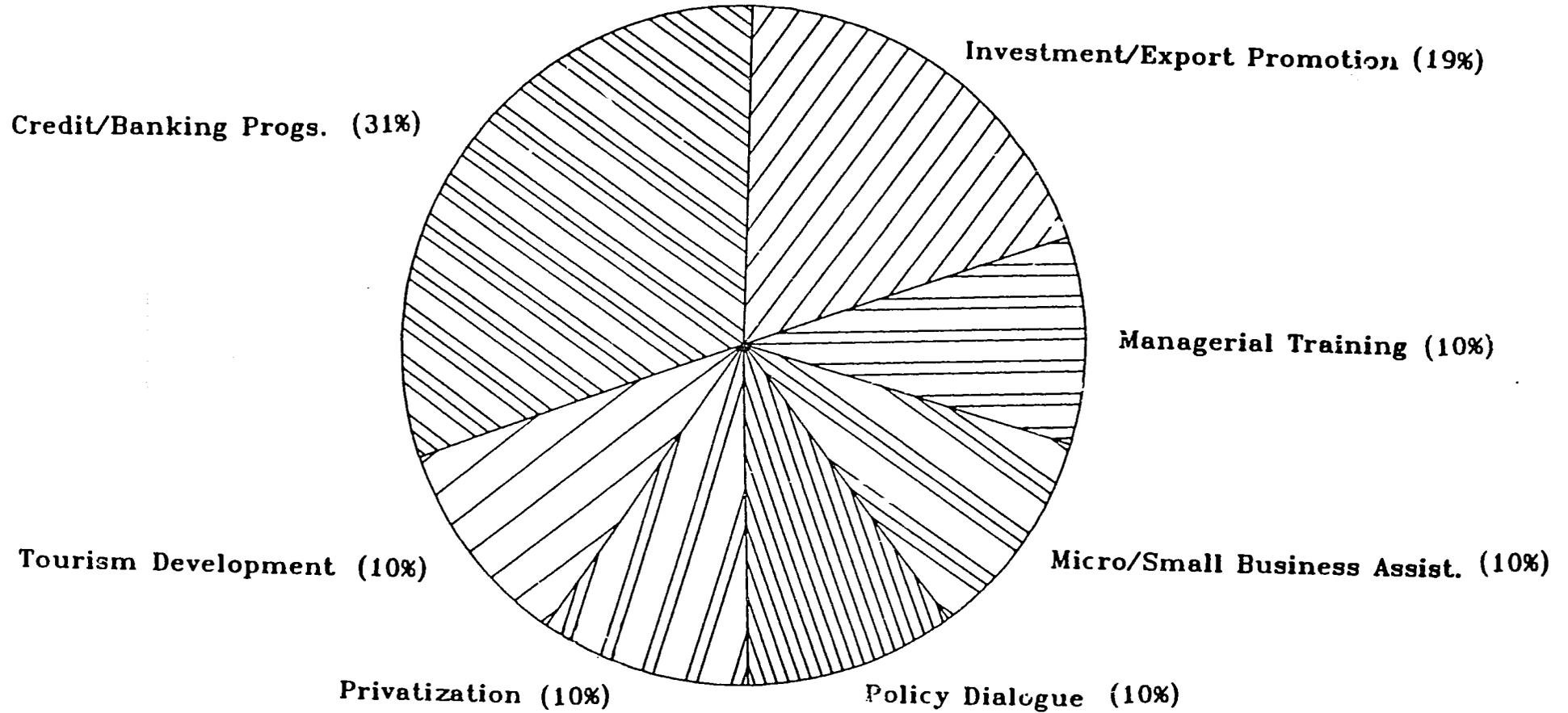
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LATIN AMERICA AND THE CARIBBEAN
PRIVATE SECTOR OFFICE

PRIVATE SECTOR PORTFOLIO

LAC/PS

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INTRODUCTION TO LAC/PS PROJECTS

Current regional projects managed by LAC/PS are funded by a mix of (a) LAC Regional funds, (b) Central America Regional funds and (c) Mission funds. At present there are three on-going projects directly managed by LAC/PS. Detailed project descriptions for each are located in this section of the Catalogue.

<u>Project</u>	<u>LOP Amount (\$000)</u>	<u>Source of Funds</u>	<u>Project Numbers</u>
Private Sector Initiatives Project (PSIP)	4,724*	4,382 LAC Reg. 342 Mission	598-0619 Various
Caribbean Project Development Facility (CPDF)	1,400	1,300 CA Reg. 100 LAC Reg.	597-0057 598-0079
OAS Foreign Trade Information Service	634	175 CA Reg. 459 LAC Reg.	597-0047 598-0076

The figures shown for PSIP indicate the total funds obligated using LAC Regional funds and sub-obligated using Mission buy-in funds through the end of FY 89. The amounts shown for the CPDF and OAS projects are current LOP authorized levels; both projects are being incrementally funded with obligations beginning in FY 89.

An additional project involving direct LAC/PS management responsibility, chiefly through the Office's participation in semi-annual reviews, is the Private Sector Institutional Reform Project (598-0772) administered by USAID/Peru. This project consists of a cooperative agreement with the Institute of Liberty and Democracy (ILD). A detailed project description can be found in the section on Peru.

COUNTRY: Regional

SUB-REGION: Central America
South America
Caribbean

CATEGORIES: Policy Dialogue
Investment and Export Promotion
Managerial Training
Credit/Banking Programs
Privatization
Micro and Small Business Assistance
Tourism Development

PROJECT TITLE: Private Sector Initiatives Project
(PSIP) (1982)

PROJECT NUMBER: 598-0619 (and others)

DATE OF COMPLETION: New contract scheduled for authorization in
early FY 90

PROJECT AUTHORIZATION: (G) \$4,724,000

IMPLEMENTING AGENCIES:

International Science and Technology Institute (ISTI)
Department of Commerce (DOC)
Caribbean/Central American Action (C/CAA)
Desarrollo Empresarial Mexicano (DESEM)

ACTIVITIES DESCRIPTION:

1. Private Sector Support Services (see Attachment 1 for detail): Through July 1989 over 40 tasks supporting LAC missions and LAC/PS private sector development activities were completed or ongoing under a contract with International Science and Technology Institute (ISTI). A new contract to continue support services under this activity is scheduled to start in early FY 90.
2. Department of Commerce (DOC): Since the inception of the Caribbean Basin Initiative (CBI), A.I.D. and the Department of Commerce (DOC) have worked together toward accomplishment of the CBI goals. By combining resources and programs in areas of mutual interest, the two agencies have achieved greater efficiencies than either could have achieved alone. The original Participating

Service Agency Agreement (PASA) between LAC/PS and the DOC was initiated on February 13, 1986. The PASA has since been amended several times and now includes a variety of support services. They are: publication of an annual CBI Guidebook, a monthly CBI Business Bulletin, and the Caribbean Basin Exporters' Guidebook; support for Caribbean Basin Business Promotion Council missions and marketing seminars, investment surveys and Caribbean product exhibitions in the U.S.; and purchase of support equipment for the CBI Center at the DOC. Beginning in FY 90 a DOC/CB coordinator will also be assigned to the LAC/PS office.

3. Caribbean/Central American Action (C/CAA): For three consecutive years, LAC/PS has provided funds to C/CAA to organize and carry out a yearly Miami Conference which addresses policy issues that are essential to the growth and development of the Caribbean Basin Initiative. The Miami Conference provides an open policy forum for public and private sector dialogue, as well as an opportunity to meet the needs of the private sector concerning business and finance matters.
4. Junior Achievers/Mexico: LAC/PS is providing a support grant to Mexico's Desarrollo Empresarial Mexicano (DESEM) program, which is Mexico's counterpart to the U.S. Junior Achievement Program. DESEM will provide technical assistance on the augmentation of its vocational training for young employable people. The program hopes to provide a strong cadre of trained professionals who will be able to start micro and small scale businesses in Mexico and elsewhere in Latin America.
5. Other activities: It is the intention of the LAC/PS Office to be flexible enough to respond to unanticipated private sector initiatives that are proposed for funding during any given fiscal year. As an example of this plan, during FY 89 LAC/PS provided funds to cover the costs of producing a professional video on microenterprise activities in Central America which is now in use throughout A.I.D. Also provided were funds to help Fomento of Puerto Rico hold its fourth annual Caribbean Conference and Marketplace meeting in San Juan. The office will maintain this ability to fund similar activities, small in nature but important to the key areas of focus for private sector development.

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PROJECT BUDGET:

<u>Total Obligations through FY 89 (\$000):</u>	<u>\$4,724</u>
For Completed Activities:	2,488
For Ongoing Activities:	2,236

<u>Ongoing Activities</u>	<u>Obligations through FY 89</u>
Private Sector Support Services (ISTI contract)	1,145
	<u>342*</u>
Total	1,487
Department of Commerce (PASA)	448
Caribbean/Central American Action (Miami Conferences)	210
Junior Achiever Program (Mexico)	50
Other Activities	<u>41</u>
Total	\$2,236

* Mission Buy-ins

ATTACHMENT #1

SUMMARY OF TECHNICAL SERVICES ORDERS 1-47

TSO #1 HONDURAS STOCK EXCHANGE--Honduras

Evaluated a proposal prepared by the Honduran private sector to establish a stock exchange, reviewed the proposed budgets and legal instruments and made recommendations upon the viability and direction of the project.

TSO #2 TECHNICAL SUPPORT TO CODEXI--El Salvador

Provided technical support to CODEXI, recruited staff and prepared a detailed one-year work plan, thereby creating an administrative capacity for CODEXI within the Ministry of Foreign Trade and helping to establish CODEXI as a support organization for this Ministry. As a result, USAID/El Salvador is now providing technical assistance on a full-time basis for CODEXI to become a policy body encouraging foreign investment and export promotion.

TSO #3 ROCAP: INDUSTRIAL SECTOR ASSESSMENT-- Guatemala, Costa Rica, El Salvador and Honduras

Assessed the industrial sector in Central America by identifying key subsectors, analyzing constraints to reactivation, preparing a strategy for ROCAP to support industrial development in the region, analyzing ROCAP supported institutions(ICAITI CABEI, INCAE, LADD, FEDEPRICAP) and the potential roles they might play in support of industrial development and developing project ideas for ROCAP to support. As a result of this effort, two follow-on activities occurred: 1) ISTI assisted ICAITI in the preparation of a proposal to USAID/ROCAP for institutional strengthening and development and 2) ISTI carried out the technical analysis for a PID to assist FEDEPRICAP in institutional strengthening and programmatic activities in support of financial markets

TSO #3.1 FEDEPRICAP PID and Project Paper

Assisted Mission with the preparation of a Project Identification Document and Project Paper to support FEDEPRICAP in designing and implementing a program of studies, activities, seminars, policy reform, and institutional development in such potential areas as debt management, transportation, trade, investment, and technology.

TSO #4 LAC BUREAU PRIVATE SECTOR INITIATIVES
CATALOGUE--Washington, D.C.

Composed a catalogue of A.I.D. private sector-related projects. This document will be used as a ready reference guide for LAC/PS and LAC Missions. The compilation of project profiles it contains will also be available for distribution to the press and the public, in addition to internal (A.I.D.) requests for information. Distributed to each of the LAC Missions, the LAC/PS catalogue been updated with supplements highlighting projects carried out under the Private Sector Initiative.

TSO #5 U.S.-CARIBBEAN SMALL BUSINESS TRADE--
Washington, D.C.

Prepared a concept paper examining the methods and means by which small US businesses can become active trading partners with Caribbean Basin counterparts.

TSO #6 BROCHURE: "INVESTMENT OPPORTUNITIES IN LATIN
AMERICA AND THE CARIBBEAN"--Washington, D.C.

Fashioned and produced a USAID brochure entitled "Investment Opportunities in Latin America and the Caribbean." The brochure has been used as a marketing tool and has been distributed to the Missions and at the CCAA conference.

TSO #7 CBI FOUR YEAR REVIEW--Washington, D.C.

Prepared a review and assessment of the Caribbean Basin Initiative--its history, its relation to broad economic and foreign policy concerns and strategies and its results to date.

TSO #8 D.R. FREE TRADE ZONE TRAINING NEEDS
ASSESSMENT--Dominican Republic

Executed a study, through the use of a structured survey, to determine the training needs of current zone industries, the availability of skilled/semi-skilled labor and in-country training institutions, and the options for supplying the trained manpower to free trade zone employers.

TSO #9 FL SALVADOR: EXPORT/INVESTMENT PROMOTION

Assisted USAID/EI Salvador in the preparation and negotiation of an amendment to the GOES portion of the Industrial Stabilization and Recovery Project, 519-0287.

TSO #10 CDSS/ACTION PLAN REVIEW & TRACKING SYSTEM

Initiated an analysis of the CDSS and Action Plans submitted by LAC Missions to

USAID/W, evaluating the consistency of the documents submitted with respect to Private Sector Initiative objectives, developing data bases and monitoring systems to track each Mission's performance and assessing the CDSS/Action Plan review system with recommendations for improving the strategic planning function.

TSO #11 LAC/PS STRATEGIC PLANNING--Washington, D.C.

Over a six month period, provided LAC/PS with assistance in strategic planning, formulating priority policy objectives and a communications plan, coordinating seminars and periodically reviewing LAC/PS's activities.

TSO #12 CDSS PREPARATION--Bolivia

Assisted with the preparation of the private sector component of the CDSS, focussing on strategic planning, project elaboration, and management information reporting requirements.

TSO #13 GUATEMALA PRIVATE SECTOR STRATEGY DEVELOPMENT AND IMPLEMENTATION--Guatemala

Assisted CAEM and subgrantees develop submissions of technical documentation to A.I.D. These submissions included financial plans, timetables for major implementation actions, work plans and other documents required by the cooperative agreement.

TSO #14 EVALUATION: NATIONAL DEVELOPMENT FOUNDATION/BELIZE(NDF/B)--Belize

Conducted an evaluation of the National Development Foundation/Belize. This study analyzed NFD/B's effectiveness in providing technical assistance to Belizean small and micro entrepreneurs, the effects that these efforts have had on the entrepreneurs overall operations, the fund-raising activities of NFD/B, the potential for NFD/B to become self-sufficient and the areas in which A.I.D. might continue to provide support.

TSO #15 BOLIVIA: FINANCIAL AND POLICY ANALYSIS--Bolivia

The consultant team consisted of a policy analyst, an institutional analyst and a financial analyst. The policy analyst examined policy constraints to increased private sector investment, designed a program to assist private sector organizations in formulating policies to improve the business climate and worked with the institutional analyst to design a program of economic studies to be carried out by private sector organizations to recommend priority reforms to the GOB. In addition, the institutional analyst evaluated existing private sector associations, designed a technical assistance plan to strengthen the capacity of selected organizations in strategic planning, policy studies, staff training, and work plans and made recommendations to USAID/B on effective measures to support the institutional development of these organizations. The financial analyst undertook a

detailed study of self-sufficiency designed projects in the private sector portfolio, examined performance to date and made recommendations to resolve perceived problems. The analyst also continued recent USAID/B analyses into credit availability and utilization by private entrepreneurs and made suggestions to alleviate the constraints on availability.

TSO #16 EL SALVADOR PRIVATIZATION ASSESSMENT--El Salvador

Studied the law which created CORSAIN, reviewed the transfer plan and areas where assistance is most needed, produced a work plan for the preparation of company profiles with the intent of marketing these properties, identified other potential targets for mid- to long-term privatization efforts and advised USAID/ES on the formulation of a new project schedule for FY 89.

TSO #17 BOLIVIA A.D.A.M. KNITWEAR EVALUATION--Bolivia

Conducted an evaluation of Asociacion de Artesania y Moda(ADAM) assessing the degree that project objectives and production targets were met, the management of ADAM, its marketing strategies and technical services, the relationship of associated producers groups with ADAM and the appropriateness and need for continued USAID support beyond September 30, 1988. Evaluation report was completed and submitted in May 1988. Evaluation recommendations highlighted the need for ADAM to: 1) design and implement a systematic and uniform process to monitor and report progress toward the achievement of project goals; 2) strengthen existing relationships with intermediary clients, focussing on production and quality control; 3) recruit two long-term experts in the areas of marketing and production management; 4) prepare and routinely update a business plan which would specify the quantifiable targets and time frames for ADAM to become a profit-making, self-sustaining enterprise; and 5) improve production systems and expand the base of satisfied buyers in the international market for a limited, high-quality line of hand-knitted, alpaca sweaters.

TSO #18 BOLIVIA I.D.E.A.: MICROENTERPRISE PROPOSAL ASSESSMENT--Bolivia

Analyzed an IDEA proposal to the Inter-American Development Bank for a loan of US \$1.4 million to provide credit for Bolivian micro-entrepreneurs who have successfully completed a six course training program with IDEA. Examined and made recommendations on the feasibility of the loan proposal, its potential impact on the Bolivian credit sector and its impact on IDEA. USAID/Bolivia opposed implementation of the program based upon the recommendations of the consulting team.

TSO #19 WASHINGTON: DEVELOPMENT FINANCE SEMINAR-- Washington, D.C.

Designed and implemented a development finance seminar for USAID/W and Mission

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officers complete with necessary informational materials. The three day seminar provided a review of general banking and finance issues, an analysis of USAID's and other donor's experiences with IFI's and an examination of credit issues with emphasis on project design and implementation.

TSO #20

BELIZE: PRIVATE SECTOR PORTFOLIO REVIEW--Belize

Conducted an assessment and made recommendations on USAID/B's Private Sector Program. The components of this analysis included: the effectiveness of the program, the GOB's policy changes as a result of these projects, the impact of technical assistance to improve management of local counterpart organizations, the identification of priority areas and opportunities for the Mission in the private sector, the effectiveness of export promotion activities, the ability of USAID projects to provide training and credit to the private sector and the success of USAID/B's strategy to promote the Belize Chamber of Commerce and Industry as an "engine of growth."

TSO #21

GUATEMALA: EVALUATION OF PRIVATE SECTOR DEVELOPMENT COORDINATION PROJECT (520-0337)

Evaluated micro-enterprise projects in Guatemala both outside of and within the Private Sector Development Coordination Project and made recommendations to USAID/G regarding the design of future micro-enterprise activities.

TSO #22

BOLIVIA: EVALUATION OF MANAGEMENT TRAINING PROJECT

Assessed IDEA's progress to date in meeting its management training objectives and in achieving financial self-sufficiency as a non-profit venture and evaluated the effectiveness of IDEA to provide quality management training.

TSO #23

HONDURAS: COHEP POLICY ANALYSIS

Will review overall status of the project, make recommendations to accelerate project implementation, assist in contracting a local firm to carry out a public survey of the private sector, develop strategy for the completion of short-term technical analyses, design a data bank--an inventory of studies relating to private sector economic interests--for COHEP, and advise on the design of a monthly bulletin. The consultant will also, on the second three-week part of this task, plan a regional private sector conference, design an internal evaluation of the assembly's activities, assist in the initiation of the public survey and recommend changes in COHEP's statutes that will improve implementation of the COHEP-AID program.

TSO #24

EL SALVADOR: CORSAIN PRIVATIZATION ANALYSIS

Will evaluate CORSAIN's privatization plans, determine the progress achieved thus far, analyze the operational procedures for placement of GOES properties and review the priorities of CORSAIN's current divestiture plan.

TSO #25

WASHINGTON: PROJECT 936--LOAN
GUARANTY PROGRAM

The consultant team will analyze the potential of a loan guaranty mechanism to support the use of 936 funds by Puerto Rico for eligible CBI countries from 936 lending banks. This analysis shall include: an assessment of current and potential demand for a guaranty program, identification of current and potential 936 lending banks

TSO #26

HONDURAS: ASEPADE FINANCIAL AND POLICY
ANALYSIS

The consultant will analyze the total credit portfolio of ASEPADE, a private non-profit credit institution for micro entrepreneurs in Honduras. In addition to tabulating existing information on the amount and number of loans in arrears and the number of defaults in the last two years, the consultant will prepare a balance sheet and profit and loss statements to determine the conditions for ASEPADE's eventual self-sufficiency. The consultant will also review the financial policies of ASEPADE, making recommendations to improve their effectiveness in processing, approving, monitoring and collecting loans as well as managing the total portfolio. Finally, the consultant will review ASEPADE's write-off policies, suggest alternative policies that will reduce bad debt in the long run and recommend an amount or percentage to be set aside by ASEPADE for bad debt reserves.

TSO #27

BOLIVIA: IESC EVALUATION

Will review IESC's progress to date, assist IESC in conducting a market analysis to identify manufacturing companies experiencing difficulties and to prioritize those with the best potential reactivation. Will assist in the design of an IESC program to provide technical assistance and restructuring plans for those companies with potential for reactivation and make recommendations on IESC office staffing and self-sustainability of the program.

TSO #28

JAMAICA: HEALTH CARE INITIATIVES PROJECT

The consultant will lead a team of four consultants(to be hired under separate contracts) in the analysis of the Health Sector Initiatives Project in Jamaica. The focus of this project will be to examine and make recommendations on health care financing interventions which will increase the role of the private sector in providing health care services and improve the efficiency of the public sector in providing these services.

TSO #29

BOLIVIA: IDEA STRATEGIC PLANNING

Assisted in the development of a five year strategic plan for IDEA. This plan will serve as a blueprint for IDEA activities and finances from 1989-1993. The consultant reviewed the IDEA project document with emphasis on the institution attaining maximum financial viability.

TSO #30

BELIZE: TOURIST SECTOR ASSESSMENT

The team provided a current overview of the tourism sector in Belize and a five year projection of general requirements and associated costs to improve and expand the industry. A study was conducted on the impact of tourism on the Belizean economy, national goals, development policies and strategies, population dynamics and labor supply. The consultants analyzed existing and potential tourist attractions and identified specific development constraints which could impede the expansion of the tourism industry over the next five years.

TSO #31

HONDURAS: IESC EVALUATION

The team evaluated the IESC program in Honduras. They assessed, through interviews and review of existing documents, the effectiveness and impact of the assistance provided by the volunteer program. The team developed charts to illustrate which sectors of the economy and what types of industry have received assistance through this program. Another important task was to assess whether a new office should be opened in La Ceiba and whether the expansion was needed and was economically feasible.

TSO #32

HONDURAS: PRIVATE SECTOR STRATEGY

A technical assistance team worked with USAID/Honduras to conduct an overall private sector assessment and assisted USAID/Honduras in reviewing and redefining its involvement with and support for the Honduran private sector. This activity provided guidance and input for preparation of the 1989 CDSS. The task was comprised of review of documentation along with U.S. consultations, field consultations and strategy development.

TSO #33

DOMINICAN REPUBLIC: INDUSTRIAL LINKAGES

The consultant assessed the nature and level of demand expressed by Free Trade Zone manufacturers in obtaining locally manufactured products and the ability of suppliers to meet that demand. The team estimated the type of technical assistance and level of credit required to accommodate current and future needs of local manufacturers to encourage Free Trade Zones linkages and enumerated alternatives on how it could best be provided. Interviews were conducted with both Free Trade Zone manufacturers and local manufacturers in order to assess the entire situation.

TSO #34 PARAGUAY: COMDESA REPAYMENT NEEDS ASSESSMENT

As of November 1988, the Banco de Desarrollo (COMDESA) has ceased servicing their nearly \$3 million A.I.D. loan. The consultant went to Paraguay and assessed the feasibility of rescheduling the loans that are outstanding. In addition, the consultant met with the senior management of COMDESA and of the Banco Central to establish a mutually agreeable exchange rate to facilitate repayment of the loans.

TSO #35 EL SALVADOR: ASSISTANCE TO CORSAIN DIVESTITURE PROGRAM

Reviewed tender offers for the hotel Presidente versus base price sought by CORSAIN. Prepared financial plan for the divestiture of the hotel and action plan for the provisions of the T/A to the remaining operating firms.

TSO #36 BOLIVIA: BANKING SECTOR MANAGEMENT TRAINING SURVEY

Designed a market assessment instrument, including interpretive methodology, appropriate to the upper level of Bolivian banking managers. Trained the managers in the use of the survey instrument.

TSO #37 EL SALVADOR: HOTEL PRESIDENTE PRIVATIZATION

Developed Scope of Work and marketing plan for the sale of the hotel including several financial options i.e. long term debt, debt to equity swaps, LC agrarian reform bonds. Analyzed and reported on market for Salvadoran debt, including price quotations, debt holders, potential buyers and target for use of proceeds.

TSO #38 BOLIVIA: IDEA PROJECT PAPER AMENDMENT

Prepared a draft project paper amendment for a six-year extension to the management training project, with financial and academic benchmarks. Designed an LC building purchase matching grant scheme, a yearly national level policy seminar, and a US university technical assistance linkage.

TSO #39 EL SALVADOR: SME STRATEGY AND PID

Prepared a detailed Small and Microenterprise strategy document and a Small business assistance project identification document covering the 1990-1994 CDSS period.

TSO #40 ROCAP: FEDEPRICAP STRATEGIC PLANNING

The consultant team designed and facilitated a three-day planning retreat held in San Jose, Costa Rica in May 1989. The team also designed a new FEDEPRICAP operating plan.

TSO #41 GUATEMALA: FLYP ASSESSMENT

A consultant analyzed in detail the Fundación Libertad y Progreso (FLYP) vis-a-vis the Peruvian Instituto de Libertad y Democracia, as well as FLYP's organization, goals, and resource needs in order to draft a financial and economic analysis.

TSO #42 DOMINICAN REPUBLIC: PRIVATE SECTOR HEALTH SERVICES

The consultants prepared a brief description of alternative approaches to expand the private sector health care services to lower income groups. Review and synthesize relevant existing documentation on private health care options carried out to date, and prepare a Scope of Work for the private health care services project.

TSO #43 HONDURAS: SPECIAL DEBT RESTRUCTURING FUND EVALUATION

A financial analyst evaluated a Special Debt Restructuring Fund established under FIDE, the Foundation for Investment and Development of Exports. The fund is designed to assist export firms whose success is hindered due to the structure of their debt. The ISTI evaluation examined performance to date and made recommendations regarding future loan activity.

TSC #44 ECUADOR: PRIVATE HEALTH CARE PROJECT

A private health care specialist will assist a local private health care provider increase the self-sufficiency of its urban and rural health care facilities. He will examine the clinics' cost accounting systems to determine their cost effectiveness and will calculate financial projections for total self-financing.

TSO #45 EL SALVADOR: MICROENTERPRISE SURVEY

ISTI has been asked to assess the needs of the micro-enterprise sector through a survey of over 300 micro-entrepreneurs. Working together with a Salvadoran survey research company, an ISTI micro-enterprise expert will assist in the design of the survey instrument and will prepare an analysis of the sector's needs for USAID/El Salvador. This report will include programmatic recommendations for consideration in the design of an upcoming micro-enterprise project.

TSO #46

EL SALVADOR: PRIVATIZATION TRAINING

In preparation for the September 1989 PRE-sponsored program on Privatization, an ISTI consultant traveled to El Salvador to work with the Salvadoran delegation.

TSO #47

ARGENTINA: PRIVATIZATION TRAINING NEEDS ASSESSMENT

ISTI is working with the Argentine delegation to the September 1989 PRE-sponsored program on Privatization in order to initiate an assessment of their training needs. This effort will be followed up by a two person team who will travel to Argentina to confer with government and private sector leaders who are instrumental in the design of the Argentine strategy in order to further refine the training needs assessment process.

COUNTRY: Regional

SUB-REGION: Central America
South America
Caribbean

CATEGORIES: Investment and Export Promotion

PROJECT TITLE: Organization of American States (OAS) Foreign
Trade Information Service (SICE) (1989)

PROJECT NUMBER: 597-0047 and 598-0776

DATE OF COMPLETION: 1990

PROJECT AUTHORIZATION: (G) \$634,000

IMPLEMENTING AGENCIES:

Organization of American States (OAS)

PROJECT PURPOSE:

To provide specific program assistance to the Organization of American States (OAS) to be used in support of the trade information data base of the OAS, i.e., the Trade Information Service (SICE). The proposed program will make a key contribution to export and investment promotion activities throughout Latin America and the Caribbean by providing a wide range of trade data to both public and private sector organizations. The proposed funding will only be used for SICE, and will not be used as a contribution to the general operating funds of the OAS.

PROJECT SUMMARY:

In 1983 the SICE system was developed through a partnership agreement with IBM, the Pan American Development Foundation, and the General Secretariat of the Organization of America States.

SICE provides foreign trade information to the public and private sectors of OAS member states to facilitate the entry of the region's products into foreign markets. It also periodically evaluates the information needs of the export sectors of these countries with the objective of improving the quality and quantity of the available information.

SICE currently operates a computerized trade information system covering the U.S. market sector which provides on-line access to extensive trade-oriented data bases stored on a computer system. Data retrieval is accomplished using the IBM "STAIRS" text retrieval package as well as other programs designed specifically for SICE. ow

After extensive development and testing, the initial implementation of the system was completed in August 1988. Since then, with only a limited marketing effort, SICE now has paid subscribers in Chile, Colombia, Costa Rica, Mexico, Peru, the U.S., and Venezuela. In order to fully meet its objectives, access must be made available to all interested institutions and firms in the member states. In addition to the geographic expansion of services, the OAS considers it vital to expand the scope of information provided to include information on Latin America and the Caribbean as well as Europe, Canada and the Far East.

The principal beneficiaries are firms and individuals engaged in trade in the U.S., Latin America and the Caribbean. The expanded trade provides both needed foreign exchange and results in increased employment and income from expanded private sector activities in the participating countries.

PROJECT BUDGET:

<u>A.I.D. Financed Inputs:</u>	<u>Life-of-Project</u> <u>(\$000)</u>
Technical Assistance	\$340
Commodities/Equipment	244
Contingency/Evaluation	<u>50</u>
	\$634

COUNTRY: Regional
SUB-REGION: Central America
Caribbean
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Caribbean Project Development Foundation
(CPDF) (1989)
PROJECT NUMBER: 597-0052 and 598-0779
DATE OF COMPLETION: 1992
PROJECT AUTHORIZATION: (G) \$1,400,000

IMPLEMENTING AGENCIES:

Caribbean Project Development Foundation (CPDF)

PROJECT PURPOSE:

To assist the CPDF to carry on its project development activities in the Caribbean Region and to expand services to Central America as well. Establishment of representation in Central America and the development of income generating services leading to a greater degree of self-sustainability are important objectives of the project.

PROJECT SUMMARY:

The Caribbean Project Development Facility (CPDF) was established in 1981 under the aegis of the United Nations Development Programme (UNDP). IFC was given responsibility to act as Executing Agency for UNDP at project inception. Initial financial support came from donor agencies from three countries (U.S., Canada and the Netherlands) and three multilateral development institutions (InterAmerican Development Bank (IADB), Caribbean Development Bank (CDB) and the UNDP).

At the end of the first three year period an evaluation of CPDF was carried out which concluded the CPDF operations should be continued for an additional three year period, 1984 to 1987. Financial support for this period was obtained from the previous donors, with the exception of the CDB, and from the Federal Republic of Germany as well.

CPDF's "modus operandi" has been to provide project analysis and financing services to qualified, development-oriented projects in the Caribbean Region. In this capacity, they have worked with would-be project sponsors in packaging proposals and seeking financing from public and private sources. In 1986 CPDF began to charge its clients a "success fee" based upon the amount of financing actually raised, and plans are to develop CPDF's fee income in other areas with a view toward achieving a greater degree of self sustainability.

During the period 1982 through 1988, CPDF has successfully analyzed, packaged and financed 46 projects in the Caribbean Region involving just under \$100,000,000 in financing.

In 1989 CPDF approached A.I.D. for additional financial support under the auspices of an unsolicited proposal. Targets for the years 1989 to 1992 are as follows:

Number of projects	40
Total financing	\$90,000,000
Jobs created	1,500

The beneficiaries of this project are (a) business promoters and employees of businesses started-up as a result of CPDF project analysis and financing services, (2) related businesses, business promoters and employees that provide services to or receive services from CPDF assisted enterprises, and (3) the governments of countries hosting such new business through increases in their tax bases.

PROJECT BUDGET:

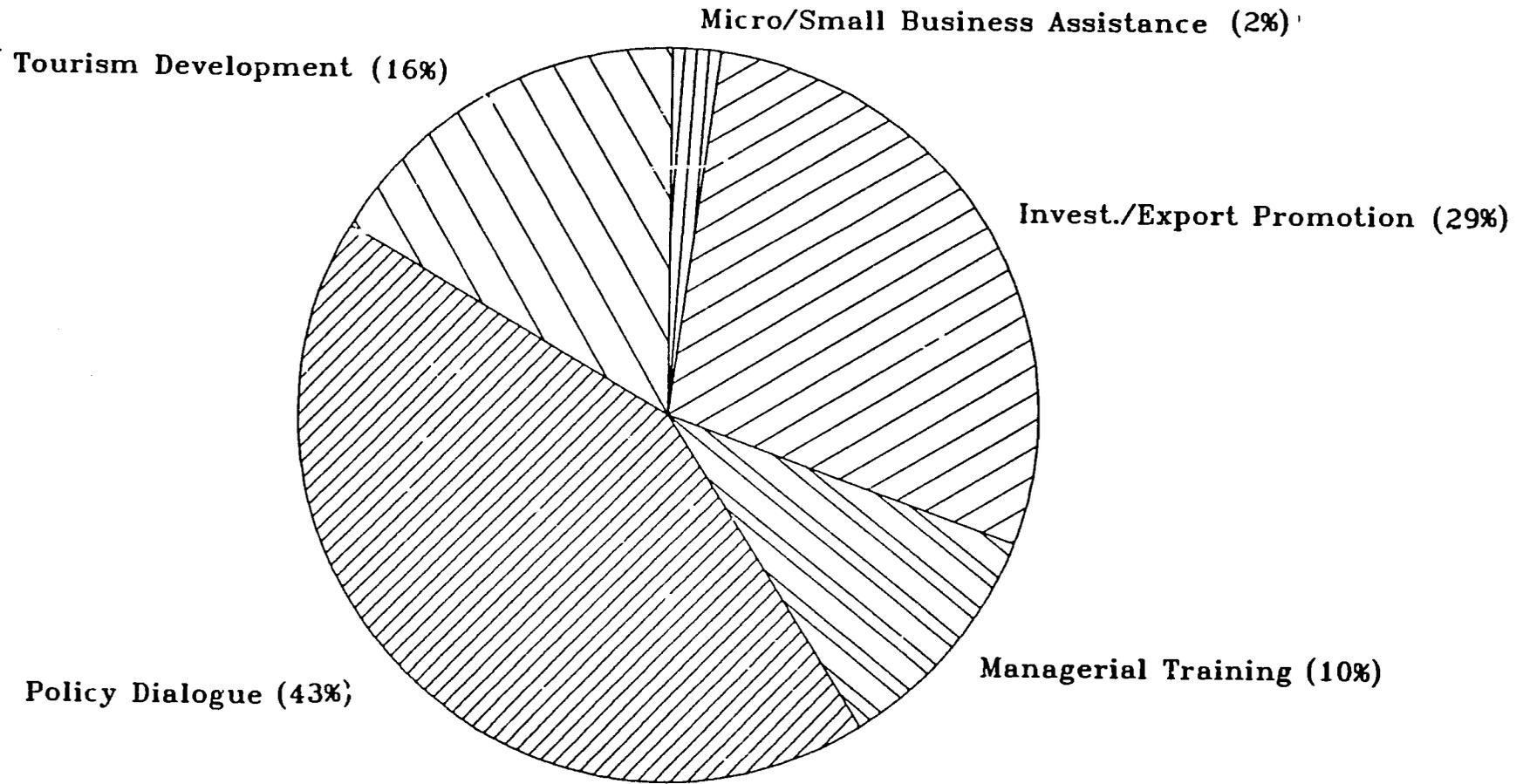
A cash grant of \$1,400,000 is proposed for the 1989 to 1992 period, at the rate of \$500,000 in 1989 and \$450,000 in 1990 and 1991.

BELIZE

PRIVATE SECTOR PORTFOLIO

BELIZE

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COUNTRY: Belize
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Commercialization of Alternative Crops (1985)
PROJECT NUMBER: 505-0008
DATE OF COMPLETION: 9/30/90
PROJECT AUTHORIZATION: (G) \$6,800,000

IMPLEMENTING AGENCIES:

Belize Agri-Business Company (BABCO)
Ministry of Agriculture (MOA)

PROJECT PURPOSE:

To expand the base of economic activity in Belize by developing alternative agricultural products for export and import substitution, especially in the northern districts.

PROJECT SUMMARY:

The private sector component of the project promotes the development of non-traditional crops to replace and/or supplement sugar cane production in Belize through the Belize Agri-Business Company (BABCO), a private sector organization directed by a private/public sector Board of Directors. The project provides BABCO with funds to engage a prime contractor and several subcontractors to : identify potential non-traditional crops; gather available information (develop additional information where necessary) regarding production, processing, and marketing opportunities for non-traditional crops; and organize these commodities for marketing.

To promote the development of export crops (particularly vegetables for the U.S. winter market), the project subcontracts U.S. packers and shippers with established markets to help identify crops, producers and the need for additional information or services (i.e., field trails, soil analyses, assistance with pest and weed control). These firms are expected to go on to organize marketing operations on their own, preferably in coverture with Belizean entrepreneurs or grower associations. The project's goal is to develop two or more export crops to the commercial stage by 1990.

To promote the development of import substitution crops, the prime contractor works with CARDI, BABCO, and the Ministry of Agriculture (MOA), respectively, to: determine the feasibility of producing and processing soybean and sesame varieties; arrange for field testing; identify local entrepreneurs interested in processing and provide them with technical assistance; and interest farmers in soybean and sesame production. The prime contractor also works with CARDI and MOA to develop a research program to increase yields of staples for local markets and ensure that any pesticide use associated with the project is in accordance with USAID regulations.

The public sector component of the project provides a management consultant, technical assistance, training, and commodities to help MOA define its role in promoting non-traditional crops. This effort is expected to culminate in a specific plan for MOA strengthening.

PROJECT BUDGET:

\$4,800,000 of the project grant is allocated to private sector project activities. The remaining \$2,000,000 goes to public sector project activities.

PROJECT RESULTS (June 30, 1989):

BABCO continues to operate successfully. Eight (8) vegetable crops, eight (8) fruit crops and two (2) grain seed crops have been identified for further production and marketing trials in the export crop component, and two (2) oilseed crops for further production trials for import substitution.

The public sector component of the project deals with the overall strengthening of the Ministry of Agriculture. Davies, the technical assistance contractor, completed a needs assessment regarding all functional and operation aspects of the Ministry on March 15, 1988. Based on the assessments, an implementation plan was developed and initiated for strengthening the MOA.

COUNTRY: Belize
SUB-REGION: Central America
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: National Development Foundation OPG (1983)
PROJECT NUMBER: 505-0011
DATE OF COMPLETION: 9/30/92
PROJECT AUTHORIZATION: (G) \$872,000
IMPLEMENTING AGENCIES:
National Development Foundation of Belize (NDFB)

PROJECT PURPOSE:

To provide Belizean micro-enterprises with credit, business guidance, and technical assistance (TA) to improve employment opportunities, increase income, and expand productivity.

PROJECT SUMMARY:

The project assists the NDFB, an indigenous PVO supported by the local private sector and established with the assistance of the Pan American Development Foundation, to provide credit, TA, and training in accounting, marketing strategies, financial management, and other business skills to small- and micro-entrepreneurs.

NDFB initiated its lending program six months after the project's inception, during which period private sector representatives were enlisted as members, borrowers recruited, loan policies adopted, and baseline data collected. Aside from USAID, the GOB and international donor agencies and PVOs have provided financial support to NDFB's operations and lending program.

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PROJECT BUDGET:

The project has provided NDFB \$472,000 for personnel and office costs, TA, training, and commodities, and \$400,000 for the revolving loan fund. USAID proposes to provide an additional \$850,000 grant to NDFB in FY90-92, of which \$650,000 will augment the revolving loan fund.

PROJECT RESULTS (June 30, 1989):

The project is successfully providing credit, business guidance and TA to micro- and small-scale enterprises. As of March 31, 1989, 845 loans totaling \$1.45 million were provided to Belizean microenterprises. Some 290 new jobs have been created and another 1,200 jobs protected or saved as a result of the project. The NDFB's loan pay back record is very good; the delinquency rate is less than 10% of total loans made. Some 20% of NDFB borrowers are women.

NDFB has been able to generate contributions from the local private sector and international agencies to augment its loan program. Other Belizean PVOs have also decided to place revolving loan funds they received from foreign donors and PVOs in the NDFB. Its loan portfolio currently stands at around \$900,000. NDFB plans to increase its loan portfolio to \$2 million by the early 1990s to enable it to become self-sufficient and service a larger number of micro- and small-scale entrepreneurs.

COUNTRY: Belize
SUB-REGION: Central America
CATEGORIES: Policy Dialogue
PROJECT TITLE: Economic Support Project Counterpart Fund II (ESF) (1985)
PROJECT NUMBER: 505-0012
DATE OF COMPLETION: 9/30/91
PROJECT AUTHORIZATION: (G) \$2,579,000
(L) \$15,000,000

IMPLEMENTING AGENCIES:

Ministry of Finance (MOF)
Central Bank of Belize
Ministry of Economic Development (MED)

PROJECT PURPOSE:

To assist the Government of Belize (GOB) attain stability in its external accounts and implement structural reform.

PROJECT SUMMARY:

The project assists the GOB to implement structural policy reforms liberalizing foreign trade and domestic pricing by providing balance of payments support.

Additional project activities involve restructuring the debt and improving the financial and management operations of the Belize Electricity Board (BEB); restructuring the Belize Marketing Board (BMB); and improving the capability of the Ministry of Economic Development (MED) to formulate and implement the public sector investment program, coordinate foreign donor assistance and conduct studies leading to productive investment by the GOB, private sector and international donors.

PROJECT BUDGET:

The project is funded by a \$15,000,000 ESF loan for cash transfer and a \$2,579,000 ESF grant for technical assistance, training and commodities.

PROJECT RESULTS (June 30, 1989):

The first six tranches amounting to \$13.0 million have been disbursed. Belize's external and fiscal accounts are stable. The country's gross international reserves are at a healthy level equivalent to over three months of imports of goods and services. The BEB has restructured its external debt and is now in good financial shape. The BMB is currently being restructured to function exclusively as a grain commodity price stabilization agency. At the same time, the GOB policy is to encourage the private sector to participate more actively in postharvest processing, marketing and distribution of food grains.

The GOB has eliminated prohibitions on imports and is reducing the list of items subject to price control and import licenses and simplifying the export licensing requirement. The Ministry of Economic Development has been strengthened and a National Economic Council established to review and coordinate economic policies, public investment and external donor assistance. The GOB development incentive system is being streamlined and standardized to make it more effective in encouraging greater private investment. Selected feasibility studies on various industries are being conducted by MED to look at potential investment opportunities for the private sector and international donors.

COUNTRY: Belize
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Toledo Agricultural Marketing (1987)
PROJECT NUMBER: 505-0016
DATE OF COMPLETION: 5/30/92
PROJECT AUTHORIZATION: (G) \$2,500,000

IMPLEMENTING AGENCIES:

Volunteers in Technical Assistance (VITA)
Kansas State University (KSU)

PROJECT PURPOSE:

To provide technical and financial assistance to support and develop agricultural diversification, develop an effective market input supply system through indigenous farmer organizations, and assist in the divestiture and privatization of Belize Marketing Board activities.

PROJECT SUMMARY:

The project will develop private marketing centers for area crops and work with the Government of Belize to convert the national marketing board into a price stabilization entity. In addition, the project provides training to farmers in the Toledo district to improve cocoa production and post-harvest practices.

PROJECT BUDGET:

VITA receives \$1.7M of the project grant to provide technical assistance; the remaining funds finance KSU's marketing board activity as well as administrative and equipment costs.

COUNTRY: Belize
SUB-REGION: Central America
CATEGORIES: Managerial Training
Tourism Development
PROJECT TITLE: Training for Employment and Productivity (1985)
PROJECT NUMBER: 505-0020
DATE OF COMPLETION: 9/30/93
PROJECT AUTHORIZATION: (G) \$8,700,00

IMPLEMENTING AGENCIES:

Belize Institute of Management (BIM)
Belize Tourism Industry Association (BTIA)
Ministry of Education (MOE) Establishment Department
Ministry of Economic Development (MED)

PROJECT PURPOSE:

To provide the management, public administration and skills training necessary to promote private enterprise development with special attention to small- and medium-sized businesses, and to promote the growth of tourism-oriented enterprises in Belize.

PROJECT SUMMARY:

The project addresses the needs for managerial, technical and vocational training to further the development of private enterprise and tourism-related enterprises in Belize. The two major components are: 1) private sector management, tourism and technical training and 2) public sector training for vocational education and enterprise and tourism development.

The Belize Chamber of Commerce and Industry (BCCI) has been the implementing agency for the private sector component to support the re-establishment of the Belize Institute of Management (BIM). BIM is now certified and registered as a non-U.S. Private Voluntary Organization. A new Cooperative Agreement with BIM now provides for continued management and technical training and small- and medium-enterprise development as well as for the Institutional Development of BTIA through a sub-grant.

BIM offers short management seminars, customized courses and outreach services to the private sector and is highly responsive to its training needs. BCCI has provided BIM with important linkages to the private sector and has assisted BIM to identify training needs, participants, instructors and facilities.

BIM offers non-formal skills training for craftspeople, technicians and service workers in coordination with the MOE Vocational/Technical Training Unit and offers consulting services to private firms. To support Institutional Development, training is provided for BIM's core of part-time management instructors drawn from the private and public sectors. A Training Facility is to be constructed for BIM to conduct its extensive training activities in Belize.

The Project provides for Institutional Development of BTIA through BIM for a one-year period and for the design and delivery of a program of tourism training to private sector touristic enterprises. The three-year tourism training program is to be accomplished through a collaborative effort with BIM and BTIA after BTIA has been institutionally strengthened.

In the public sector, the project has assisted the Ministry of Education in its efforts to draft a new National Vocational Training Plan, upgrade training facilities, implement a teacher certification program and establish a new Vocational/Technical Training Unit and a National Vocational/Technical Training Advisory Committee. The project also addresses the need to raise the status of vocational educators in Belize, develop a plan to increase their salaries and establish a professional association for them. To support public sector Institutional Development, the project provides management training in Belize, the U.S. and other countries in public administration for those government units most involved with tourism and enterprise development. Long-term participant training to Master's, Bachelor's and Associate Degree levels are now being provided to the Ministry of Education. One long-term participant training position in business management is also being provided to the Public Administration Component.

PROJECT BUDGET:

The original project grant provided \$5,000,000 for Private Sector (\$2,750,000) and Public Sector (\$2,250,000) training. The Amended Project Paper provides a life-of-project budget of \$8,700,000 for the Private Sector (\$3,985,000 to BIM and \$1,500,000 to BTIA) and Public Sector (\$3,215,000) training.

PROJECT RESULTS (December 31, 1988):

BIM's office and training facility have been set up and the stock of reference and training materials upgraded. Twenty-nine part-time instructors have been recruited and are receiving training, and a concerted effort is now underway to recruit new members. Training materials relevant to the Belizean situation are being developed through a case study approach. The volume of work has been such that an Assistant Executive Director has been recruited. Two new staff positions are messenger and accountant, while two project manager positions have been established temporarily to conduct the tourism and small- and medium-enterprise development programs.

BIM has presented 89 courses in management training and technical fields to a total of 1,067 private sector managers and 286 public administrators. In addition, 323 people received skills training in the garment industry, computer applications and maintenance, and in tour guide training.

In the public sector component, management audits have been conducted under the project to determine the training needs of 13 GOB agencies in areas related to export, investment and tourism. Some 286 GOB officials have been attending regularly scheduled and customized management courses at BIM and 14 have received training abroad. Complete training programs continue to be implemented for each agency upon approval by the respective Ministry.

The National Vocational Plan is in the final stages of approval. The Belize Vocational Association has been formed and has held three annual conventions. The MOE Vo-Tech Training Unit has been set up and staffed. Training for 135 teachers and administrators began in the summer of 1987 through a series of workshops and participant training in the U.S.. Equipment has been procured for three new programs and for the Vo/Tech Unit.

COUNTRY: Belize
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
Tourism Development
PROJECT TITLE: Export and Investment Promotion (1986)
PROJECT NUMBER: 505-0027
DATE OF COMPLETION: 7/23/91 (BCCI)
6/30/91 (GOB)
6/30/88 (IESC)
PROJECT AUTHORIZATION: (G) \$4,500,000

IMPLEMENTING AGENCIES:

Belize Chamber of Commerce and Industry (BCCI)
Belize Tourist Board (BTB)
International Executive Service Corps (IESC)
Government of Bolivia (GOB)

PROJECT PURPOSE:

To develop the capacity of the private sector to promote, provide technical assistance and facilitate export and tourism projects undertaken in Belize.

PROJECT SUMMARY:

The Program is a follow-on to the Export Promotion OPG (505-0025) that successfully established the Belize Export and Investment Promotion Unit (BEIPU) as an export and investment (E/I) promotion division of the Belize Chamber of Commerce and Industry (BCCI). Of the nine BEIPU staff members, three (the General Manager, Administrative Assistant and Accountant) have broader BCCI responsibilities, while six (the Manager, two Account Executives and three secretaries) are in the BEIPU Division.

BCCI/BEIPU, now directed by an Export and Investment Promotion Committee, focuses solely on Export and Investment activities. BCCI/BEIPU has received long-term technical assistance during its first two years of operation and will continue to receive technical assistance for institutional development through a series of short-term consultancies. The

Program also provides institutional strengthening to BCCI to make it the leading private sector organization in Belize. Through increased membership from a cross-section of the business community in Belize and with BEIPU as its economic arm, the potential for BCCI/BEIPU to achieve self-sufficiency in the early 1990s is very much enhanced.

As a one-stop shop for C/I related business services, BCCI/BEIPU acts as an advisor and facilitator to investors. It offers an array of services including documentation assistance, access to local government departments, preparation of work plans and concession applications. BCCI/BEIPU also participates in and sponsors trade exhibitions and missions, promotes information networking relationships utilizing an investor data base and documentation center and prepares promotion and informational materials.

BCCI/BEIPU provides marketing, packaging and quality control TA to local manufacturers with the assistance of the International Executive Services Corps (IESC), Project SUSTAIN and Entrepreneurs International. BEIPU, through IESC, also conducts sectoral studies of selected Belizean industries and prepares business profiles in the sectors in which Belize can be competitive internationally. BEIPU assists Belizean companies to identify "niche" markets under the Caribbean Basin Initiative, Lome and Caricom Conventions, provides brokering services, sponsors marketing workshops, undertakes feasibility studies for potential investors and assists in identifying local partners for potential foreign investors and foreign investment partners for local entrepreneurs.

The program also strengthens the GOB's Belize Tourist Bureau (BTB) and helps BTB promote Belize as a tourist destination, develop a tourism marketing plan, coordinate activities with U.S. tour operators and wholesalers, encourage the improvement of ground service facilities and monitor tourism traffic. The project has been amplified to include the excavation/consolidation and improvement of archaeological sites.

PROJECT BUDGET:

BCCI/BEIPU receives \$2,830,000, GOB receives \$1,040,000 and IESC receives \$200,000 of project grant funds. An additional \$430,000 will be provided to BCCI/BEIPU in FY90-91.

PROJECT RESULTS (March 31, 1989):

BCCI/BEIPU has continued to make significant strides in Export and Investment Promotion. Twelve major investment projects have materialized, of which 8 are 100% U.S.-owned, 2 are Chinese, one Belizean, and one is a joint Belize/U.S. venture. BCCI/BEIPU has directly assisted 25 companies in company formation and application for development concessions; 4 companies have been assisted in preparing business proposals and loan applications; 2 local companies have had significant assistance in accessing foreign markets; and 8 local companies have received help in developing their export capabilities. The newly incorporated Export Development component within BCCI/BEIPU has recently published the first edition of an Exporter/Manufacturer directory and initiated a Pilot

Export Credit Scheme with the National Development Foundation of Belize. BCCI/BEIPU has organized, attended or sponsored 10 Trade Shows/Missions in the U.S., Mexico and in Belize and, in cooperation with other organizations such as IESC, has conducted 7 workshops and seminars and 3 market/sectoral studies.

BCCI/BEIPU has established a "twinning" relationship with the Florida Department of Commerce and is a member of the regional Caribbean Association of Commerce and Industry (CAIC). With assistance from the CARICOM Secretariat, it has established a Computerized Trade Information System which provides information on exporters, importers and manufacturers, trade statistics and opportunities in the CARICOM region. BCCI/BEIPU serves as the antenna organization for the Centre for Development of Industry (CDI), an EEC/ACP organization geared to the promotion and development of industries in developing ACP countries.

Under the project, the IESC/VE component has completed 25 technical assistance projects and recruitment is on-going for 10 additional projects.

In coordination with the IESC Private Sector Investment (505-0040) OPG, BCCI/BEIPU has established a U.S. network of representatives (IESC Volunteer Executives) to assist them in investor search. This network provides an on-going presence for Belize in the US, and acts as an information center and referral office for potential investors interested in doing business in Belize

The project has assisted in establishing the Belize National Tourism Council, a coordinating body for tourism promotion in Belize which is comprised of officials of the GCB's BTB and the private Belize Tourism Industry Association. The project has financed a tourism promotion activity which has produced a Market Strategy and Public Relations Plan for Belize and publicity materials with a "Belize, the Adventure Coast, Unspoiled and Undiscovered" theme, with plans for the production of three posters to complement the series of brochures and pamphlets which have already been produced and distributed.

The first of a three-year program of excavation and consolidation of the Caracol Mayan Archaeological site has been finalized, while proposals are being prepared for the excavation/consolidation and improvement of the Lamanai archaeological site. Under the institutional strengthening component of the BTB project, computers are being provided to assist that office to more effectively meet the heavy data processing demands of a growing tourism industry.

COUNTRY: Belize

SUB-REGION: Central America

CATEGORIES: Investment and Export Promotion
Tourism Development

PROJECT TITLE: Private Sector Investment (IESC Joint Venture Fund) OPG (1987)

PROJECT NUMBER: 505-0040

DATE OF COMPLETION: 7/1/93

PROJECT AUTHORIZATION: \$650,000

IMPLEMENTING AGENCIES:
International Executive Services Corps (IESC)

PROJECT PURPOSE:

To promote international cooperative business ventures and generate specific venture opportunities in support of the Caribbean Basin Initiative and the A.I.D. Export and Investment Promotion as well as tourism activities in Belize.

PROJECT SUMMARY:

The project grant assists IESC to provide linkage, information and access to joint venture funds matching grants and, most importantly, to generate venture opportunities by promoting and building interest in the concept of joint ventures and cooperative ventures between American and Belizean partners. Through the project, IESC will: establish an on-going presence for Belize in the U.S.; produce diagnostic surveys, targeted mailings, outreach and follow-up work with U.S. companies; create a greater presence for IESC services and programs in Belize; and provide assistance to 60 companies over the life of the project, 25 of which will result in joint venture or co-venture agreements. IESC is working closely with the Belize Export and Investment Promotion Unit (BEIPU) to help strengthen that organization and provide it access to IESC's networking capabilities.

PROJECT BUDGET:

The project grant of \$650,000 finances technical assistance, selected studies, local personnel costs and commodities.

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PROJECT RESULTS (June 30, 1989):

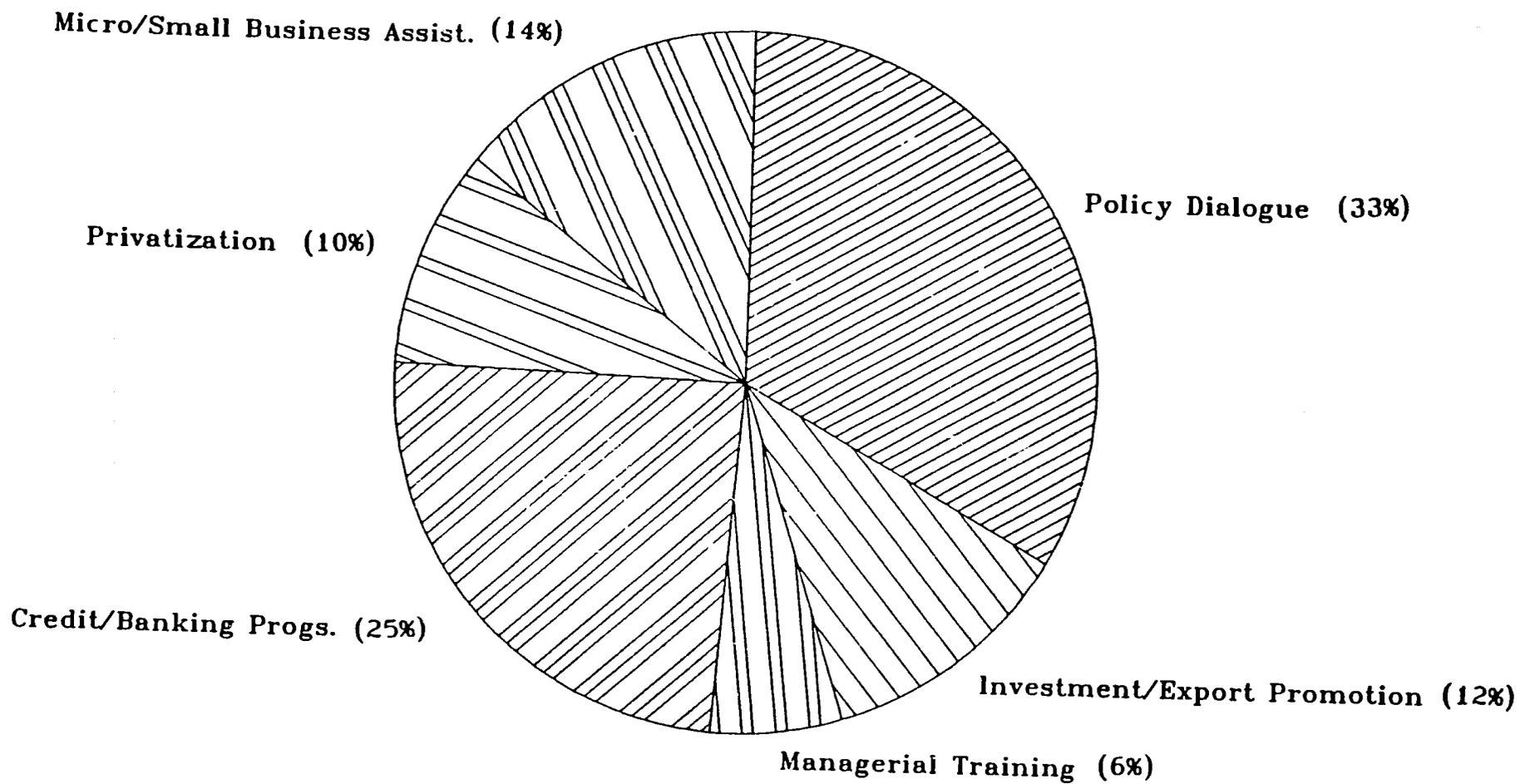
This project has already assisted 60 projects, of which 28 are considered in the active stage. It has helped coordinate 5 joint ventures, with other possible joint ventures in the beginning stage. IESC has jointly sponsored with BCCI/BEIPU workshops in shrimp farming, furniture and cut flowers, and has participated with BEIPU at trade shows. The project has financially assisted a number of local and U.S. companies under its small Venture Assistance Fund to explore business opportunities in Belize and in the U.S..

BOLIVIA

PRIVATE SECTOR PROJECT PORTFOLIO

BOLIVIA

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COUNTRY: Bolivia
SUB-REGION: South America
CATEGORIES: Policy Dialogue
PROJECT TITLE: Policy Reform (1983)
PROJECT NUMBER: 511-0571
DATE OF COMPLETION: 8/30/91
PROJECT AUTHORIZATION: (G) \$5,000,000

IMPLEMENTING AGENCIES:

Economic Policy Analysis Unit (UDAPE)

PROJECT PURPOSE:

To identify and help implement Government of Bolivia (GOB) macroeconomic and sectoral policy reforms aimed at reactivating productive economic activity.

PROJECT SUMMARY:

The project focuses on the establishment of the GOB's Economic Policy Analysis Unit (UDAPE). A Board of Directors with representatives from the Ministries of Planning and Coordination (MPC), Finance (MOF), Agriculture (MOA), Energy and Hydrocarbons (MEH), and Central Bank of Bolivia (BCB) is responsible for coordinating UDAPE work plans. The GOB's Economic Council (CONEPLAN) Undersecretaries Group serves as a liaison between UDAPE and CONEPLAN.

The project provides UDAPE with short and long-term technical assistance in the area of macroeconomic policy analysis. About half of the short-term technical assistance is from non-U.S. sources.

Amendments of the 4/9/86 original PACD extended the project to 8/89 first and to 8/91 later and expanded the project's focus by providing short term TA directly to other GOB entities facing particularly acute macroeconomic or sectoral problems.

PROJECT BUDGET:

Project grant funds are used to finance long and short-term international TA, purchase of a computer and office equipment, short-term training and evaluation.

PROJECT RESULTS (August 30, 1989):

UDAPE has been established and has produced a large volume of high quality macroeconomic and sectoral policy analysis documents and gained the respect of both the GOB and the international community. The level of responsibility given to UDAPE is reflected in the types of activities assigned by the GOB. Among these activities are: assistance in the preparation of the national budget in conjunction with the Ministry of Finance; follow-up reports for submission to the IMF and World Bank on matters related to the external debt and; active participation in the task force established by the GOB for future participation in the GATT.

Based on the recommendations of an evaluation report submitted in July 1988, UDAPE undertook a series of activities directed at coordinating its internal and external activities in a more efficient manner. In this regard, UDAPE developed and the Board of Directors approved a strategy and action plan by which the Board of Directors will assume more active participation in the assignment of tasks to UDAPE by the GOB. UDAPE has also reorganized itself through the formation of an Executive Committee comprised of the Executive Director, the long-term advisor and the heads of each of the technical divisions. The main task of the committee is to assign priorities and coordinate UDAPE's activities.

Also based on the evaluation recommendations, UDAPE initiated a series of seminars to disseminate information obtained through various studies and analyses. The first seminar entitled "General Macroeconomic Equilibrium Models" was attended by members of the Central Bank and Ministry of Finance, as well as representatives of other government institutions.

Additionally, in the first quarter of 1989, USAID received four technical assistance requests under Track II: assistance to the Superintendency of Banks in regulating the National Federation of Credit Unions; assistance to the Securities Exchange Commission in setting up a securities exchange; assistance to the Central Bank's Office of External Debt in tracking debt statistics and; assistance to the Superintendency of Banks in developing audit procedures for the Savings and Loan Cooperatives. Funding for these activities totals \$189,000.

One important activity during 1989 was the planning of a two-day conference held in July 1989 to discuss macroeconomic stabilization and long-term economic growth in Bolivia. The seminar was sponsored by UDAPE with the participation of leading U.S. economists. The purpose of this event was to explore the extent to which macroeconomic policies can be designed to achieve long-run stability in Bolivia. The audience was comprised of current and future policymakers, congressmen, academicians and World Bank and IMF representatives. HIID coordinated the seminar in the U.S.

COUNTRY: Bolivia
SUB-REGION: South America
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Market Town Capital Formation (1986)
PROJECT NUMBER: 511-0573
DATE OF COMPLETION: 7/23/91
PROJECT AUTHORIZATION: (G) \$ 3,000,000
(L) \$15,000,000

IMPLEMENTING AGENCIES:

Projects Coordination Unit (PCU) of the Ministry of Planning and Coordination (MPC)
Departmental Development Corporations (DDCs)
Financial Credit Units (FCUs)
Intermediate Credit Institutions (ICIs)
PL-480 Title III Secretariat

PROJECT PURPOSE:

To increase productive private investment in Bolivia's rural and semi-urban areas, particularly in market towns.

PROJECT SUMMARY:

The project is designed to improve the decentralized investment financing system developed under Projects 511-0471 (Rural Development Planning) and 511-0511 (Departmental Development Corporations) and strengthen investment promotion and financing entities.

The project builds upon the investment financing system of the eight Financial Credit Units (FCUs) established under Project 511-0511. Technical assistance and training provided by the project assist FCUs to help potential investors develop and manage bankable subprojects and to serve as intermediaries between these investors and Intermediate Credit Institutions (ICIs) seeking to expand development lending.

The project creates a permanent revolving fund for refinancing FCU-developed subprojects managed by the MPC Projects Coordination Unit. Key features include: selection criteria ensuring subprojects with strong potential socio-economic impact; a 10% (projected to be 25% by the PACD) equity investment requirement for subprojects; gradual decentralization of loan approval authority from the MPC Projects Coordination Unit to FCUs and; loans at market rates for up to 7 years and with full ICI assumption of repayment risk.

PROJECT BUDGET:

The project grant of \$3.5 million finances TA and Training (\$1,725,000), Project Support Costs (\$1,324,000), Evaluation/Audits (\$71,000), and Contingency (\$136,000). The project loan of \$15.0 million is utilized for lending through the FCU Credit Facility.

PROJECT RESULTS (June 30, 1989):

The project is now fully operational. All activities are underway. Investment financing activities have started. As of June 30, 1989, 175 subprojects were approved nationwide for a total amount of \$11.2 million. Of this amount, \$3.1 million is for subprojects in the agriculture and livestock sector, \$2.9 million for small and medium industry, \$2.5 million for agroindustry, \$2.2 million for services, \$0.2 million for artisanry, and \$0.3 million for tourism.

The project has provided direct technical assistance to 56 firms and has carried out a series of seminars and marketing studies to help promote and strengthen investments.

Three Priority Market Towns (PMT) were selected in Chuquisaca, Beni and Potosí. Financing activities in these PMTs are very limited due to a number of reasons, mainly the lack of financial intermediation. Alternatives for solving this problem are being proposed and they will be implemented soon.

COUNTRY: Bolivia
SUB-REGION: South America
CATEGORIES: Policy Reform
PROJECT TITLE: Economic Stabilization & Recovery (1990)
PROJECT NUMBER: 511-0576
DATE OF COMPLETION: 1991
PROJECT AUTHORIZATION: (G) \$27,850,000

IMPLEMENTING AGENCIES:

PROJECT PURPOSE:

To provide balance of payments assistance in support of the Government of Bolivia's economic stabilization and reactivation program.

PROJECT SUMMARY:

From 1982 to 1985, economic conditions in Bolivia worsened considerably. By 1985, when the government of Paz Estenssoro took office, inflation exceeded 11,000% per annum, prices for the country's major exports of tin and petroleum products collapsed, debt servicing was a growing problem, the budget deficit was increasing, and real GDP had declined every year since 1981. Soon after he assumed power, Paz issued a New Economic Policy decree announcing drastic stabilization measures which were effective in arresting hyperinflation and ending economic chaos. In 1987, the GOB issued the Economic Reactivation decree aimed at ending the country's prolonged recession. The major components of the decree were: increased resource availability; sectoral restructuring in the area of housing and exports; banking system reform and; fiscal and monetary reforms.

A.I.D.'s economic analysis indicates that these measures have succeeded in substantially improving Bolivia's economy. Real GDP grew by 2.2 percent in 1987, still below the rate of population growth. Per capita GDP is still about 25 percent below the 1981 level. Much remains to be done to reactivate the economy and achieve the GOB's 4-5 % annual GDP growth target. The annual balance of payments deficit is still in the \$150 to \$200 million range.

This program will provide urgently needed support in the form of cash transfer. The dollar funds will supply scarce foreign exchange resources to service eligible U.S. and multilateral debt thus contributing to the GOB's economic reactivation efforts. In addition, the GOB will deposit an equivalent amount in local currency (bolivianos) into a special account in the Central Bank.

These funds will be jointly programmed by A.I.D. and the GOB for the development activities of A.I.D. and other multilateral donors and to further support implementation of the GOB's stabilization and recovery program. Release of funds under the program will be tied in part to meeting coca eradication targets established in the 1988 Bolivian anti-narcotics law. The 1989 target is 5,000 Hectares and the 1990 target will exceed the 5,000 Hectare level.

The program supports the overall U.S. objectives of: (1) support for a stable and democratic government and institutionalization of the democratic process; (2) promotion of self-sustaining economic growth; and (3) narcotics control.

The population as a whole benefits from an improved economy. Local currencies programmed under this project directly benefit the target populations of A.I.D.'s and other donors' development projects in high priority sectors.

PROJECT BUDGET:

Balance of payments support for the Government of Bolivia's economic stabilization program for 1990 is \$27,850,000.

PROJECT RESULTS:

COUNTRY: Bolivia
SUB-REGION: South America
CATEGORIES: Privatization
PROJECT TITLE: Industrial Transition/Privatization (1987)
PROJECT NUMBER: 511-0577
DATE OF COMPLETION: 9/30/91
PROJECT AUTHORIZATION: (G) \$10,000,000

IMPLEMENTING AGENCIES:

Industrial Transition Commission (INTRAC)
Ministry of Planning and Coordination (MPC)

PROJECT PURPOSE:

To increase the role of the Bolivian private sector in the country's economy through its enhanced participation and investment in productive industrial and service enterprises.

PROJECT SUMMARY:

To promote Bolivia's economic recovery and sustained growth through more rational allocation of resources, the project: (1) establishes an Industrial Transition Commission to develop and implement an action plan to privatize state-owned enterprises (SOEs); (2) assists in the actual privatization of selected enterprises currently owned by Bolivia's Regional Development Corporations as a pilot effort which could subsequently be replicated on a larger scale; (3) works to assure that privatized SOEs are provided with sufficient technical assistance and start-up capital to ensure the viability of their operations; and (4) promotes the use of other privatization options, such as contracting for the management of SOEs in cases where outright divestiture is not feasible.

PROJECT BUDGET:

The project grant will finance project activities during a four-year period. The USAID contribution constitutes 14% of the total estimated life-of-project cost of \$70 million.

PROJECT RESULTS (August 15, 1989):

The grant agreement for \$10 million was signed by the Government of Bolivia (GOB) and USAID on June 25, 1987. INTRAC's Board of Directors, consisting of three private and

three public sector representatives, has been selected. An Executive Director was appointed and INTRAC was functioning on an ad hoc basis until the GOB suspended the project in January 31, 1989. The Center for Privatization was contracted to provide the technical assistance requested by the GOB in the following areas: (1) Public Opinion Survey; (2) Survey of Capital Markets; (3) Public Awareness Campaign and; (4) Macroeconomics Study to quantify benefits/disadvantages of privatization. In addition, a data base was set up for the evaluation of the SOEs. Good groundwork was laid for the future with the execution of these technical assistance contracts, and negotiations are now underway for the reactivation of the project.

COUNTRY: Bolivia
SUB-REGION: South America
CATEGORIES: Managerial Training
PROJECT TITLE: Management Training (1985)
PROJECT NUMBER: 511-0580
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: (G) \$6,000,000

IMPLEMENTING AGENCIES:

Instituto para el Desarrollo de Empresarios y Administradores (IDEA)

PROJECT PURPOSE:

To support the development of an independent management training (and related services) institution to provide intensive, short-term management training and to supply modern managerial tools.

PROJECT SUMMARY:

The project established the Instituto para el Desarrollo de Empresarios y Administradores (IDEA) as a non-profit management institute under the auspices of the Bolivian Confederation of Private Entrepreneurs. IDEA offers courses and seminars to private and public sector participants at its La Paz headquarters and in three other regional cities. Target groups are senior executives, mid-level managers, small business owners, and clerical personnel. A four track curricula addresses the distinct needs of each group and ensures course appropriateness in the Bolivian economic context.

The project provides funding for technical assistance, operating expenses, commodities, course costs, and staff training. All IDEA instructors received in-country training, and six IDEA professional staff members received overseas training. By project end, IDEA expects to be self-financing with revenues generated by course enrollment fees, gifts and fees for training related services.

PROJECT BUDGET:

A mid-term evaluation indicated that the original objective of IDEA's achieving

financial self-sufficiency by the end of year four was not realistic mainly due to the fact that total income generated by IDEA was far below that budgeted and more than offset the savings on the expenditure side. Therefore, based on the work done by IDEA during its first three years of existence as well as its contribution to the improvement of business and management skills in Bolivia, a six year extension of the project is currently in process. This extension will include several elements which will assure self-sufficiency by the end of the extension period.

PROJECT RESULTS (August 30, 1989):

IDEA and USAID have recently planned intensively for the project's next phase. These plans will be realized in a proposed extension of the project. Expanded training services, policy impact, and financial self-sufficiency are the basis for the extension, which also incorporates a financial sector training program (PROCAF) financed by USAID's Strengthening Financial Markets (SFM) project participants and ASOBAN. Work on the PP amendment will be initiated as soon as approval for a six-year extension is reconfirmed by AID/W.

IDEA has also recently completed a five year plan for achieving self-sufficiency with the help of technical assistance provided by ARD and the LAC/PS contract with ISTI. It has also complied with the mid-term evaluation suggestions, which concern improvements in its self-financing base. IDEA is currently tactically positioned for growth exceeding even its 200 percent achievement of the original project paper training targets.

COUNTRY: Bolivia
SUB-REGION: South America
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Handicraft Export Development (1985)
PROJECT NUMBER: 511-0583
DATE OF COMPLETION: 8/31/91
PROJECT AUTHORIZATION: (G) \$4,000,000

IMPLEMENTING AGENCIES:

Asociación de Artesanía y Moda (ADAM)

PROJECT PURPOSE:

To promote exports of Bolivian artisan knitwear by the establishment of a Foundation to provide select knitwear organizations with production, marketing, training, and commercial services.

PROJECT SUMMARY:

The Association was established as a non-profit organization governed by a board of five successful Bolivian businessmen and women with an interest in expanding artisan knitwear exports. The Foundation expects to be self-financing by year five with profits from sales commissions and services.

The Association provides services to various artisan knitwear organizations. These organizations employ poor, rural women (the project's main beneficiaries) and have a record for remunerating their knitters well. Services provided by the foundation include: marketing (market identification, strategy development, and sales assistance); production (wool/yarn procurement, production scheduling, and quality control); commerce (access to credit and transport services, export assistance); and training. The Foundation offers a series of two-week courses for artisan knitters and three management seminars per year for clients' administrative staff.

A market-oriented approach, aimed mainly at the U.S., is used to identify markets, design products in response to market tastes, and sell products through established channels. To implement this approach, the Association draws upon short-term TA and a diversified marketing strategy through several U.S. importers. The project is designed to increase the annual production of wool sweaters by the participating organizations

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and export 20,000 units by 1990.

PROJECT BUDGET:

The original project grant finances all TA (\$1,954,000) and commodities (\$46,300), in addition to a declining portion of ADAM operating expenses (100% yr.1, 80% yr. 2, 40% yr. 3 and 20% yr. 4). An additional \$1,000,000 was recently added to the project.

PROJECT RESULTS (March 31, 1989):

Conflicts have recently arisen with several artisan associations in Cochabamba with which ADAM was to work and provide services. A facilitated workshop was held involving all parties to attempt to lease tensions caused by ADAM's entry into production. The other associations feel that ADAM's activities in this area have transformed it from a provider of services to a competitor. Although tensions have decreased, these associations have severed their relationships with ADAM.

Recent ADAM activities include: 1) two training courses on quality control conducted to ensure that sweaters exported are not rejected; 2) publication of a knitting manual which is being distributed free to knitters groups to encourage the formation of new groups which, in the near future, will form part of the ADAM organization; 3) purchasing of new equipment in order to increase the production and improve the quality of ADAM products and; 4) production of an audio-visual film in 2 native languages (Quechva and Aymara) to illustrate how native people can improve their income by working for ADAM.

In the marketing area, an ADAM team visited several U.S. marketing firms resulting in several new clients agreeing to place orders with ADAM. During the last six-month period, ADAM exported a total of 3,916 sweaters to the US making a cumulative total of 13,139 of units exported.

COUNTRY: Bolivia
SUBREGION: South America
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Export Promotion (1989)
PROJECT NUMBER: 511-0585
DATE OF COMPLETION: 1993
PROJECT AUTHORIZATION: (G) \$11,500,000
IMPLEMENTING AGENCIES:

Instituto de Promocion para las Exportaciones (INPEX) and other private sector institutions.

PROJECT PURPOSE:

To establish and strengthen export promotion activities through a new national private/public Export Promotion Institute (INPEX) and other private sector institutions.

PROJECT SUMMARY:

The project consists of both institutional strengthening and substantive elements.

1. Technical assistance to exporters in marketing and production.
2. Technical assistance to INPEX and other private sector export promotion organizations to strengthen their understanding of export promotion technology and to assist in the elaboration of their work plans.
3. Commodities and operating support for a commercial library and a computerized information system.
4. Short-term pre and post-embarkation credit for non-traditional exports.

PROJECT BUDGET:

Credit	\$8,000,000
Other	\$3,500,000

PROJECT RESULTS (August 30, 1989):

Agreements have been signed with the Bolivian Central Bank regarding the Line of Credit as well as with the Camara de Exportadores for technical assistance and the information system.

COUNTRY: Bolivia
SUB-REGION: South America
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Micro and Small Enterprise Development (1988)
PROJECT NUMBER: 511-0596
DATE OF COMPLETION: 12/31/93
PROJECT AUTHORIZATION: (G) \$10,000,000

IMPLEMENTING AGENCIES:

Federación Boliviana de la Pequeña Industria (FEBOPI)
Fundación para la Promoción y Desarrollo de la Microempresa (PRODEM)
Federación Nacional de Cooperativas de Ahorro y Crédito (FENACRE)

PROJECT PURPOSE:

The goal of this project is to promote economic recovery through increased private sector productive activity. The purpose of the project is to create employment through the establishment and strengthening of Bolivia's small enterprises and to strengthen the related organizations within the Micro and Small Enterprise Development Project.

PROJECT SUMMARY:

The Bolivian Confederation of Private Businessmen (CEPB) and USAID/Bolivia recently initiated support for a pilot project in the city of La Paz with the assistance of AITEC (ACCION International, a U.S. PVO). AITEC is employing a strategy that it has successfully used in other countries to address the credit and training needs of micro-enterprises. The AITEC model involves setting up a credit agent (who can represent a bank, a PVO, or other entity) in an urban market where artisans and other micro-entrepreneurs operate. The credit agent offers small loans (within the range of \$150-\$200) to finance micro-enterprise operating costs. Before extending loans, the agent investigates the business practices followed by the micro-enterprises interested in borrowing money and recommends improved bookkeeping and other simple procedures. The agent monitors the implementation of these simple procedures. The agent monitors the implementation of these recommendations while the loan is still outstanding.

In 1985, ten members of the CEPB contributed \$10,000 each to create a new indigenous PVO called PRODEM to work with AITEC in La Paz. Their contributions are being used to finance the start-up costs of PRODEM and seed capital for credit.

This new project will employ a two-pronged strategy involving the expansion of the AITEC/PRODEM model to promote micro-enterprises in other Bolivian urban centers: 1) the strengthening of FENACRE and the participant credit unions to channel credit, training and technical assistance to the small enterprise sector and; 2) assistance to the FOEBOPI to expand its training and credit programs for other entrepreneurs engaged in slightly larger enterprises.

PROJECT BUDGET:

Under a 10 million grant, A.I.D. will fund TA (2.4M), training (.7M) and credit financing (6.0M). The GOB will contribute \$1,850,000 to the project. The private sector will contribute \$2,270,000.

PROJECT RESULTS (August 31, 1989):

The project is in the stage of compliance with the conditions precedent. Therefore, lending has yet to be initiated. Cooperative Agreements (CA) have been signed with FENACRE (2/17/89), PRODEM (6/23/89) and FEBOPI (7/13/89).

Additionally, CAs were signed with the World Council of Credit Unions (WOCCU) (5/21/89) to provide technical assistance to the credit union system and with ACCION International/AITEC (5/29/89) to provide technical assistance to PRODEM.

COUNTRY: Bolivia
SUB-REGION: South America
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Strengthening Financial Markets (1987)
PROJECT NUMBER: 511-0598
DATE OF COMPLETION: 9/30/92
PROJECT AUTHORIZATION: (G) \$ 6,200,000

IMPLEMENTING AGENCIES:

Association of Banks and Financial Institutions of Bolivia (ASOBAN)
Instituto para el Desarrollo de Empressarios y Administradores (IDEA)
Bolivian Stock Exchange
National Exchange Commission
Bolivian Confederation of Private Entrepreneurs
National Chamber of Industry
Chamber of Industry and Commerce of Santa Cruz
American Chamber of Commerce of Bolivia
Federation of Private Entrepreneurs of Cochabamba
Federation of Private Entrepreneurs of Chuquisaca
Bolivian Association of Urban Affairs Institutions

PROJECT PURPOSE:

To improve the effectiveness of Bolivian private sector institutions, especially financial institutions, and to increase private sector participation in private sector policy formulation.

PROJECT SUMMARY:

The project will provide technical assistance to Bolivian private sector institutions in the following areas: a) development of a financial training program in coordination with IDEA (a private management training institute) to train the staff of financial institutions; b) improvement and expansion of the services provided by ASOBAN (the Bolivian Bank Association) to its members; c) development of a market for stocks and bonds to increase investment in these and other financial instruments; d) establishment/strengthening of the analysis and discussion of private and financial sector policy issues by public and private sector leaders and; e) strengt'iening of the ability of

selected private sector association to provide services to their members.

PROJECT BUDGET:

The total cost of activities to be financed under the project will be \$10,272,000. The contribution of A.I.D. will be \$6,200,000 in grant funds. The private sector contribution will be \$2,532,000, and the Bolivian Government contribution (ESF) will be \$1,540,000.

PROJECT RESULTS (August 31, 1989):

The Project Agreement with the Bolivian Government was signed in July, 1989. Letters of Understanding were signed with ten Bolivian private business associations. A technical assistance team (Robert R. Nathan) has been contracted and has started work.

COUNTRY: Bolivia
SUBREGION: South America
CATEGORIES: Investment and Export Promotion
Micro and Small Business Assistance
PROJECT TITLE: International Executive Service Corps (1989)
PROJECT NUMBER: None assigned
DATE OF COMPLETION: 12/31/91
PROJECT AUTHORIZATION: (G) \$329,500 ESF

IMPLEMENTING AGENCIES:

International Executive Service Corps (IESC)
American Chamber of Commerce in Bolivia
Bolivian Federation of Small Industries (FEBOPI)
National and regional IESC advisory councils

PROJECT PURPOSE:

To expand the services of the IESC to economic and productive sectors heretofore beyond the reach of the organization.

PROJECT SUMMARY:

Under this project, the IESC continues its traditional one-on-one technical assistance to private sector firms as well as research studies under the ABLE (American Business Linkage Enterprise) program. It will also initiate programs aimed at reaching a wider clientele, thereby realizing a greater economic impact. Working with larger businesses, three productive sectors will be identified and targeted for assistance. In addition, a program aimed at micro- and small-sized enterprises, will be implemented. Over the three year life of project, IESC aims to carry out a total of 90 technical assistance activities with small- and large-size businesses, including three sectoral projects, 15 projects with groups of micro and small businesses and 15 ABLE projects.

The project operates with two tracks. IESC is working both independent from and in coordination with USAID/Bolivia. Working closely with the Bolivian private sector, especially through the advisory council and subcommittees, the IESC continues to identify individual enterprises and to market its program with them.

In coordination with the USAID/Bolivia, IESC is working closely with the activities of the Private Sector Office. Where possible, IESC lends assistance to USAID/Bolivia's

projects including Export Promotion, Privatization, Low Cost Housing, Market Town Capital Formation, Micro and Small Enterprise Development, the Loan Guaranty Facility, and the Strengthening Financial Markets Projects. The IESC is, in fact, an integral part of the Private Sector Office's program.

IESC presently has offices in La Paz and Santa Cruz and under this project will set up and office in Cochabamba and will increase its efforts to provide assistance to firms outside of these cities.

PROJECT BUDGET:

The total cost of the project is \$1,640,500. Of this \$329,500 is a grant of ESF monies, \$460,000 is the contribution of IESC, and \$851,000 is the estimated income from user fees. As part of its contribution, IESC will subsidize a portion of the cost of the user fees charged to those who cannot afford the full cost of the program.

PROJECT RESULTS (August 31, 1989):

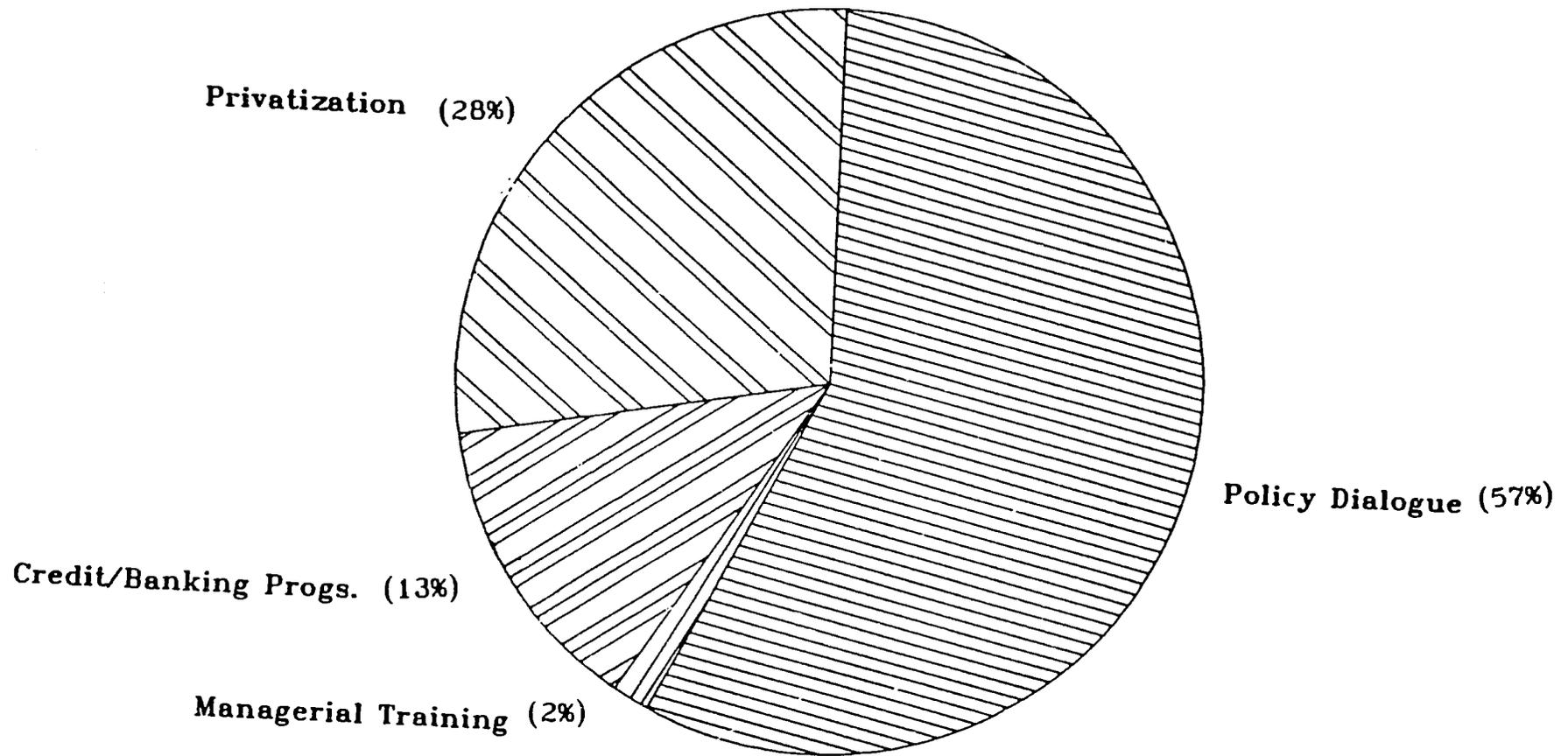
IESC has signed an agreement with the Bolivian Government to secure the ESF funding. Initial contacts have be made to establish the advisory group. Contacts have been established with other USAID/Bolivia projects.

COSTA RICA

PRIVATE SECTOR PORTFOLIO

COSTA RICA

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COUNTRY: Costa Rica
SUB-REGION: Central America
CATEGORIES: Policy Dialogue
Privatization
PROJECT TITLE: CODESA Divestiture (1985)
PROJECT NUMBER: 515-0194A/1
DATE OF COMPLETION: n/a
PROJECT AUTHORIZATION: (G) \$174,000,000
IMPLEMENTING AGENCIES:

CODESA

PROJECT PURPOSE:

To assist the GOOCR in its divestiture of the equity interests of its holding company, CODESA. CODESA was created in 1972 to serve as a development bank/venture capital partner with the private sector to start new businesses.

PROJECT SUMMARY:

CODESA's role in each enterprise was intended to be short-term, with the objective of turning its interests/holdings over to the private sector as the enterprises became viable. Instead, CODESA took a majority, or sole owner position. To keep them operating, CODESA borrowed heavily from the Central Bank (BCCR). Since 1979, credit to CODESA increased five-fold and consistently accounted for one-third of all credit to the private sector. Despite the magnitude of this credit, in 1983 its subsidiaries provided only 2,122 direct jobs (0.3% of the labor force) and accounted for only 1.1% of GDP; thus, the continued operation of CODESA enterprises has had a significant negative impact on the economy. Consequently, the GOOCR concluded that CODESA should divest itself of its holdings. In 1985, an AID/GOOCR agreement provided for AID to establish and fund a private sector trust, FINTRA, from a ESF-generated local currency account to buy, or hold in trust, holdings of CODESA for packaging and resale to the private sector. In addition to the ESF special currency account shown above, FINTRA has funds totalling about C900 million earmarked for privatization.

Implementation progress has been as follows: 1) CODESA originally had 30 subsidiaries (owned 51% or more) and 11 affiliates (owned less than 50%) to be disposed of. One affiliate (the Securities Exchange, 40% CODESA) is by law to be retained by CODESA; 2) Thirty-one companies have been sold, liquidated or transferred to other government agencies, and seven are now being liquidated. FINTRA bought and resold two of them (ALUNASA and ATUNES). One, CATSA, still held in trust by FINTRA, has been restructured and 11% of its shares have been sold; 3) Planned for this period is the sale of 100% of CATSA to cooperatives (as provided by law) and the signing of trust agreements which were planned for FINTRA to take over 100% of each of FERTICA and CEMPASA for later sale of 40% of their shares (by law the GOCR will retain 60% of their shares).

Next period plans include the sale of the remaining 28% of CATSA shares. FINTRA's trust agreement on CATSA expires June 30, 1989 when the new owners will take over management. Assuming agreement on terms, FINTRA will take over 100% of FERTICA and CEMPASA in trust and restructure them so as to make 40% of their shares saleable. Most of the remaining ESF special account of C2,241 million plus FINTRA's balance of C900 million will be used to reduce CODESA's debt with the BCCR as part of this effort. The last remaining CODESA holding to be disposed of, STABAPARI (23% CODESA), is virtually bankrupt and will most likely be liquidated without FINTRA involvement.

PROJECT BUDGET:

\$174 million of ESF generated local currency
(140 from ESR IV and 34 from ESR V)

PROJECT RESULTS (July 31, 1989):

The following tables summarize the status of divestiture:

Action	Subsidiaries	Affiliates	Total
Pending action	2	1	3
Sold	3	6	9
Dissolved and Liquidated	16	0	16
Transferred	3	3	6
In process of liquidation	6	1	7
Retained by CODESA	-	1	1
TOTAL	30	12	42

COUNTRY: Costa Rica
SUB-REGION: Central America
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Private Investment Corporation (1984)
PROJECT NUMBER: 515-0204
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: (G) \$ 1,000,000
(L) \$20,000,000

IMPLEMENTING AGENCIES:

Private Investment Corporation (PIC)

PROJECT PURPOSE:

To stimulate economic growth in Costa Rica by institutionalizing the recently created Private Investment Corporation (PIC), an entity providing investment packaging services, medium and long-term credit, and equity financing for export-oriented investments.

PROJECT SUMMARY:

PIC offers financial services unavailable from nationalized commercial banks for short and long-term agricultural export production; processing and packaging of agricultural products not requiring investment in raw materials; and assembly of imported components by local labor. PIC also provides corporate financial services such as capital raising; technical assistance (TA); and joint venture, merger, acquisition and divestiture assistance.

PIC's resources comprise of a \$20 million USAID 20-year loan and \$9 million in equity capital, half of which is supplied by the Costa Rican Coalition for Development Initiatives (CINDE) for equity financing of new investments (in which endeavor PIC will act as a merchant banking company and not as an owner or promotor), and a \$1 million grant for TA, staff training and institutional development. Except for the initial purchase by CINDE, PIC limits individual and corporate ownership of authorized common stock to 1% and 33%, respectively. Recently, by-laws were changed to allow international development institutions to make equity investments in PIC, up to 10% for each individual institutions and up to 30% of PIC's total capital may be held by

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such institutions. The German Development Bank, DEG (Deutsche Entwicklungs Gesellschaft), and the British Development Bank, CDC (Commonwealth Development Corporation), have subscribed \$10 million capital each.

To secure the expertise needed for the success of PIC, a highly qualified management staff is being recruited to work closely with outside consultants to establish sound sub-lending management systems and procedures. By project end, PIC is expected to have systems and procedures. By project, PIC is expected to have developed 30 subprojects, generated \$77 million in direct investments, increased foreign exchange earnings by US\$45-60 million, and created 8,000-8,600 new jobs.

PROJECT BUDGET:

The \$1 million project grant finances TA (\$727,000), Project Evaluation (\$150,000) and Contingency (\$123,000). There is also a \$20 million loan.

PROJECT RESULTS (March 31, 1989):

PIC has disbursed \$12.7 million in sub-loans with USAID loan funds. Total PIC-generated investments amount to \$106.9 million and have generated \$66.5 million in foreign exchange earnings and created 2225 new jobs.

PIC's major difficulty has been in recruiting an effective management staff. The new General Manager, however, assumed duties in October 1986 and has made important organizational improvements. In addition, grant funds which were previously used primarily for institutional development are now being used more actively for staff training and TA.

PIC has made substantial progress in doing merchant banking business, including packaging a leverage buy-out and designing a creative new mechanism for financing much needed free zone space.

In addition to the \$20 million AID loan, they have received a \$5 million loan from CDC and they are negotiating an additional \$5 million loan from DEG.

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COUNTRY: Costa Rica
SUB-REGION: Central America
CATEGORIES: Managerial Training
PROJECT TITLE: Training for Private Sector Development (1985)
PROJECT NUMBER: 515-0212
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: (G) \$ 5,000,000

IMPLEMENTING AGENCIES:

Costa Rican Coalition for Development Initiatives (CINDE)/PROCAP.

PROJECT PURPOSE:

To strengthen the human resources needed for private sector development in Costa Rica.

PROJECT SUMMARY:

The project addresses Costa Rica's human resource needs by supporting national economic recovery particularly through the development of non-traditional exports. The project provides training to three sectors critical to Costa Rica's economic growth: private enterprise, banking and higher education.

In the private sector, the project provides training to managers, technicians, and entrepreneurs who are in positions to bring about rapid and effective change in non-traditional export industries. Short-term U.S. training consists of study tours, seminars, and internships for 311 participants. In-country training consists of short-term courses and seminars.

In the financial sector, the project provides training to officials in the Costa Rican Central Bank and in private commercial banks who are responsible for overseeing financial services to private enterprises. Training activities include long-term degree programs in the U.S. for nine officials from the Central Bank, internships in the United States for 49 bank officials, and short-term courses and seminars in Costa Rica for 1,100 participants.

In the higher education sector, the project provides training for faculty members from selected university departments of electrical and industrial engineering, food technology, economics, and business administration. Activities in the U.S. include 4 Ph.D. and 12 master's degree programs and short-term training for 24 participants on university-industry linkages. In Costa Rica visiting professors and instructors from the U.S. work with selected departments to upgrade curricula. Twenty weekend seminars are scheduled on recent developments in the electronics industry.

PROJECT BUDGET: (Revised September, 1989):

The project grant finances Training (\$4,319,600), Project Coordination and Management (\$433,300) and Contingency (\$247,100). The project also receives the dollar equivalent of \$2,600,00 in ESF local currency funding.

PROJECT RESULTS (June, 1989):

CINDE has carried out in-country training for 7,000 participants from the three sectors. The in-country training component has proceeded successfully. The number of participants trained has been higher than expected while market demands on course length resulted in a lower person month achievement. All long-term participants have been placed in universities in the United States and six Master degree recipients have returned to Costa Rica. The U.S. training component was significantly delayed for a variety of reasons yet is now a year into the implementation phase. The number of short-term participants has been reduced based on analysis of increased training costs in the United States. Revised totals are:

1. Private Sector: up to 238 participants for up to six weeks.
2. Financial Sector: up to 49 participants for up to 4 weeks.
3. University Sector: up to 24 participants for up to eight weeks.

A mid-term evaluation was completed in May 1988. The evaluation was extensive and primarily pointed out the need to study the sustainability issues associated with CINDE/PROCAP.

COUNTRY: Costa Rica
SUB-REGION: Central America
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Agricultural and Industrial Reactivation (1986)
PROJECT NUMBER: 515-0223
DATE OF COMPLETION: 9/30/90
PROJECT AUTHORIZATION: (G) \$350,000
(L) \$19,650,000

IMPLEMENTING AGENCIES:

Banco Central de Costa Rica (BCCR)

PROJECT PURPOSE:

To provide medium and long-term credit available through commercial banks and the Banco Central de Costa Rica (BCCR) to promote the production of non-traditional exports for extra-regional markets.

PROJECT SUMMARY:

The project establishes an Agricultural and Industrial Reactivation (AIR) dollar Discount Facility within the BCCR as a permanent source of credit for private businesses seeking to expand or upgrade their facilities for the production of non-traditional exports and to finance new projects.

Approximately 10 private banks are expected to sublend AIR dollars at market rates to new and existing labor and capital intensive private enterprises for fixed asset investments. Subloans are set at a maximum of \$350,000 in order to encourage broad participation. Project funds cover up to 70% of the total cost of each proposed investment; the subborrower provides the balance. BCCR verifies subproject eligibility and participating bank soundness; participating banks promote and approve individual subloans. Loan approval considerations include employment and foreign exchange generation and agricultural resource base utilization.

Subborrowers draw loan funds in dollars and make payments in Colones at the prevailing rate of exchange on date of repayment. Principal recuperations from subloan repayments are available for relending along with two-thirds of interest reflows. The remainder is deposited in a loan guarantee/risk minimization fund against default by participating banks. Cumulative reflows under the project are expected to reach 6.3 million by year 10.

Project grant funds provide development lending training for approximately 100 employees from participating banks and technical assistance for subproject evaluation. The Costa Rican Banking Association assists with course development and trainee identification.

PROJECT BUDGET:

Project grant funding of \$350,000 funds TA under the project. Project long-term loan funds are made available for on-lending through the AIR Discount Facility in the BCCR.

PROJECT RESULTS (March 31, 1989):

Due to a slow disbursement rate, the loan agreement was amended to allow financing of tourist projects and also short term working capital needs of non-traditional export projects.

Due to a slow disbursement rate, \$11,995,000 was deobligated and the PACD was extended to 9/30/90.

The Grant fund could not yet been implemented due to legal impediments in the Central Bank.

As of March 31, 1989, 12 projects were financed with a total of \$1.5 million. It is expected that before PACD on 9/30/90 the total amount will be disbursed.

COUNTRY: Costa Rica
SUB-REGION: Central America
CATEGORIES: Policy Dialogue
PROJECT TITLE: Non-Traditional Ag. Exports Technical Support (1987)
PROJECT NUMBER: 515-0237
DATE OF COMPLETION: 9/30/91
PROJECT AUTHORIZATION: \$666,000 local currency for 1988; \$3.5 million cooperative agreement for four years.

IMPLEMENTING AGENCIES:

Costa Rican Coalition for Development Initiatives (CINDE) PAAC

PROJECT PURPOSE:

To promote the expansion of non-traditional agricultural exports and, through policy reform, to improve the environment for investment in non-traditional agricultural enterprises in Costa Rica.

PROJECT SUMMARY

The project is jointly funded by GOCR local currency under ESR programs and Title I and by A.I.D. development assistance through a cooperative agreement. The project seeks to identify and correct policy constraints to expanded investment and improved efficiency in non-traditional agriculture, to select and promote promising non-traditional agricultural export products, and to promote investment by Costa Ricans and foreigners in non-traditional agriculture.

PROJECT BUDGET:

\$3.5 million

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PROJECT RESULTS (December 31, 1988):

The PAAC has developed investment profiles for use by the CINDE overseas investment promotion team, improved efficiency in export of ornamental plants, cut flowers and strawberries, alleviated air cargo bottlenecks, and created several pilot production activities. The PAAC is presently involved in promoting nine new products including improved production support services, improved forwarding services at Miami, and selection of additional pilot activities.

COUNTRY: Costa Rica
SUB-REGION: Central America
CATEGORIES: Policy Dialogue
PROJECT TITLE: Economic Stabilization and Recovery VIII (1989)
PROJECT NUMBER: 515-0240
DATE OF COMPLETION: N/A
PROJECT AUTHORIZATION: (G) \$85,000,000 ESF

IMPLEMENTING AGENCIES:

Banco Central de Costa Rica (BCCR)

PROJECT PURPOSE:

The purposes of the program are to provide balance of payments support to stabilization efforts in Costa Rica, and to encourage policy, structural and sectoral changes aimed at re-establishing dynamic growth in the economy through increased exports.

PROJECT SUMMARY:

In response to the economic crisis of the early 1980's, the Government of Costa Rica (GOCR) in 1983 began implementing programs to stabilize the economy and set the basis for sustained economic expansion. Through its ESR Programs, A.I.D. has been a major contributor to these programs, as have the IMF and World Bank.

Combined GOCR/donor efforts have resulted in impressive macroeconomic achievements between 1982 and 1987: GDP growth went from a -7.3% to an average of 4.2%; inflation and unemployment dropped from 82% and 9%, respectively, to 15% and 5.6%; and the non-financial public sector deficit was reduced from 9% of GDP to 0.3%. The status of the economy is especially important to the poor majority because the Costa Rican private economy does a good job of providing jobs and income to the lower half of the income scale and provides the tax base for maintaining social problems. However, the present stability is fragile and vulnerable to unpredictable external factors.

The \$85,000,000 grant to be signed with the GOCR will consist of a cash transfer to a separate uncommingled Central Bank account to finance private sector imports from the United States of eligible raw materials, capital goods and other productive inputs. Local currency in an amount equivalent to the grant will be deposited by the Central Bank in a special account to finance economic development activities acceptable to A.I.D. and the GOCR. The \$85 million authorized hereby will be consistent with the conditions, special provisions and principles established in Section V of the PAAD.

The Mission is authorized to vary the disbursement plan contained in Section III.D.2.b of

the PAAD as required to maintain an even and rational flow of foreign exchange into Costa Rica, but with the provision that the Mission will consult with AA/LAC prior to taking any action to withhold or delay all or any part of a disbursement. The Central Bank of Costa Rica will provide the colon equivalent of each dollar disbursement calculated at the highest rate of exchange, at the date of the disbursement, which is not unlawful in Costa Rica.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: Costa Rica
SUB-REGION: Central America
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: BCCR Special Credit Line
PROJECT NUMBER: N/A
DATE OF COMPLETION: Revolving Facility
PROJECT AUTHORIZATION: N/A

IMPLEMENTING AGENCIES:

Banco Central de Costa Rica (BCCR)

PROJECT PURPOSE:

To increase the liquidity of the mixed banking sector to assist local industry and strengthen private banks.

PROJECT SUMMARY:

Since 1983, when this facility was established at the BCCR, the colon equivalent of US \$144 million has been made available for loans to private industry and agriculture: \$48 million through state-owned banks and \$96 million through private banks. The reflows from these funds are also made available through a revolving fund process. It is estimated that more than 600 companies benefited from this facility with an average loan amount of C7 million.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

Since 1982:

1. The number of private banks has increased from 10 to 20.
2. The private bank share of lending to the private sector has increased six times to 20.7% in 1988.

3. The total capital of the private banks has increased 11 times to a present level of approximately US \$58.2 million (12/31/88).
4. The number of private bank employees has increased from 127 to 1187.

In the 12 month period of December 1987 to December 1988:

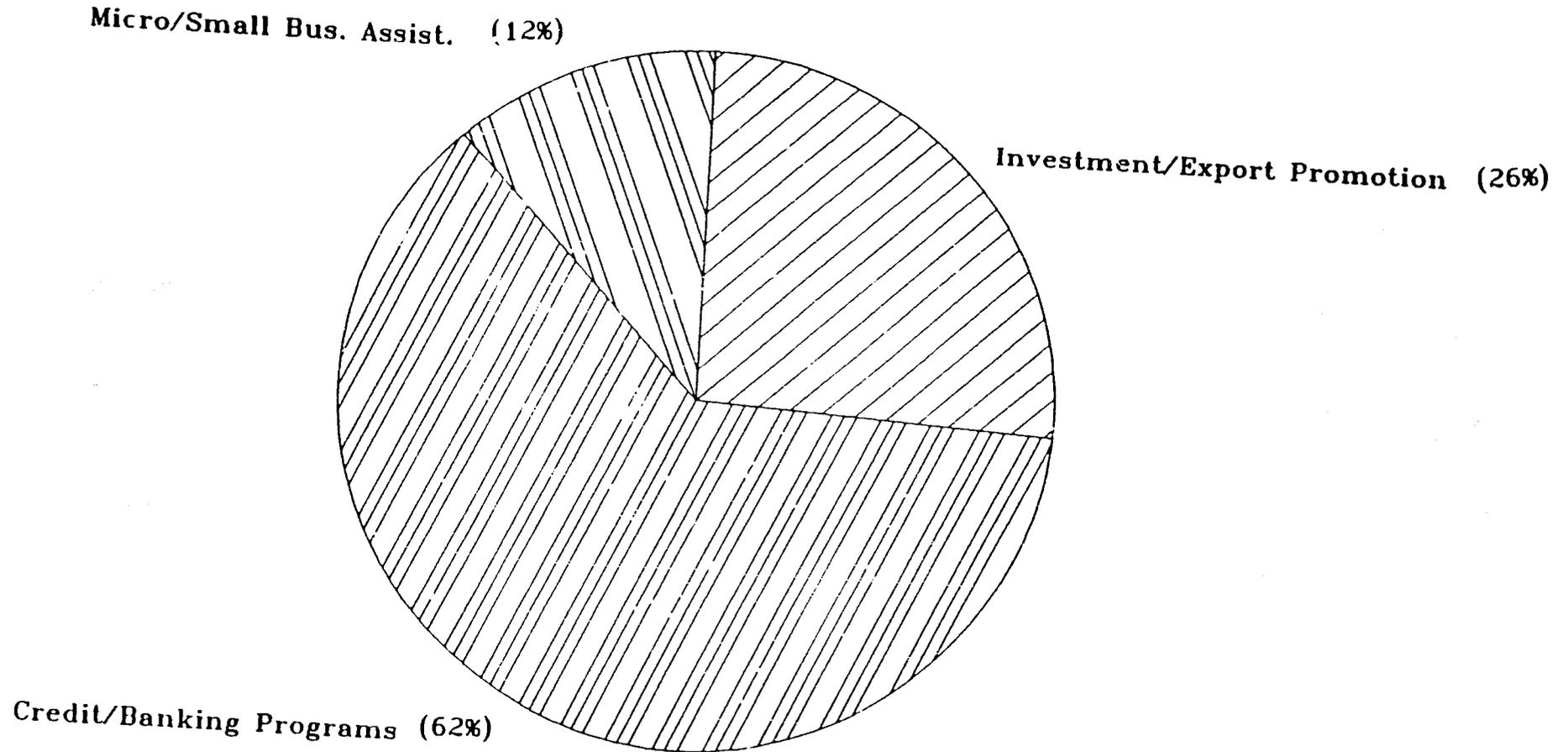
1. Total assets of the private banks increased 41%, from C17.5 billion to C24.7 billion.
2. The equity of the private banks increased 23%, from \$47.4 million to C58.2 million.

DOMINICAN REPUBLIC

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PRIVATE SECTOR PORTFOLIO
DOMINICAN REPUBLIC

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COUNTRY: Dominican Republic
SUB-REGION: Caribbean
CATEGORIES: Micro and Small Business Assistance
Credit/Banking Programs
PROJECT TITLE: Small Industry Development (1982)
PROJECT NUMBER: 517-0150
DATE OF COMPLETION: 9/30/85
PROJECT AUTHORIZATION: (G) \$ 850,000
(L) \$ 5,000,000

IMPLEMENTING AGENCIES:

Central Bank's Economic Development Investment Fund (FIDE)

PROJECT PURPOSE:

To establish an institutional mechanism to provide credit and technical assistance (TA) to small entrepreneurs in the Dominican Republic.

PROJECT SUMMARY:

The Central Bank's Economic Development Investment fund (FIDE) manages the credit component through its credit window and the TA component through the newly established Small Enterprise Assistance Center (CAPE) and Technical Assistance Centers (TACs).

FIDE administers the project's Small Industry Revolving Credit Fund through participating financial institutions (PFIs). Loans ranging from \$2,000-50,000 are available from the Fund to cooperatives, group associations and small firms owned and operated by the borrower for the purchase of capital goods (3-year loans) and to finance working capital and inventory (up to 6 years). 70% of the Fund is designated for working capital and 30% for production and expansion. Interest rates are kept as high as local law permits--12% for loan packaging and closing costs is charged.

TA is administered through TACs located in small business sector institutions that serve as bridges between small industry borrowers and the financial community. During the first year of the project, TACs were established in the Dominican Development

Foundation, the Center for Small Business Assistance, and the Program for Small Business Assistance. During the second and third years of the project, three more TACs were added. TACs obtain and prepare training materials, help clients prepare business development plans and feasibility studies, work with advocacy groups to identify small business opportunities and provide consultation and TA to small entrepreneurs in general business skills. CAPE supervises and evaluates individual TACs. The project is expected to generate job opportunities for approximately 1,000 unskilled and semi-skilled workers.

PROJECT BUDGET:

(G) \$ 850,000
(L) \$5,000,000

PROJECT RESULTS (September 30, 1988):

A total of 693 loans have been made through the project for a total of RD \$21,900,613. Loans and TA have resulted in the creation of 4,038 jobs.

The recent ARIES training/TA needs assessment evaluation concluded that the Technical Assistance Centers (TACs) do not have any strategic planning framework specifying medium-term objectives and goals, and that this lack of strategic planning is responsible to a large extent for the TACs failure to reach financial sustainability. Therefore, the first training seminar will be focused on management with an emphasis on planning techniques. Training in this area will be provided separately for two groups: management personnel in the TACs and members of organizations which support the TACs. The seminar will be conducted in two phases, with an interval during which TAC personnel can implement management principals taught in the first session.

Other seminars and workshops will provide training in public relations, credit and portfolio analysis and financial management. The program will also include specific technical assistance in each area which will be provided by consultants who will visit the individual TACs beginning in October 1988.

COUNTRY: Dominican Republic
SUB-REGION: Caribbean
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Agribusiness Promotion (1985)
PROJECT NUMBER: 517-0186
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: (G) \$ 4,000,000
(L) \$ 17,300,000

IMPLEMENTING AGENCIES:

Dominican Central Bank's Economic Development Investment Fund (FIDE)
Joint Agricultural Consultative Corporation (JACC/D'X)

PROJECT PURPOSE:

To provide credit and technical assistance (TA) to new and expanding agri-businesses (AB's) in the Dominican Republic and to improve the mechanisms and policy framework for promoting and financing AB's

PROJECT SUMMARY:

The project establishes a private sector Agribusiness Trade Association, which will include a TA unit. The TA unit: 1) assists potential borrowers from the AB Credit Fund to analyze credit needs and prepare feasibility studies and business plans; 2) conducts market and technical studies for clients and provides problem-oriented TA; 3) helps potential foreign and domestic AB investors conduct preinvestment studies and develop investment strategies; and 4) works with other organizations to provide AB management training and promote policies favorable to AB's. Relying on membership fees and other service charges, the Association expects to become substantially self-sufficient in 3 years.

The AB Credit Fund is administered through the Central Bank's Economic Development Investment Fund (FIDE) by participating financial institutions (PFIs) who assume commercial risk and encourage joint ventures between Dominican and foreign investors, new entrepreneurs and key raw materials producers. The Fund is expected to provide financing to 80-90 new or expanded AB's of at least 40% Dominican ownership.

PROJECT BUDGET:

PROJECT RESULTS (Sept. 30, 1988):

Progress towards the LOP targets in the loan component of this project was significantly set back by the failure of the Central Bank/FIDE to implement in a timely fashion the Price Waterhouse financial review recommendations concerning management of Project funds. During this semester, USAID continued a dialogue with the Central Bank to encourage compliance with the recommendations of the financial review. FIDE agreed, without exception, with the Price findings and recommendations. USAID and FIDE agreed on a strategy to implement Price's recommendations which FIDE has now carried out.

During the time FIDE staff has been working on loan management issues, accelerating inflation made FIDE established interest rate levels more and more negative in real terms. The Mission has been attempting to get the Central Bank and Junta Monetaria to address the need to adjust interest rates in conjunction with inflation, but with only limited success to date. This has been done in coordination with the IDB and World Bank. Funds will not be released for disbursement until the interest rate issue is satisfactorily resolved.

JACC continues to make progress implementing the recommendations of the mid-term evaluation. A variety of membership services have been initiated and/or intensified, for example: field days, technical assistance contracts for flower growers and foresters, seminars on transportation and packing, and access to information systems. Membership continues to grow impressively, having reached over 300 dues paying members this semester.

An end-of-project evaluation is scheduled to take place in October/November. The scope of work for this evaluation has been developed to focus on assessing the level of satisfaction of JACC members with JACC services and ideas for future services, and members' willingness to support JACC financially, i.e., technical assistance, service and potential self-sufficiency of JACC. The results of this evaluation will be discussed with JACC Board Members.

COUNTRY: Dominican Republic
SUB-REGION: Caribbean
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Investment and Export Promotion (1985)
PROJECT NUMBER: 517-0190
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: (G) \$6,600,000

IMPLEMENTING AGENCIES:

Investment Promotion Council (IPC)

PROJECT PURPOSE:

To strengthen the Investment Promotion Council (IPC) as a mechanism to coordinate public and private efforts in the promotion and development of investment and export (I/E) opportunities in the Dominican Republic.

PROJECT SUMMARY:

IPC was founded as a commission in 1982 by the Government of the Dominican Republic to: (1) improve the Dominican I/E climate, by working to replace the current import substitution orientation through changes in economic policy, tax structure, exchange rates, and incentives for domestic and foreign investors; (2) assist public and private organizations involved in I/E services to improve their capabilities and streamline services; and (3) promote business opportunities particularly in agri-business, industrial free zones, tourism, and mining. As a condition precedent to the Project the IPC was incorporated as a private sector entity with a mixed board of directors which includes five government representatives out of a total of 14 positions on the board.

Several other private and public institutions - such as CEDOPEX, the American Chamber of Commerce, and the Association of Exporters - are involved in project implementation through contracts and subgrants and receive technical assistance and

training to: conduct policy analyses, seminars and other activities designed to improve the policy climate; conduct investment and export promotion programs in foreign markets; contract for specialized assistance in locating and accessing business networks; and provide services to existing Dominican businesses, export trading companies, and financial institutions that promote joint ventures and develop new markets.

PROJECT BUDGET:

The project grant is divided among Investment Promotion Commission, Chicago Association, Improvements in Business Climate, Data Collection and Export Development Services.

PROJECT RESULTS (September 30, 1989):

The IPC has nearly completed a shake-down period of organizing its workload and developing routine procedures for contact and follow up of leads. Staff training in sales techniques and desk-top publishing has been completed. Both a program budget control system and an investor tracking system are in place.

The promotional program of the IPC has begun to generate results. More than 300 new investment or contract production leads have been generated, and sustained follow-up activities have been maintained with 35 "hot prospects". 48 initial site visits have been arranged and 29 sample production activities coordinated for potential investors. Thus far, a total of 6 companies have been successfully installed in free zones; 11 production contacts have been placed.

Overall, on a technical level, the IPC's program is succeeding admirably. On the institutional development side, there is an urgent need to hire a marketing Director/Deputy Executive Director in order to strengthen the IPC's staff capabilities and to provide for adequate overlap with the current Executive Director, who will leave the IPC, at the latest, when its promotional programs are fully operational and plans for future development of the IPC are in place. Lastly, the Mission will continue to closely monitor actions of the IPC Board of Directors as they elaborate procedures regarding the role and responsibilities of Board members, the President of the Board, and the Executive Director, to assure compliance with the IPC by laws and conformance with the terms and conditions of the project grant agreement

COUNTRY: Dominican Republic
SUB-REGION: Caribbean
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Debt Conversion (1988)
PROJECT NUMBER: 517-0237
DATE OF COMPLETION: 12/31/92
PROJECT AUTHORIZATION: (G) \$3,500,000

IMPLEMENTING AGENCIES:

Central Bank of Dominican Republic

PROJECT PURPOSE:

To generate increased private US and domestic private sector equity investment in the Dominican Republic by establishing a debt/equity conversion mechanism within the Central Bank.

PROJECT SUMMARY:

The main area of assistance will be the provision of training and TA to five professional counterparts in the Debt Conversion Unit (DCU) of CB's Department of External Credit. TA will cover asset valuation and assessment; accounting, financial services, and regulatory issues; management information systems development; and institutional coordination. Training of DCU staff will be conducted on an informal, on-the-job basis and will be provided generally in conversion transactions and, to those chosen as banking liaison officials, in marketing, promotion, and project identification. At least eight formal workshops and seminars will also be conducted for a number of CB and related personnel. Study tours to other Latin American countries (to observe other conversion programs) and to the US (to establish relationships with creditor institutions) will also be funded, and computer equipment will be provided to the DCU.

A promotional campaign will be implemented by the Investment Promotion Council to attract potential investors and creditors. In all, 2,000 private businesses and eight public institutions will have received comprehensive information and assistance.

The project is expected to generate as many as 30 debt/equity conversions, accounting

for some \$500 million in new investment and serving to reduce the Government of the Dominican Republic's (GODR) foreign debt by \$US172 million, to save the GODR \$32 in debt service payments, and to generate \$89 million in new foreign exchange. A few of the debt/equity transactions will involve the transfer of GODR assets to investors, but most will involve the transfer of local currency. The GODR will provide the equivalent of at least \$US100 million to finance the conversions. The funds will come from bond sales proceeds, the sale/lease of GODR assets, the creation of new pesos, and from peso generations under balance of payment assistance programs.

PROJECT BUDGET:

PROJECT RESULTS (September 30, 1988):

Initial steps have been taken toward implementation of the project. Central Bank officials are meeting with the Steering Committee from the D.R. Commercial Bank Consortium in New York in early October to discuss the waiver for debt conversion activities. New proposals continue to flow into the Bank which now estimates that US\$800 million in proposals have been received. The timeframe for the Monetary Board's approval of the terms for the Debt Conversion Program will depend upon the success of the negotiations with the Steering Committee. So far, one conversion has been approved on an ad hoc basis for \$3 million.

COUNTRY: Dominican Republic
SUB-REGION: Caribbean
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Industrial Linkages (1989)
PROJECT NUMBER: 517-0252
DATE OF COMPLETION: 1992
PROJECT AUTHORIZATION: (G) \$5,000,000 (planned)
IMPLEMENTING AGENCIES:
Private Sector Free Trade Zone Developers' Association & Association of Industries

PROJECT PURPOSE:

To develop competitively-based production linkages between local industries, industrial free trade zone manufacturers and off-shore producers.

PROJECT SUMMARY:

The project will focus on developing linkages between domestic industries and Free Trade Zone firms that are potential purchasers of goods and services from local suppliers. Such linkages are important as a means of maximizing the impact of Free Zone Development on the local economy and of providing local firms with access to improved production technologies. The proposed five-year project will directly address the need to improve and expand the productive industrial base for exports. The project will assist domestic industries to develop contacts with FTZ firms, and support improvements in the capabilities of such industries to provide the requisite quantity and quality of local products needed by FTZ firms. Support will also be provided to the Free Trade Zone Industrial Associations and Zone Administrations to strengthen their roles in the development, growth and management of Free Trade Zones.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: Dominican Republic
SUB-REGION: Caribbean
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Micro Enterprise Development (1990)
PROJECT NUMBER: 517-0254
DATE OF COMPLETION: 1995
PROJECT AUTHORIZATION: (G) \$2,500,000 (planned)

IMPLEMENTING AGENCIES:
Micro Enterprise Fund (FONDOMICRO)

PROJECT PURPOSE:

To strengthen the private sector institutions providing support to the small-scale and micro-enterprise sector through assistance to ADOPEME.

PROJECT SUMMARY:

The project will provide grant funds which will be used to support the development of the Micro Enterprise Fund (FONDOMICRO) through technical assistance focused on the problems of member enterprises. Local currency resources will be allocated for the credit needs of small and micro business and channeled through member organizations which lend to such businesses.

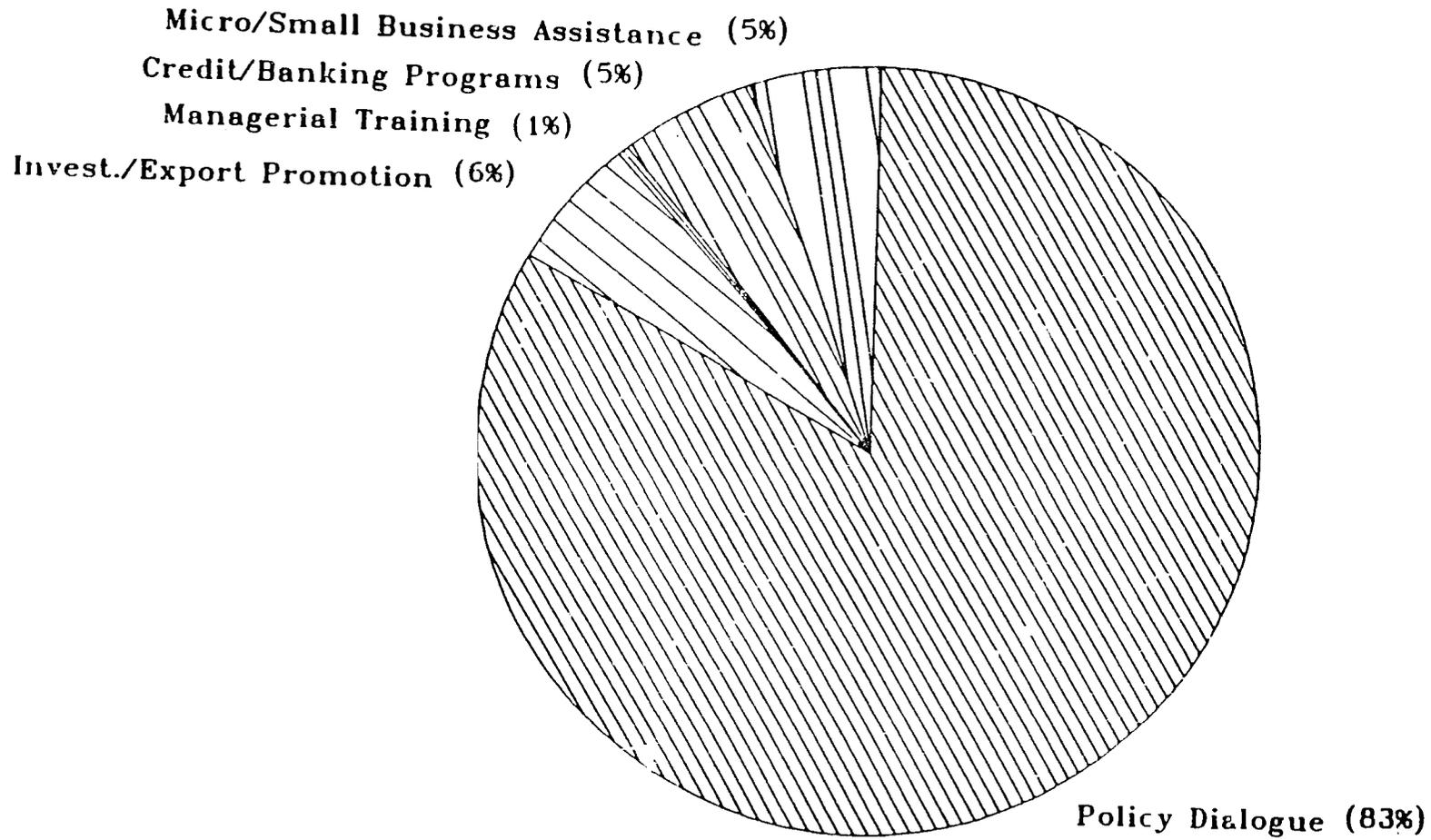
PROJECT BUDGET:

PROJECT RESULTS:

ECUADOR

PRIVATE SECTOR PORTFOLIO

ECUADOR



COUNTRY: Ecuador
SUB-REGION: South America
CATEGORIES: Credit/Banking Programs
Investment and Export Promotion
PROJECT TITLE: Non-Traditional Agricultural Exports
(1984)
PROJECT NUMBER: 518-0019
DATE OF COMPLETION: 10/30/89
PROJECT AUTHORIZATION: (G) \$2,723,000
(L) \$8,000,000

IMPLEMENTING AGENCIES:

Federation of Ecuadorean Exporters (FEDEXPOR)
Ecuador National Association of Businessmen (ANDE)
Banco Central de Ecuador (BCE)

PROJECT PURPOSE:

The promote non-traditional agricultural exports by providing information/support, policy/planning services, and credit to private companies in Ecuador.

PROJECT SUMMARY:

To provide information/support and expand the Federation of Ecuadorean Exporters (FEDEXPOR)'s role as an intermediary between Ecuadorean and foreign businesses, the project provides technical assistance (TA), a computer system, and training for the creation of a FEDEXPOR information system linked to the Chicago Association of Commerce and Industry. The National Association of Businessmen (ANDE) also receives assistance under the Project to provide exporters with information/support gathered from systematic analyses of eight agricultural product groups and model feasibility studies for new or little-known products. Each analysis contains detailed information on local production and processing systems, external markets and interviews with foreign information sources.

To expand policy/planning services, short-term in-country training in policy analysis techniques enables FEDEXPOR staff to conduct limited policy analyses and supervise analyses contracted out to other firms. Short-term TA allows FEDEXPOR to sponsor export workshops, assist in export documentation, and expand dissemination of export information to political leaders and opinion markets.

The project creates two financing facilities: (1) A Reimbursable Fund, established in 3 private financiers (FINIBER, FINGUASA, and COFIBC) under FEDEXPOR supervision finances pre-investment studies and TA to small and medium firms seeking to develop new products and markets in non-traditional agricultural exports and (2) An Investment Credit Facility within the Banco Central de Ecuador (BCE) to provide long-term credit for agri-business production and export activities.

A private sector Agribusiness Advisory Board (AAB) facilitates communication among sectoral leaders, the Government of Ecuador, USAID, and other organizations involved in the project.

PROJECT BUDGET:

The project grant supports Information and Support Services (977,000), Policy and Planning (636,000), Agri-business Financing Facilities (\$300,00), Advisory Board and Agri-business Advisor (\$285,000), Evaluation (\$130,000) and Contingency (\$395,000). The two project loans of \$4 million each support the Reimbursable fund and the Investment Credit Facility.

PROJECT RESULTS (December 31, 1987):

The FEDEXPOR information system is established and is providing information services to members on investment opportunities, external markets, prices, and other needed information. FEDEXPOR has also opened a DEVRES/FEDEXPOR Miami office to provide export assistance to Ecuadorean exporters interested in the U.S. market, as well as sponsoring 5 trade workshops and 11 trade missions to promote investment and trade opportunities in Ecuador.

In the policy/planning component, FEDEXPOR has undertaken a major policy analysis, ANDE has completed 40 export studies, and FINIBER and FINGUASA have conducted 8 pre-investment studies.

BCE has provided financing for 39 export-oriented agri-business projects through its Investment Credit Facility. In total, the project has generated \$33 million in non-traditional exports and \$8 million in new investments, which include flowers, shrimp, spices, fruit, and fish products.

COUNTRY: Ecuador
SUB-REGION: South America
CATEGORIES: Managerial Training
PROJECT TITLE: Technical Training for the Financial Sector (1984)
PROJECT NUMBER: 518-0048
DATE OF COMPLETION: On-going
PROJECT AUTHORITY: (G) \$437,000

IMPLEMENTING AGENCIES:

Private Banks Association
Superintendency of Banks
Central Bank

PROJECT PURPOSE:

To support the development of the Instituto de Practicas Bancarias y Financieras (IPBF), a private training center, to meet the training and educational needs of the financial institutions. The project will benefit private and public financial institutions by enhancing the professional skills and performance of their personnel.

PROJECT SUMMARY:

The core of the project strategy is to strengthen the training program of the IPBF through the design and implementation of a competency-based curriculum and research designed to systematically meet the training needs of the financial sector. The project will support this effort through technology transfer activities which will permit the introduction of new concepts and techniques into the Ecuadorean financial sector. The technology transfer process will be achieved through the training of local instructors abroad and/or the use of specialized technical instructors in local seminars and courses. Curriculum development will also be supported by the research and distribution of case studies related to the financial sector.

This general strategy will be directed at both the public and private sectors but in the initial three years, the IPBF will focus its training efforts principally upon the private banks and finance institutions of the country.

In the final two years (1987-1989), the focus within the training program will broaden to include the insurance sector, savings and loan associations and the stock exchange.

The most important component of the project is the technology transfer program which will provide access to new and improved financial technologies. The IPBF, through its seminars, will receive technical assistance from foreign instructors specialized in training of financial personnel.

Another important component of the educational activities is the appropriate design of courses and seminars to be conducted by local instructors. In this regard, the IPBF has implemented a recruitment process for national instructors who will conduct the courses and seminars in accordance with its curriculum objectives.

Additionally, the IPBF will implement a training program for its own personnel. In this regard, it is expected that by project end the IPBF will have a minimum of ten local instructors teaching on a stable basis.

With respect to the research and case studies component, the IPBF will prepare between 10 and 15 case studies related to the activity program. These case studies will be used in conjunction with courses and seminars given by the IPBF. Additional research will be conducted on finance-related topics.

PROJECT BUDGET:

PROJECT RESULTS (June 30, 1989):

To date, 3,954 people have been trained through 153 courses and seminars in such areas as financial management, accounting, insurance, credit, banking legislation, capital markets, tax collection, etc. IPBF has trained 68 instructors, 27 of whom constitute its permanent staff.

COUNTRY: Ecuador
SUB-REGION: South America
CATEGORIES: Policy Dialogue
PROJECT TITLE: Agricultural Sector Reorientation (1985)
PROJECT NUMBER: 518-0051
DATE OF COMPLETION: 7/30/90
PROJECT AUTHORIZATION: (G) \$7,100,000
(L) \$1,400,000

IMPLEMENTING AGENCIES:

Ministry of Agriculture (MOA)
Institute for Agricultural Strategies (IDEA)

PROJECT PURPOSE:

To help Ecuador's Ministry of Agriculture (MOA) realign agricultural policies and programs in such a way as to increase reliance on market forces and promote private sector initiatives.

PROJECT SUMMARY:

To strengthen MOA's ability to formulate and implement reforms, the project establishes a problem-oriented Policy Analysis Unit (PAU) within MOA to provide policy advice to MOA and identify priority areas for study. Staffed by 5 MOA and 5 private sector professionals, PAU receives extensive technical assistance (TA) and in-country training under the project. PAU's first priority is the development of an agricultural policy agenda based on pre-project and project-financed studies (particularly on commodity pricing, marketing, and divestiture of parastatals).

To upgrade private sector policy capabilities, the project establishes the Institute for Agricultural Strategies (IDEA). IDEA sponsors policy studies, publicizes policy issues (through publications, workshops, and seminars), and expands private sector policy and research capacities through, inter alia, a reference center, small research grants, and 4 Ph.D. and 2 M.S. scholarships in agriculture economics in the U.S.

To provide information for policy analysis and private sector investment decisions, the MOA is developing an agricultural information system to include: (1) daily, weekly and semi-weekly reports on market prices, quantities, etc; (2) crop and livestock production information; and (3) agro-climatic impact assessments.

PROJECT BUDGET:

Total project funds of \$8.5 million support Policy Analysis (\$3,632,000), Information Systems (\$3,323,000) and Project Coordination (\$755,000)

PROJECT RESULTS (August 18, 1989):

Both PAU and IDEA have been successfully established. PAU is now staffed with some agricultural economists and has also opened an office in Guayaquil. The majority of the PAU's activities are on or ahead of targets. Price and marketing system reforms instituted for the 1986-87 crop year by MOA, and coinciding with PAU recommendations, resulted in a substantial increase in the production of basic grains and a surplus at the given price support levels. Some of the surplus was exported and the remaining excess in food grains (rice) was used for relief in the earthquake damage area in 1987.

In order to develop a comprehensive agricultural policy agenda, PAU is currently evaluating the impact of price and market policy reforms on the 1986-87 crop season and the first year's operations of the Agricultural Commodities Exchange, which was established to improve marketing, price discovery and price information activities for agricultural products. Some progress has been realized toward completion of special studies required for policy analysis, especially those concerning commodity marketing, commodity prices, and divestiture. Private sector capacity and involvement in policy analysis and dialogue have been enhanced through contracted studies by Ecuadorean consultants and firms, TA from project personnel and U.S. consultants, and three forums sponsored by IDEA.

The agricultural information component of the project has expanded market news service and provided micro-computer training to over 30 MOA employees. In addition, the crop and livestock reporting service in the Ministry of Agriculture (MAG), has formed an interinstitutional committee with the National Statistics Institute, the Central Bank, and the National Planning Board (CONADE) to develop annual crop and livestock production statistics. The computer center in MAG has been organized and the plans to install a minicomputer for the processing of agricultural data are now in process.

COUNTRY: Ecuador
SUB-REGION: South America
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Small Enterprise Development (1986)
PROJECT NUMBER: 518-0056
DATE OF COMPLETION: 12/31/90
PROJECT AUTHORIZATION: (G) \$5,000,000
IMPLEMENTING AGENCIES:
Institute for Socioeconomic and Technological Research (INSOTEC)
Cooperative for American Relief Everywhere/Ecuador (CARE)
Fundación Carvajal
ACCION-AITEC

PROJECT PURPOSE:

To increase employment and income (measured as value added) in the small scale enterprise sector through the increase and improvement of the supply of technical assistance, credit and representational services.

PROJECT SUMMARY:

The project is a Cooperative Agreement between Ecuador's Institute for Socioeconomic and Technological Research (INSOTEC) and a U.S. PVO to expand the supply of local technical firms and consultants to the SSE sector, to create effective representation of the SSE sector in policy forums, and to relieve institutional constraints to the SSE sector's access to needed capital and technical resources.

Under the agreement, INSOTEC is responsible for selecting and training 200 private consultants (i.e., instructors from technical schools and universities, professional consultants) in five secondary cities to provide TA to SSE's through a three-stage TA delivery program. Formal training in TA content and delivery is completed by trainees' direct participation in delivering TA to SSE's. Trainees bear the full cost of training and the best qualified trainees later serve as TA instructors.

The program begins with promotional activities and visits to SSE's in the five cities, conducted in cooperation with local sponsors. Interested SSE owner/operators

identified during the visits are organized into groups for participation in workshops/seminars on topics such as management, accounting, and marketing. Follow-on practical courses offer in-depth treatment of these topics or focus on problems specific to a type of SSE. For further assistance, owner/operators may enroll in group clinics for firms with shared interests or may request individual TA. SSE's pay 40-70% of TA costs and income from fees to fund the additional TA. 180 TA activities benefiting 500 SSE's are expected during the life of the project.

The project also provides INSOTEC with funds to conduct or contract for ten policy studies on the SSE sector. Through one such contract, the Center for Educational Planning, Research and Technology (CIPTe) is working to strengthen the ability of SSE representational organizations to identify SSE needs, provide services, and participate in public sector policy dialogue.

PROJECT BUDGET:

PROJECT RESULTS (July 21, 1989):

At this moment, the project consists of three components: (1) Training and credit delivery mechanism (CARE/Fundación Carvajal/ACCION AITEC); (2) Technical assistance services (INSOTEC) and; (3) Project coordination and evaluation.

The training and credit delivery mechanisms component is implemented by CARE/Fundación Carvajal and ACCION/AITEC and provides an integrated package of technical assistance to support the development of credit and training programs for micro-enterprises in selected areas of Ecuador. Through this component, at least five micro-enterprise training and credit programs are to be established in selected secondary cities; two existing micro-credit programs in Quito and Guayaquil--Fundación Ecuatoriana de Desarrollo Eugenio Espejo (FEE) and Fundación Ecuatoriana de Desarrollo (FED)--are to receive technical assistance to improve performance and increase lending operations. One Counter Guarantee Corporations will also receive technical assistance to improve the efficiency of their operations. FOPINAR, a small enterprise rediscount line, will begin addressing micro-business needs as well.

The technical assistance services component is implemented by INSOTEC and seeks to expand the supply and quality of technical assistance to the small scale enterprise sector in at least five secondary cities through the development of private consultant resources and through the provision of technical assistance. The delivery of technical assistance is provided through practical courses, workshops/seminars and clinics, as well as individual technical assistance.

The coordination and evaluation component is to provide expert guidance in project implementation and to establish an evaluation system which will permit periodic assessments of project achievements at the output and goal level.

Assessment: Even though the project is achieving its objectives through the activities undertaken to date, it is necessary to make key adjustments which will assure cost-effectiveness and maximize long-term impact.

COUNTRY: Ecuador
SUB-REGION: South America
CATEGORIES: Policy Dialogue
PROJECT TITLE: Economic Stabilization Recovery Prog. II (1989)
PROJECT NUMBER: 518-0078
DATE OF COMPLETION: 1992
PROJECT AUTHORIZATION: (G) \$68,000,000 (planned ESF)

IMPLEMENTING AGENCIES:

Government of Ecuador (GOE)

PROJECT PURPOSE:

This program will directly support the GOE's short-term stabilization goal which focuses on controlling inflation through the tightening of monetary growth and reduction of the fiscal deficit.

PROJECT SUMMARY:

USAID/Ecuador's policy dialogue during FY 1989 centered upon progress in three key areas: (a) further reductions on domestic petroleum product subsidies; (b) controlling public expenditures; (c) continuous adjustments in the official exchange rate, leading to the closing of the gap with the free market rate and to incentives for the exports sector; and (d) rescheduling debt payments with the international commercial banks.

The Mission has enjoyed excellent relations with the new GOE economic leadership. If progress continues in controlling inflation and reducing the deficit, the Mission expects to shift its focus away from short-term measures and towards basic structural reforms (such as food price controls, interest rate policy, protective tariffs and labor legislation) which are necessary to lay the basis for self-sustaining and broad-based economic growth.

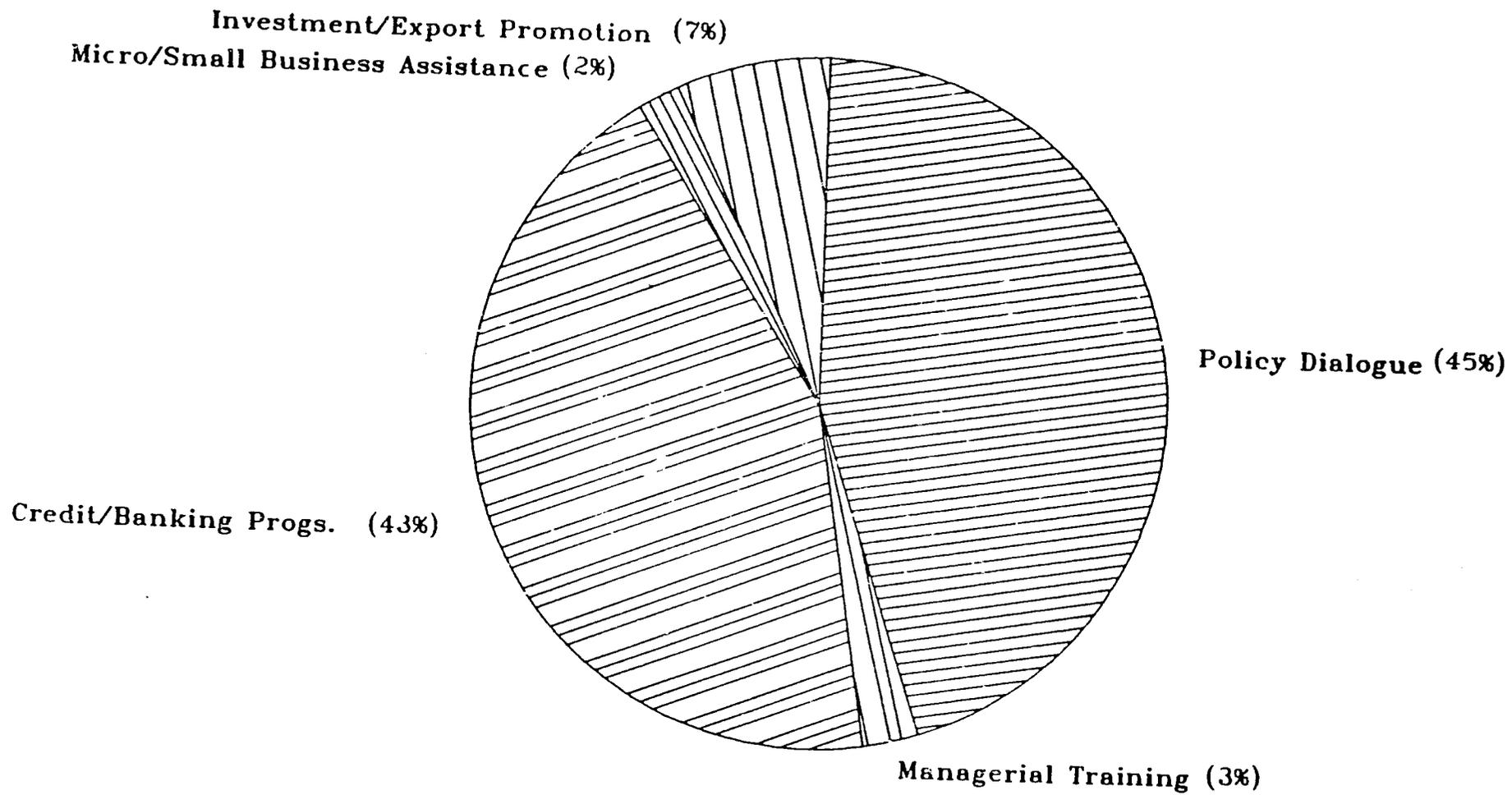
PROJECT BUDGET:

PROJECT RESULTS:

EL SALVADOR

PRIVATE SECTOR PORTFOLIO

EL SALVADOR



COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
Policy Dialogue
PROJECT TITLE: Industrial Stabilization
and Recovery (1984)
PROJECT NUMBER: 519-0287
DATE OF COMPLETION: 9/30/89
PROJECT AUTHORIZATION: (G) \$29,460,000

IMPLEMENTING AGENCIES:

Ministry of Foreign Commerce (MICE-GOES)
Salvadorean Foundation for Economic and Social Development (FUSADES)

PROJECT PURPOSE:

To develop the capacity of the private and public sectors to provide policy support, technical assistance (TA), and training services to exporters of non-traditional products.

PROJECT SUMMARY:

The program's purpose has been expanded under Project Amendment No. 1 to include stimulating growth in the non-traditional export sectors of El Salvador to increase levels of employment, income investment, and foreign exchange earnings. At the time this project was designed, the expected outputs underestimated what could be achieved under the Project. The Mission will be evaluating the stated outputs and will most likely revise them for the different project components.

The Project is broken into several components at present. For the GOES component, the grant will finance a set of activities in four inter-related areas: export and investment strategy, formulation and policy analysis, strategy support mechanisms, and free trade zone development. Activities financed will be designed to promote the development and implementation of policies and plans, as well as managerial, technical, and administrative improvements, which facilitate non-traditional exports and investments.

For the FUSADES component, the grant provides assistance for the following:

- o The creation of the Trade and Investment Promotion Services (TIPS) Program;
- o The development of a business opportunity survey to assess the range of capabilities of Salvadoran firms and key entrepreneurs in the local private sector;
- o The implementation of technical assistance projects and marketing studies;
- o The financing of trade missions by Salvadoran businessmen to the USA and third countries.

In August 1986, \$15,000,000 was provided to FUSADES for an investment fund to be established in an off-shore financing institution. The fund would make available investment credit or equity support to domestic and/or foreign investors to stimulate the establishment of new or expanded industrial "maquila" operations or light/manufacturing assembly enterprises in El Salvador exporting to markets outside of the Central American Common Market.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

The project has resulted in the generation of \$35,048,597 in foreign exchange earnings, \$9,823,363 in new investments and 9,504 jobs in export industries.

PRIDEX (formerly known as TIPS) has identified, promoted and developed a total of 449 sub-projects, and assisted a total of 99 investing companies. Recently, PRIDEX's activities have been concentrated in two main areas: a) textiles, which include garment assembly and garment industry; and b) light manufacturing industry, which includes electronic drawback, metalmechanics, services, shoes, pharmaceuticals, handcrafts, wood and leather products, gifts, minerals and plastics. Agroindustry will no longer be within PRIDEX's scope of responsibilities, but rather in DIVAGRO's.

ITT (International Technology Investment) executives continue to provide ongoing assistance to PRIDEX clients in specific services such as monitoring ongoing relationships between PRIDEX clients and US market channels, initiating marketing services, providing support to the services sector identifying clients for data entry, etc.

PRIDEX has developed a five year plan which sets jobs, foreign exchange, and investment targets for the next 5 years. Although the plan provides a thorough explanation of the methodology for arriving at projections, it is lacking in an adequate support of how these projections will be accomplished.

The FUSADES Strategic Planning Exercise was completed during this semester. It basically defined the FUSADES macro fields of activity as the following: Economic Development, Social Development, Public Relations, Funding for FUSADES and Administrative Efficiency. Although at times it is hard to frame the objectives of the different FUSADES programs within those parameters, the activity defined a long-term view of FUSADES, and contributed to a sense of joint effort/accomplishment among FUSADES' members/staff for the future of FUSADES.

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Micro and Small Business Assistance
Managerial Training
PROJECT TITLE: International Executive Service Corps
(IESC) (1985)
Technical Assistance to Businesses
PROJECT NUMBER: 519-0302
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: (G) \$500,000
IMPLEMENTING AGENCIES:
International Executive Service Corps (IESC)

PROJECT PURPOSE:

To provide technical assistance (TA) to private sector enterprises and organizations, in support of the Caribbean Basin Initiative and USAID funded private sector programs in El Salvador, and to assist in the economic reactivation of the country.

PROJECT SUMMARY:

TA is provided under the project by the International Executive Service Corps (IESC) to private sector enterprises and organizations.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

In the initial years of the Project, it was difficult for IESC to recruit volunteers to come to El Salvador because of both the political unrest reigning in the country and adverse media reporting on the Salvadoran situation. However, this situation has improved due

to the positive references given to potential volunteers by returning executives, and to the fact that IESC's Stanford headquarters has added 15 recruiters to handle its worldwide workload. However, IESC has experienced several volunteer cancellations recently due to the perceptions created by media coverage of El Salvador in the US.

Of the 50 technical assistance sub-projects subsidized by the project, 41 have been completed to date.

Recent activities include the identification of company needs and contacting of volunteers for the provision of technical assistance to the following: an exporter of fine shopping bags and jewelry boxes, to improve its productivity and set up cost efficient production methods; a manufacturer of medicines, to improve the production of injectable solutions and medicinal syrups, and introduce the manufacture of eye drops; a manufacturer of mirrors, to improve quality control and production; a manufacturer of men's shirts, to train new operators on lock stitch operations and set up a training program to be carried out on a continuous basis; a manufacturer of plastics, for training and quality control of plastic film/bag manufacture; a new manufacturer of kraft liner board and corrugated medium, for recycling of paper stock, preparation techniques, proper storage and quality control, etc.

During this period, an unfunded extension of the PACD until March 31, 1989, was approved. Subsequently, IESC presented a proposal requesting an additional extension of the Grant's PACD for a period of 2 years, until March 31, 1991, and additional funding for project activities in the amount of \$400,000. Because the Mission has already extended the PACD for a total of 14 months, it only has authority to extend the PACD by an additional 10 months. Therefore, Washington's approval has been requested for this action. With the 2-year extension, IESC expects to complete approximately 40 technical assistance sub-projects.

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Urban Small Business OPG (1985)
PROJECT NUMBER: 519-0304
DATE OF COMPLETION: 9/30/88
PROJECT AUTHORIZATION: (G) \$3,000,000

IMPLEMENTING AGENCIES:

Salvadoran Foundation for Economic and Social Development (FUSADES)

PROJECT PURPOSE:

To promote the expansion of small and micro-enterprises (SME's) in the San Salvador area by providing a program of credit and technical assistance (TA).

PROJECT SUMMARY:

The project provides an OPG to the Salvadoran Foundation for Economic and Social Development (FUSADES) to finance training, operating expenses, and data processing, office, and communications equipment costs in support of the program which was established with grant funds from Project 519-0177.

The project establishes a new FUSADES office in San Salvador in a location convenient to SME owners/operators. The office is staffed by 14 persons including directors, managers, technical and administrative personnel. Additional staff includes six Field Service Extension officers who receive training under the project to assist the thousands of small employment-generating businesses of San Salvador. Assistance to the businesses ranges from training in account administration skills to seminars on

marketing and production skills. Extension officers also help SME's obtain credit from a project-financed revolving fund and encourage SME's presently unserved by the banking system to open accounts and practice fiscal responsibility to enable them to apply to commercial banks for future credit. 10% of SME's assisted are expected to graduate to the commercial banking system by the end of the project.

2,375 businesses are expected to be assisted by the project, each creating at least one new job. Employment generated under the project especially benefits lower income people.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

A credit and training program has been established with the following features: 1) a portfolio of \$2.1 million in loans outstanding and collecting interest; 2) the capacity to provide business training and on-site technical assistance to 800 and 400 businesses, respectively; and 3) a completed analysis of self-sufficiency prospects.

TA has been extended to 2,152 SME's in the San Salvador area and 1,188 loans through the revolving fund totaling \$2,133,000. It is estimated that this project has created 1,025 new jobs as a result of the new credit available.

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Small Business Assistance (1989)
PROJECT NUMBER: 519-0318
DATE OF COMPLETION: 1991
PROJECT AUTHORIZATION: (G) \$10,000,000 (planned)

IMPLEMENTING AGENCIES:

Small Business Directorate (PROPEMI)

PROJECT PURPOSE:

The purpose of the project is to increase employment and income opportunities for the lower and middle income segments of the Salvadoran population by promoting and assisting small scale private enterprise. It will contain three components: financial assistance, training/technical assistance, and policy dialogue.

PROJECT SUMMARY:

A follow-on to the Urban Small Business Project (519-0304), this project to promote and assist small businesses in El Salvador will be implemented by the Small Business Directorate (PROPEMI) of the Salvadoran Foundation for Economic Development (FUSADES). PROPEMI, which will operate independently of FUSADES in this project, will help microentrepreneurs prepare loan applications, manage their operations, select appropriate production processes and equipment, and apply sound financial and marketing practices. Training and credit will also be available to microentrepreneurs. A second project component will help PROPEMI expand its capability to support microentrepreneurs, e.g. through training of PROPEMI staff.

The project will have three major components in the areas of finance, technical assistance and training, and policy dialogue. It is contemplated that a registered U.S. PVO will be identified to serve as the implementing entity for the project.

The grantee will work with selected local institutions to channel credit to small and microenterprises under the finance component. Technical assistance and other inputs required to facilitate and encourage lending to small scale enterprises will be provided via selected banks which deal with the more sophisticated small scale enterprises. Funds for

credit, equipment and technical assistance will be provided to support the efforts of local PVO's working with the smaller microenterprises.

Under the technical assistance and training component, support to selected organizations will be made to enhance their ability to provide information and advice on selecting appropriate production processes and equipment as well as the follow-up technical assistance needed by the target group. Business linkages to promote technology transfers from large and medium enterprises to small and microbusinessmen will also be supported.

Under the policy dialogue component, the project will promote the development of a legal environment conducive to formalizing the small scale enterprises. Specifically, regulatory advantages for small scale enterprises in the fields of taxation and labor law, the establishment of a policy of market interest rates, and the removal of restrictions on subloan amounts and terms will be sought.

The project outputs will be: 1) increased capability of institutions to serve small and microenterprises; 2) creation and/or expansion of small businesses; 3) increased productivity of small scale enterprises; 4) improved legal and policy framework; 5) employment generation; and 6) trained entrepreneurs.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Credit\Banking Programs
PROJECT TITLE: Free Zone Development (1988)
PROJECT NUMBER: 519-0323
DATE OF COMPLETION: 9/1/93
PROJECT AUTHORIZATION: (G) \$26,000,000

IMPLEMENTING AGENCIES:

Salvadoran Foundation for Social and Economic Development (FUSADES)
Central Reserve Bank (BCR)
Ministry of Foreign Trade (MICE)

PROJECT PURPOSE:

To develop private free zones in El Salvador and to improve the management and services of a GOES-owned free zone at San Bartolo.

PROJECT SUMMARY:

Under the public sector component, the project will establish a \$20 million (local currency equivalent) credit facility within the BCR for on-lending to potential developers of private sector free zones. These funds may be used for working capital, site improvement, construction of facilities and/or infrastructure, and equipment. Reflows from the lending will be used to finance additional free zones or zone expansion after PACD. The GOES will finance the external public infrastructure upgrades required for the new free zones, except that some foreign exchange may be provided by the project for imported goods (e.g., electrical equipment).

Also within the public sector component, the project will finance in-country seminars for credit analysts from the BCR and participating commercial banks, as well as training for customs personnel, and for MICE and Ministry of Finance staff; about 60 person-months of in-country training and eight person-months of international training will be provided. TA will be provided to improve the administration and services of the GOES's San Bartolo free zone, develop a master plan and a regulatory system governing private zone development, and carry out a pre-investment analysis of a new free zone.

2/1/93

Under the private sector component, FUSADES's Export and Investment Program (PRIDEX) will provide TA and training to promote and help develop private free zones. Specific activities will include: 1) pre-investment studies of proposed private free zones; 2) training in zone management and operations for 2-3 private zone managers; 3) promotional activities, (e.g., conferences, and the preparation of informational materials on legislation relating to free zones, and the zones' potential benefits). The project will also fund TA and operational support for PRIDEX. Finally, under this and other projects with FUSADES, AID will fund up to 80% of the cost of an office building for FUSADES.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

Under the private sector component of the project, a PRIDEX free zone executive has been hired, and an action plan for the first year of activities has been designed and approved. In response to PRIDEX's first request for TA from a private developer (Corporacion Desarrollo S.A. or CORDESA), feasibility study field work has been completed and a draft report of findings presented. A trip to Costa Rica to visit free zones and to meet with free zones developers was organized by PRIDEX for members of CORDESA and its engineering firm. This trip helped CORDESA in finishing its site/locational analysis and the initial designs and layouts of the El Pedregal Free Zone. Additionally, a guide on how to apply for Free Zone Designation was prepared by a PRIDEX free zone specialist, to be given to firms/individuals interested in developing free zones.

The legal department in MICE gave free zone pre-qualification to the CORDESA Group.

Several CVs have been received to fill the Project Coordinator position. However, no decision has been made as the future of MICE is uncertain.

MICE is presently preparing the action plan for the first year of activities. Once it is presented and approved by the Mission, MICE can request the first disbursement of funds under the Project to cover expenses for training and technical assistance activities.

A working group has been formed with representatives of SETEFE, MICE, FUSADES, and AID. Monthly meetings are held mainly for informative purposes.

The Free Zone National Committee was sworn-in in January, 1989. It is formed by four public sector and three private sector representatives.

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Policy Dialogue
Investment and Export Promotion
PROJECT TITLE: Private Sector Initiatives (1987)
PROJECT NUMBER: 519-0336
DATE OF COMPLETION: 1/1/91
PROJECT AUTHORIZATION: \$4,700,000
IMPLEMENTING AGENCIES:

Salvadoran Foundation for Economic and Social Development (FUSADES)

PROJECT PURPOSE:

To mobilize the private sector to increase its productive base and perform a broad range of development activities. Through the development activities, to provide technical and financial assistance, training, and other services to Salvadoran business associations, and to support the economic, social and policy research, analysis, and dissemination activities of FUSADES. All activities will seek to improve the private/public sector relations and the Salvadoran public's perception of the private sector.

PROJECT SUMMARY:

The project originally planned to have two components: FUSADES and a series of related sub-activities. However, the latter component was not authorized by AID/W because of its similarity to the activities being implemented by FUSADES under Project No. 519-0316 (Associations Strengthening Activities). As a result, 519-0336 constitutes a continuation of Project 519-0316. The program activities implemented by FUSADES under these two projects are linked to the Mission's support of private sector participation in areas of economic and social policy analysis and formulation, and in the design and implementation of development activities which began in 1984. The objective is to broaden the base of support for the reactivation of the economy.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

In the field of Economic and Social Development, the major activity of the Department of Economic and Social Studies (DEES) has been the development of the FUSADES Economic and Social Program, which addresses critical aspects of the Salvadoran macroeconomic situation, such as: the fiscal deficit and the exchange rate; tax policy; public sector expenditures; agricultural policy; the financial system; economic regulation and state intervention; and a new emphasis on social policy.

In support of the foreign consultants hired for the study, the DEES staff has served as counterparts and contributed to the preparation of studies/diagnosis on the different subjects addressed.

In the field of Public Relations, workshop/conferences on the Economic and Social Program, liberalization processes and topics related to structural adjustment have been conducted with different groups, such as: private sector, military sector, agricultural sector, Supreme Court of Justice, Diplomatic Corps, industrialists, and political parties.

In an effort to contribute to its sustainability, the DEES has also worked on the consolidation of the "SIE" (Economic Information System) which at present has 50 member organizations. These receive periodically updated information on business climate and economic activity, including data on levels of production, prices, wages, cost of raw materials, etc., for the industrial, commercial, construction and services sectors. This is necessary for effective management and decision making.

In addition, relevant articles for the press and for the DEES monthly bulletin have been prepared on topics such as fiscal policy, social strategy, etc.

In the field of Economic Development, the DEES in a joint effort with FORTAS and FEPADE (Education Development Foundation), has designed the contents of a university course on Market Economy to be taught in local universities which have agreed to include the course in their curricula during the upcoming academic period.

FORTAS

The thrust of the FORTAS Program has gradually evolved in order to adjust to the changing needs of the FUSADES institution, and an overlap of FORTAS' activities with those of PRIDEX and DEES frequently occurs.

Two main tasks stand out for FORTAS at present: the promotion of social community development activities and the continued effort to strengthen the associations' respective organizations. The promotion of the Free Enterprise System will eventually become more of a role for DEES.

In this field the following has been achieved: 1) The design/development of a major-scale national educational campaign to promote the Free Enterprise System and overcome sectoral polarization; 2) The design of the contents of a university course on Market Economy, in a joint effort with FEPADE and the DEES.

In the area of support for institutional development of member associations, the following are illustrative activities/results:

- 1) The self-evaluation seminar for UDES (Association of Salvadoran Business Managers), attended by 16 of its members, helped revised the association's objectives;
- 2) Support for AMPYMES (Association of Medium, Small and Microenterprises) for a membership campaign resulted in 61 new enrollments, and for ASPAE (Association of Business Administrators), in 47 enrollments.

Support has also been provided to CASATUR (Salvadoran Chamber of Tourism), Buro de Concenciones and ISTU (Salvadoran Tourism Institute), by hiring a foreign consultant and a local counterpart to design a Strategic Plan for the promotion of tourism in El Salvador.

FORTAS, in a joint effort with the City Hall and member associations, has designed a project to provide support to marginal communities. This includes the construction of sewage canals, pavement of access road, illumination, health clinics, etc.

To date, since the beginning of 1989, 26 marginal communities with a total of 7,573 families have been benefited with a total of 37 subprojects, carried out by 15 associations, including PROLDCE, ASI, CAMARA DE COMEACIO, UDDS, TEXAS A&M, etc., with a total cost, including labor provided by community members, of approximately \$37,000.

COUNTRY: El Salvador
SUBREGION: Central America
CATEGORIES: Managerial Training
PROJECT TITLE: Technical Assistance, Policy Analysis and Training (1988)
PROJECT NUMBER: 519-0349
DATE OF COMPLETION: 1993
PROJECT AUTHORIZATION: (G) \$17,000,000
IMPLEMENTING AGENCIES:
USAID/El Salvador

PROJECT PURPOSE:

The purpose of this project is to improve the Government of El Salvador's (GOES) capability to identify and address priority development problems by financing technical assistance, academic and job-related training and economic research. Specifically, the project will upgrade the GOES' capacities in the areas of planning, implementing and monitoring development projects.

PROJECT SUMMARY:

The project will finance a series of sectoral assessments and feasibility studies relevant to macroeconomic planning and key development planning problems. Training and TA for GOES staff will be provided to develop analytical and planning skills such as survey design, development and use of statistical material and management information systems, and economic analysis. A limited amount of funding will be available for private sector training programs. An estimated 108 person-months of TA and 867 person-months of training will be financed.

Second, short and medium-term TA will be provided to enhance the implementation of ongoing development programs. For example, TA may be provided to the following: 1) the Agricultural Development Bank and the Federation of Credit Agencies to institutionalize administrative reforms; 2) the Central Reserve Bank and other financial institutions to formulate, implement and monitor credit programs; 3) the Ministry of Education to improve primary education; and 4) the Vice Ministry of Housing and Urban Development and the National Popular Housing Program to resolve shelter and related

urban development problems. Management and technical training at U.S. or Latin American institutions will be provided to increase project implementation capabilities of the GOES and private sector agencies. In total, 58.3 person-months of training will be provided for this component.

Thirdly, TA and training will be provided to improve monitoring and auditing of A.I.D. provided funds and local currency generations by GOES entities (the Court of Account, the Ministry of Finance and the Technical Secretariat for External Financing) and the Central Reserve Bank's systems for monitoring import transactions financed under the balance of payments program.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Policy Dialogue
PROJECT TITLE: ESF/Balance of Payments Support (1989)
PROJECT NUMBER: 519-0355
DATE OF COMPLETION: N/A
PROJECT AUTHORIZATION: (G) \$282,045,000
IMPLEMENTING AGENCIES:
USAID/El Salvador

PROJECT PURPOSE:

The ESF Program will provide support for the Government of El Salvador's (GOES) Economic Plan, which seeks to stabilize the Salvadoran economy and create conditions for higher, self sustaining growth. The Plan includes strategies for reducing inflation, expanding credit to the private sector and reactivating the export sector.

PROJECT SUMMARY:

Funds will be used for the importation of raw materials and intermediate and capital goods for the growth of the productive sectors of the Salvadoran economy. This support will enable the GOES to meet the import requirements of the targeted rate of GDP growth. The Mission will monitor GOES progress towards the targets in the Plan and consult with the GOES Economic Team on a regular basis to discuss any areas of concern that may develop in the course of the implementation of the Plan.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Credit\Banking Programs
PROJECT TITLE: Local Currency Lines of Credit (1987)
PROJECT NUMBER: 519-LC-18/26
DATE OF COMPLETION: N/A
PROJECT AUTHORIZATION: (G) 524,250,000 Pesos--ESF (Equivalent to US \$104.85 million)

IMPLEMENTING AGENCIES:

Central Reserve Bank (BCR) and the financial system

PROJECT PURPOSE:

To strengthen private sector productive activities.

PROJECT SUMMARY:

The project contributes to the stabilization and reactivation of the economy by providing local currency resources to the Salvadoran private sector. Existing lines of credit and financing of new lines will be made available through the financial system by the BCR.

PROJECT BUDGET:

There are three components to the FY87 allocation of 75 million Pesos: 1) 65 million (Pesos) in financing for industry and agro-industry; 2) 5 million (Pesos) for the Special Fund for National Reconstruction; and 3) a 5 million (Pesos) line of credit for Export of Services. The first two lines of credit already exist and the third is a new line of credit that will finance draw-back export companies.

PROJECT RESULTS (March 31, 1989):

Under the FY87 Program outlined above, a total of 1,086 credits for 80.1 million Pesos have been approved.

Design, discussion and negotiations to establish the FY88 Credit Program led to the following structure: 1) 110 million (Pesos) for industry and agro-industry; 2) 40 million (Pesos) for small business; and 3) 190 million (Pesos) for reactivation.

The BCR has developed two sets of guidelines to standardize the credit application and analysis process, and has agreed to complete a credit information sheet for each loan approved under any special credit line to provide the basis for MIS reports.

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Investment Promotion Insurance System
(PROINVER) (1986)
PROJECT NUMBER: 519-LC-19
DATE OF COMPLETION: 1/12/97
PROJECT AUTHORIZATION: (G) 152,000,000 Pesos--ESF FY86 (Equivalent
to US\$30.4 million)

IMPLEMENTING AGENCIES:

Central Reserve Bank (BCR) and the Consortium of Private Salvadoran Insurance Companies

PROJECT PURPOSE:

To reactivate the Salvadoran economy through the re-establishment of commercial relations which existed prior to 1978 but have since been undermined by the terrorist destruction of productive economic assets.

PROJECT SUMMARY:

The project provides insurance to cover risks of private sector investors in selected areas, especially non-traditional exports which are critical to the reactivation of the Salvadoran economy. The project proposes to provide financial compensation for material damages due to civil unrest, malicious acts and terrorism.

PROJECT BUDGET:

The project provides funds for the underwriting of policies, as well as a small amount (75,000 Pesos) for training and promotion activities.

PROJECT RESULTS (March 31, 1989):

Three hundred forty-nine (349) policies have been underwritten for a total of 241.7 million pesos in coverage. Two companies did not review their policies, amounting to 20.2 million pesos worth of coverage of which 15.4 million were assumed by PROINVER's reserve (FOINVER).

A series of meetings have taken place in order to make changes in the program which will permit the merger of Orient - specific and country-wide programs. No allocations of resources by geographical region or industry shall apply.

Three hundred buses have been insured against terrorist strikes for up to 100,000 pesos of replacement value each. The availability of bus coverage has at this point been exhausted, and the transportation sector is requesting more resources to cover their needs. There is a considerable backlog of applications.

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Credit\Banking Programs
PROJECT TITLE: Eastern Zone Reactivation Program (1987)
PROJECT NUMBER: 519-LC-(N/A)
DATE OF COMPLETION: N/A
PROJECT AUTHORIZATION: (G) \$293,000,000 Pesos--ESF FY86 & 87 (Equivalent to US \$58.6 million)

IMPLEMENTING AGENCIES:

Central Reserve Bank (BCR)
Consortium of Insurance Companies

PROJECT PURPOSE:

To generate a level of growth among the productive sectors of the Eastern region of the country that permits increases in the level of employment, the volume of production and the diversification of production in the short term.

PROJECT SUMMARY

The program provides collateral guarantees for productive projects in the agricultural and livestock, industrial, crafts and agroindustrial sectors, as well as refinancing for obligations in default and "fresh" credit in indicated areas. In addition, the development of a system of protection against damages caused by political upheaval, malicious acts and terrorism will serve as a mechanism for providing coverage to productive activities of the private sector in the four states of the region: Usultán, San Miguel, La Unión and Morazan.

PROJECT BUDGET:

The project provides funds for terrorism insurance (90 million Pesos-US \$18 million), lines of credit (138 million Pesos and US \$27.6 million) and an investment promotion guarantee fund (65 million Pesos--US \$13 million) as well as 1 million Pesos for training and promotion activities.

PROJECT RESULTS (March 31, 1989):

As of March 31, 1989, utilization of the program is as follows:

- o Under the Reactivation Credit Line, 643 credits for 36,700,000 Pesos have been approved and 29,100,00 Pesos disbursed;
- o Under the Refinancing Credit Line, 219 credits for 106,600,000 Pesos have been approved and 76,000,000 Pesos disbursed;
- o Under the Guarantee Fund, 58 guarantees totaling 30,900,000 Pesos have been approved.

A second phase of the Eastern Region Program will be developed with an additional allocation of 100 million Pesos from the previous FY's credit lines *re:flows*.

Previous problems with slow movement of credit have been resolved. All loan funds have been either committed to loans or are being processed.

COUNTRY: El Salvador
SUB-REGION: Central America
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Trade Credit Insurance Program (TCIP) (1984)
PROJECT NUMBER: N/A
DATE OF COMPLETION: 9/30/89
PROJECT AUTHORIZATION: up to \$100,000,000

IMPLEMENTING AGENCIES:

Central Reserve Bank (BCR), 12 local banks and 8 U.S. correspondent banks

PROJECT PURPOSE:

To encourage increased short term trade credit from US institutions to commercial banks in El Salvador for financing the importation of goods and services for the use of the Private Sector in El Salvador.

PROJECT SUMMARY:

The TCIP Program was instituted in El Salvador in 1985 with an initial allocation of US\$25 million. Because of high demand, the amount was subsequently increased to \$100 million. The Program is so well utilized by the Salvadoran private sector that in 1988 El Salvador accounted for 50% of the total allocation for the entire region. As of Feb. 28, 1989, El Salvador had utilized US\$69.6 million of the total US\$100 million allocated to its revolving fund or 35% of the total regional allocation of US\$200 million.

PROJECT RESULTS (March 31, 1989):

The TCIP is an A.I.D. Washington initiative. USAID El Salvador has minimum monitoring reporting responsibilities. Arrears of \$9.2 million reported as of this date are tied to last ESF transfer delay and the overall FY shortage of the Country.

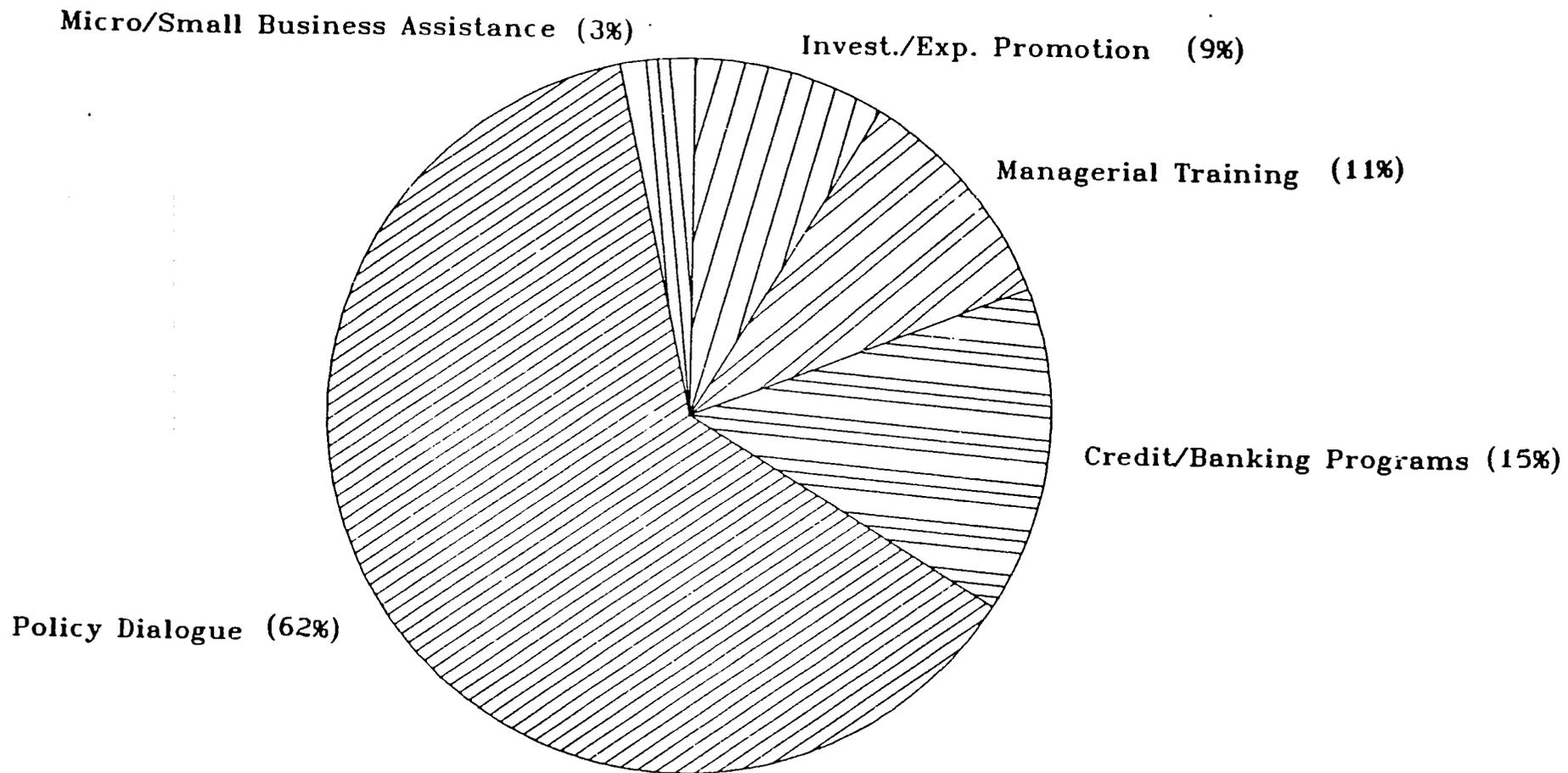
Plans are currently underway to prepare a Seminar of this Program for all Banking System Personnel and to develop a TCIP Brochure that can be available for end-users.

GUATEMALA

PRIVATE SECTOR PORTFOLIO

GUATEMALA

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COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Special Development Fund
PROJECT NUMBER: 520-0145
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: (G) \$100,000 annually
IMPLEMENTING AGENCIES:
USAID/Guatemala

PROJECT PURPOSE:

To make small grants to private sector groups and organizations in Guatemala which request assistance to carry out socio-economic development projects.

PROJECT SUMMARY:

Under this program financial assistance is provided to approximately 25-30 rural community groups yearly to carry out small infrastructure projects such as schools, community centers, water systems, bridges, roads, and other self-help projects. The communities contribute labor and locally available materials.

PROJECT BUDGET:

The grant provides ongoing support of \$100,000 yearly for the program.

PROJECT BUDGET (August 31, 1989):

25-30 projects proposed by private sector groups and organizations are completed yearly. These projects benefit more than 20,000 inhabitants living in small rural communities of Guatemala not normally reached directly by other formally established A.I.D. projects.

1200

COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Credit/Banking Programs
Managerial Training
PROJECT TITLE: Low Cost Housing (1988)
PROJECT NUMBER: 520-0261; 520-HG-004
DATE OF COMPLETION 3/31/91
PROJECT AUTHORIZATION: (G) \$600,000 (GA); \$10,000,000 (HIG)

IMPLEMENTING AGENCIES:

Banco de Guatemala (BG)
Instituto de Formento de Hipotecas Aseguradas (FHA)

PROJECT PURPOSE:

There are two project components and purposes--the first, a grant agreement (GA) with Banco de Guatemala (BG), and the second, a Housing Investment Guarantee (HIG) also with BG.

- GA - Supporting BG in its efforts to finance production of low-cost shelter solutions.
- HIG - Carrying out a program for construction of shelter solutions for low-income families.

PROJECT SUMMARY:

- GA - Technical Assistance Plan to enhance and train local personnel from BG, FHA, private developers.
- HIG - Financing approximately 1500 housing units, developed by the Government of Guatemala (GOG) and the private sector.

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PROJECT BUDGET:

GA - \$600,000
HIG - \$10,000,000

PROJECT RESULTS (August 15, 1989):

- GA - Technical Assistance Preliminary Plan covering up to six different activities: PSC Housing Advisor arrived in June, 1989; 9 observation visits to different countries; 24 local officials attended international seminars; Assistance to Guatemalan Congressmen on S&L topics; Housing committee established as a coordination mechanism.
- HIG - Up-dated Master Delivery Plan covers 1600 housing units. Achievements: 108 completed housing units; 4.3% of A.I.D. disbursements of project budget; 900 housing units under construction and 400 housing units on waiting list.

10.0% of A.I.D. disbursements on process
20.0% of A.I.D. disbursements as dollar advance

COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
Managerial Training
PROJECT TITLE: Agri-Business Development (1985)
PROJECT NUMBER: 520-0276
DATE OF COMPLETION 3/21/90
PROJECT AUTHORIZATION: (G) \$4,500,000; (L) \$9,500,000

IMPLEMENTING AGENCIES:

Bank of Guatemala (BOG)
Non-traditional Products Exporters Guild (GUILD)
National Agricultural Development Bank (BANDESA)
National Cooperative Business Association (NCBA)

PROJECT PURPOSE:

To provide small farmers with profitable outlets for fruit and vegetable production through new or expanded agribusiness enterprises in rural areas.

PROJECT SUMMARY:

The project provides a combination of credit, technical assistance and training in order to sustain new and expanded agribusiness (AB) in Guatemala. The Bank of Guatemala (BOG) channels project funds to private financieras and interested commercial banks. These banks in turn make loans to AB entrepreneurs for fixed asset and working capital needs along with low-interest loans to fund feasibility studies, training and technical assistance (TA). USAID project funds are matched by borrower equity and local bank credits. At least 150 farmer groups have received production loans through the National Agricultural Development Bank (BANDESA).

The project provides long-term TA in credit management to BOG and BANDESA, short-term TA to private banks (financieras and commercial banks), and credit training to 20 private bank personnel. In addition, 60 entrepreneurs will receive short-term TA and training in AB establishment and management as well as in R&D. Seminars and workshops for entrepreneurs will also be conducted.

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A National Cooperative Business Association provides ten co-ops with TA in management and marketing and with short courses and/or observational travel for some 240 co-op leaders. Each co-op has hired a local professional manager and accountant and is gradually assuming responsibility for staff costs.

The Non-traditional Products Exporters Guild, which presently provides TA and training to small farmers and agri-businesses, has established a market information system to be self-financing by project end.

PROJECT BUDGET:

Agribusiness Development Fund	7,300,000
BANDESA, Agribusiness Development Fund for Cooperatives	1,500,000
Entrepreneurial Development and Assistance Activity	500,000
Inflation and Contingency	<u>200,000</u>
	9,500,000

NCBA	2,330,000
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Non-Traditional Products Exporters Guild	
1. Market Information	280,845
2. Export Expansion	386,717
3. Investment Promotion	207,000
4. Training	90,045
5. Eval. and Audits	56,250
6. Infla. and Conting.	<u>1,000</u>
	1,021,857

PROJECT RESULTS (December 31, 1988):

Approximately \$3.0 million of the loan fund have been disbursed; however, the Central Bank of Guatemala (BOG) has approved sub-loans for approximately \$8.5 million which should substantially draw down the credit funds.

The Guild has become a major private sector representative in discussion with the government on major policy reforms oriented towards improving the general export business environment. The Guild contributed to the government's establishment of the one-stop export documentation processing service, the exchange policy, the continuing development of an Export Development Plan, and the creation of a Guatemalan export consciousness. It has established a market information system that serves over 5000 users yearly, providing a series of price bulletins, information on product quality and standards, and export regulations in Guatemala, the U.S., and Europe, has trained over

8000 entrepreneurs in 200 different training activities, and has made possible Guatemalan participation in over 20 international export and investment promotion events. The Guild was twice recognized by Guatemalan President Cerezo for its outstanding service in the promotion of non-traditional exports and for the successful International Agritrade Fair.

The NCBA is currently working with ten cooperatives and farmer associations with over 6,400 members. It has achieved considerable success in production enhancement, post-harvest handling and processing, and marketing. The 10 farmer organizations exported over 7 million pounds of fresh and processed fruits and vegetables this past year to U.S. and European markets. One of the member cooperatives, producing and marketing fresh strawberries to the U.S. and Europe, was recognized by Guatemalan President Cerezo as the best agricultural cooperative of the year.

COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Commercial Land Markets II (1984)
PROJECT NUMBER: 520-0330/0343
DATE OF COMPLETION: 8/30/92
PROJECT AUTHORIZATION: (G) \$10,500,000

IMPLEMENTING AGENCIES:

Fundacion del Centavo

PROJECT PURPOSE:

To demonstrate the feasibility of a private sector land marketing program benefiting small farmers.

PROJECT SUMMARY:

The project is designed to assist some 2,500 farmers in obtaining title to approximately 2.8 hectares of land.

The project allows Fundacion del Centavo to purchase land on the open market, paying up to 50% of the price in cash. The Foundation pays the remainder with promissory notes which it issues at negotiable maturities and interest rates. The size of land parcels is partially determined by an agrolological study. Farmers who participate in the program make a down payment of 10% of the total purchase price of each land parcel (and associated legal costs), and pay the balance in annual installments over a period of up to 13 years with the land as a mortgage guaranty. The Fundacion del Centavo charges the farmers prevailing market interest rates, providing the participating farmers production credit and technical assistance in farm management for a period of up to 5 years.

An estimated 6,750 hectares are expected to be sold and cultivated during the life of the project, purchasing an average of 1,350 hectares per year.

PROJECT BUDGET:

The project grant provides ongoing support for the financing of land purchases and funding for production credit and TA for farmers.

PROJECT RESULTS (July 31, 1989):

10 farms have been purchased under Phase II of the project, thus bringing the aggregate number of farmers under Phase I and II to 28 farms with 6,252 hectares benefitting 1,658 families.

COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Private Sector Development Coordination (1985)
PROJECT NUMBER: 520-0337
DATE OF COMPLETION 3/27/90
PROJECT AUTHORIZATION: (G) \$1,500,000

IMPLEMENTING AGENCIES:

Camara Empresarial (CAEM)
Fundacion para el Desarrollo Integral de Programas Socioeconomicos (FUNDAP)
International Executive Service Corps (IESC)
Fundacion Tecnologica (FUNTEC)

PROJECT PURPOSE:

To increase private sector participation in nontraditional development activities in Guatemala and to promote Caribbean Basin Initiative (CBI) activities.

PROJECT SUMMARY:

The project provides funds for private sector subprojects by nongovernmental groups which either benefit the rural and urban poor directly or encourage them to participate in labor-intensive (preferably export-oriented) enterprises. Proposed subprojects are reviewed by a project steering committee. The first subproject was the support to ovine production and the promotion of Momostenango wool exports under FUNDAP's auspices.

To increase private sector productivity, a variety of technical assistance (TA) and training opportunities are offered by the project. IESC provides TA and training to small and medium-scale businesses in product design, industrial engineering, accounting and marketing. Sixty-five businesses have already received IESC technical assistance. The Fundacion Tecnologica (FUNTEC) furnished TA and other inputs to small and medium businesses that have objectives consistent with the project goal.

The project has also organized and funded the attendance of Guatemalan businessmen at conferences promoting U.S. imports from and investments in Guatemala, and

overseas exhibitions of Guatemalan products or investment opportunities. Two studies have been funded by the project to promote labor-intensive, non-traditional export activities in the small and medium business sector.

The project promotes the CBI by helping define export strategies, disseminating information, conducting research, and providing direct contacts between importers and exporters.

Based on the experiences of Momostenango, FUNDAP initiated the Nahuala Subproject. The objectives of this activity are: 1) to improve the social and economic welfare (increases in employment and income) of persons involved in the production and marketing of artisan wood products; 2) to stimulate the production and marketing of wood products in the region; and 3) to mount an aggressive reforestation/conservation program to ensure the long-run supply of wood for artisans in the region.

PROJECT BUDGET:

The project grant is allocated to Private Sector Development (\$770,000), TA and Training for Private Enterprise (\$776,000), Coordination of CAEM Program (\$134,000) and External Project Audits (\$20,000).

PROJECT RESULTS (December 31, 1989):

Implementation of the project's various components is in accordance with the initial schedule. IESC has provided TA to 65 small firms.

Two studies have been funded under the project, one on export processing zones in Guatemala and another on privatization. In addition, the project has provided support to the "one-stop" window for exports.

Eight hundred and twenty-five operators have graduated under FUNTEC's industrial sewing machine programs.

A carpentry school is operating in Nahuala.

A weaving school is operating in Momostenango.

Four hundred and ninety-three weavers and their families have benefitted from the Momostenango Subproject.

A marketing enterprise has been established in Quetzaltenango (where FUNDAP's headquarters are located).

Seventeen technical support centers for sheepculture have been established.

COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Credit/Banking Programs
Investment and Export Promotion
Micro and Small Business Assistance
Policy Dialogue
PROJECT TITLE: Private Enterprise Development (1987)
PROJECT NUMBER: 520-0341
DATE OF COMPLETION 8/27/92
PROJECT AUTHORIZATION: (G) \$10,000,000
(ESF) \$10,900,000

IMPLEMENTING AGENCIES:

Chamber of Entrepreneurs (CAEM)
Guatemalan Management Association (AGG)
Non-traditional Products Exporters' Guild (GUILD)
Chamber of Finance (CDF)
Ministry of Economy (MOE)

PROJECT PURPOSE:

To promote the role of private enterprise in the development of economic policy in Guatemala.

PROJECT SUMMARY:

Project resources are oriented to: (1) improve access for small and medium-sized firms to technical and managerial knowledge while at the same time increasing the financial resources and capability of private sector firms and support institutions to meet the needs of private enterprise through the Small and Medium Enterprise Technical Support Component and the Financial Market Development Component; (2) expand export production of non-traditional products through the Export Promotion Component; (3) attract and mobilize domestic and/or foreign investment, via an investor service center and investor network; (4) provide technical assistance within the context of national economic development and, through all project components listed above, and particularly through the new Private Enterprise Initiatives component. The project provides support to the Guatemalan Ministry of Economy to improve and streamline the processing of required expert related paperwork.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

Implementation of this program is taking place in accordance with the revised project implementation schedule. The project consists of a Cooperative Agreement with CAEM and three sub-agreements, i.e. Non-traditional Agricultural Guild; Guatemalan Management Association, Chamber of Finance and a Project Grant Agreement with the MOE. CAEM and the sub-agreement institutions have prepared five-year implementation plans together with a detailed plan, budget and schedule for first-second year activities. A National Export Plan recast as an Export Strategy will be designed and negotiated, and activities will be planned to encourage the implementation of policies which promote investment and exports and create employment. The credit guaranty program is currently processing loans to eligible borrowers. This mechanism guarantees up to 50% of the credit risk on loans to productive small and medium enterprises.

COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Managerial Training
Micro and Small Business Assistance
PROJECT TITLE: Asindes PVO Development Program (1986)
PROJECT NUMBER: 520-0348
DATE OF COMPLETION: 6/30/90
PROJECT AUTHORIZATION: (G) \$2,300,000

IMPLEMENTING AGENCIES:

Private Agencies Collaborating Together (PACT)

PROJECT PURPOSE:

The purpose of this project is to strengthen Asindes as a PVO umbrella organization to support PVOs operating in Guatemala.

PROJECT SUMMARY:

The project's major components are technical and financial assistance and training from PACT to Asindes to improve its management and technical capabilities, technical and training assistance for Guatemala NGO's from Asindes assisted by PACT, and grants to PVOs to carry out their activities.

PROJECT BUDGET:

(G)	\$1,050,000	5/20/86
	750,000	6/20/88
	<u>500,000</u>	2/23/89

\$2,300,000

PROJECT RESULTS (June 1989):

Project activities under the various components are being implemented as scheduled. Training is being conducted on 3 levels: Asindes Board of Directors, Asindes staff and Asindes membership. The Board has participated in 8 training events to strengthen

their role. The Asindes staff have participated in 23 formal training events in personnel management, project analysis and monitoring, evaluation, financial management, planning, computerization and other areas that increase their capacity to undertake their responsibilities.

Asindes members and other NGOs have participated in 16 events including project design, monitoring and evaluation, financial management, budgeting and other specific technical themes of interest to the NGO community.

In reference to grants to PVOs, Asindes has continued to monitor the 16 projects funded with A.I.D. funds for a total amount of \$425,000.

It has also approved 30 grants for small community level projects for a total amount of approximately \$100,000 presented from members of "Asociacion Pazac" composed of A.I.D. returned participants, and/or other similar groups.

Asindes has successfully completed the negotiations with the Ministry of Finance for using host Government owned local currency generations for a total of Q.2. million. To date, 7 projects have been approved for a total amount of GOG Q.1,048,000. Also, four new PVO projects for a total amount of Q.600,000 are now under the consideration of the Board. Negotiations have already started with the GOG on the use of additional local currency generations from previous PL 480, Title I Agreements.

Additionally, Asindes has been actively participating in discussions with the Office of the 3er. The Vice Minister of Finance concerned with the IFDI program will coordinate activities related to NGOs.

COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Micro Enterprise Development (1990)
PROJECT NUMBER: 520-0375
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: PID will be prepared in October 1989 and contingent upon approval, plans to prepare project in February 1990.

IMPLEMENTING AGENCIES:

PROJECT PURPOSE:

This project purpose is to increase productivity and incomes of microenterprises. It is estimated that there are 350,000 micro enterprises, each with one to five workers, in Guatemala. Such firms are generally excluded from formal credit markets and mainstream private sector programs oriented to established firms in the formal sector. The beneficiaries of the project will be those microenterprise firms operating in the formal sector. The focus will be on providing credit, technical assistance and training to promote productivity increases, and thereby incomes, in labor intensive microenterprises. The project will support the graduation of microbusiness to the formal sector. It will include promotional activities to focus on a national educational program and the use of mass media to improve outreach efforts to microenterprises. This project will ensure the self-sustainability of PVO's providing business services to the microenterprise sector.

PROJECT SUMMARY:

PROJECT BUDGET:

PROJECT RESULTS: N/A (PID being prepared)

COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Credit\Banking Programs
Micro and Small Business Assistance
Managerial Training
PROJECT TITLE: Micro-Business Promotion (1989)
PROJECT NUMBER: 520-0377
DATE OF COMPLETION 8/30/90
PROJECT AUTHORIZATION: \$1,850,000 LOP and Q1, 549,722 LOP

IMPLEMENTING AGENCIES:

ACCION - AITEC through 3 Guatemalan PVO's:
Fundacion Tecnologica (FUNTEC)
Fundacion para el Desarrollo Integral de Programas Socio-economicos
(FUNDAP)
Foundation for the Development of Women

PROJECT PURPOSE:

To increase incomes of the urban poor through technical assistance, training and credit to microentrepreneurs.

PROJECT SUMMARY:

The major project components are a credit fund, technical assistance and business training. Credit is made available in small quantities (under Q2,000) on a short-term basis to groups or individuals. Larger loans are made progressively not to exceed 30 percent over previous loans repayed. The annual interest rate charged is 30%. The project includes the expansion of services to major metropolitan centers of Guatemala. The focus has been on assisting the poor commercial segment of microentrepreneurs.

PROJECT BUDGET:

\$1,850,000 LOP and Q1,549,722 LOP

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PROJECT RESULTS (August 31, 1989):

In twelve months of operations the project is 55% self-sustaining, has opened 8 additional offices and has provided 2,800 microentrepreneurs with credit, 39% of whom are women. Business training has been provided to most of the loan recipients. Repayment rates are holding at 98%. Results are well above planned targets.

COUNTRY: Guatemala
SUB-REGION: Central America
CATEGORIES: Policy Dialogue
PROJECT TITLE: Economic Stabilization and Growth (1990)
PROJECT NUMBER: 520-0385
DATE OF COMPLETION: 1993
PROJECT AUTHORIZATION: (G) \$78,100,000 ESF

IMPLEMENTING AGENCIES:

Ministry of Public Finance

PROJECT PURPOSE:

To provide foreign exchange needed to purchase imported raw materials, equipment and spare parts for use by the private productive sectors in support of increased production, employment and incomes.

PROJECT SUMMARY:

The project continues balance of payments support for the Government of Guatemala during a period of consolidation of macro-economic and sectoral as well as structural policy changes designed to improve the country's overall economic growth performance.

Recognizing the importance of the agricultural sector to economic growth, the Mission has supported a policy reform agenda designed to redress policy biases in favor of manufacturing, which have resulted in inadequate investment in production and social overhead in the agricultural sector. With the bulk of Guatemala's population dependent on agriculture, this underinvestment has adversely affected the incomes and quality of life of rural residents as well as the contribution of agriculture to national production, income and exports--and consequently to foreign exchange earnings. The dollars will support balance of payment needs for the private sector to finance the importation of critical production imports for the economy. The Government of Guatemala, through its Core Development Budget, will provide local currency funding to redress the underinvestment in infrastructure and institutional development critical to the social and economic development of disadvantaged low-income groups in Guatemala.

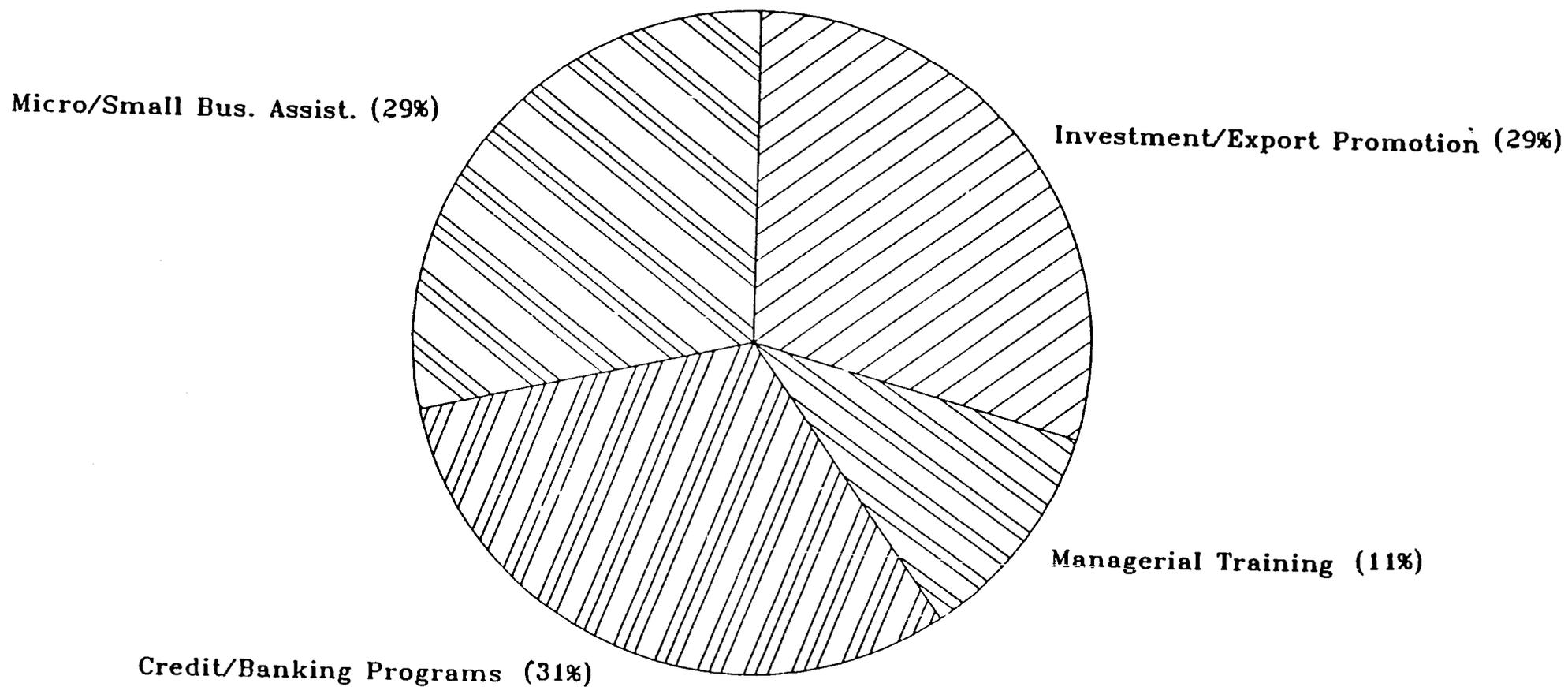
PROJECT BUDGET:

HAITI

PRIVATE SECTOR PROJECT PORTFOLIO

HAITI

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COUNTRY: Haiti
SUB-REGION: Caribbean
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Development Finance Corporation (1982)
PROJECT NUMBER: 521-0154
DATE OF COMPLETION: 12/31/89
PROJECT AUTHORIZATION: (G) \$10,000,000

IMPLEMENTING AGENCIES:

Societe Financiere Haitieme de Development (SOFIHDES)

PROJECT PURPOSE:

To provide medium and long-term credit and technical and financial support services to investors in agro-industrial projects in Haiti.

PROJECT SUMMARY:

The Development Finance Corporation (SOFIHDES) was initiated by a group of Haitian business associations and incorporated under the project in October 1982. Project funds allow SOFIHDES to provide loans and technical and financial support services to approximately 50 industrial sub-projects which are expected to generate approximately 3,000 jobs. Types of firms and average loan sizes are as follows:

Agro-Industrial firms	\$200,000
Manufacturing firms	175,000
Assembly firms	145,000

As SOFIHDES gains management experience, loans are shifting from short-term to longer term loans. Sub-project selection criteria include economic viability and impact, availability of skilled management, return-on-investment, and employment and foreign exchange generation. Loans to any one firm are limited to 15% of SOFIHDES' equity

base and no individual shareholder may own more than 10% of common stock. SOFIHDES provides a limited number of loan guarantees, and plays a major role in attracting foreign investment capital. Since 1985, SOFIHDES has offered venture capital and thus taken equity positions in Haitian enterprises.

Under the project, SOFIHDES receives training and technical assistance (TA) in start-up and management techniques, subproject and service analysis, and supervision and monitoring of loans and investments. Training is primarily conducted on-the-job under the guidance of technical advisors, although short course work is also offered in project appraisal, credit analysis, and international finance. In turn, SOFIHDES provides limited training for borrowers.

A trust fund has been opened at a local commercial bank in which SOFIHDES deposits the interest and principal corresponding to the amount of the USAID grant over a 20-year period. Monies deposited in the trust fund are designated for private sector development programs agreed upon by USAID and the trustee from the Haitian Development Foundation. One project was funded in FY87 for the sum of \$167,000.

PROJECT BUDGET:

The original budget provided a grant of \$5 million--\$4 million of which was to be used for subprojects in the form of debt and equity investments and \$1 million of which was to be used for TA. The project was amended on 3/26/86 to provide an additional \$5 million in grant funds, \$1.7 million of which was designated for TA.

PROJECT RESULTS (March 31, 1989):

SOFIHDES is fully established, completely staffed and continues to offer comprehensive project financing assistance in a depressed economic environment. Profitable for full 4 years, SOFIHDES has a portfolio of \$7.04 million disbursed to 53 clients. Thus far, its activities have created an estimated 8,145 jobs, confined mostly to the PAP region, but recently expanding into the provinces. The amount of foreign exchange earnings due to financing new or expanded export business is estimated at US\$23 million. Additionally, several agribusiness processors have financed expanded long-term produce purchases through SOFIHDES, thereby increasing the number of farmers selling their produce specifically to agribusinesses.

A Who's Who in agribusiness in Haiti was compiled, printed and distributed to the General Assembly in December, 1988. The Who's Who has had a very positive impact within the agribusiness community and has served as a good source of clients and image building for SOFIHDES.

COUNTRY: Haiti
SUB-REGION: Caribbean
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Haitian National Mortgage Bank (1984)
PROJECT NUMBER: 521-0163
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: (G) \$1,750,000

IMPLEMENTING AGENCIES:

Haitian National Mortgage Bank (BCI)

PROJECT PURPOSE:

To stimulate shelter construction in Haiti by assisting in the creation of the Haitian National Mortgage Bank (BCI).

PROJECT SUMMARY:

BCI was organized by a Core Group of 23 prominent Haitian businesspersons as a private sector housing construction and mortgage financing institution. Designed to serve a broad market, including non-subsidized low and moderate income housing. BCI is the first Haitian private financial institution to provide long-term residential loans and to specialize in real estate lending.

Over the life of the project, BCI is expected to mobilize \$8-14 million in private capital and savings by taking advantage of a proposed law authorizing the establishment of savings banks and expected to lend \$5-8 million for residential constructions, generating 2,500-3,000 jobs in the construction sector.

Through BCI, USAID finances a pilot project to provide housing loans to low and moderate income families--an expected 275 over the life of the project. USAID also provides U.S. and in-country short-term training to BCI's Core Group, Board of Directors, key managers, and other select personnel.

PROJECT BUDGET:

The project grant provides BCI with \$1 million for TA and training and \$750,000 in equity capital.

PROJECT RESULTS (March 31, 1989):

BCI has been established and has recruited an operational staff. Key operating personnel have received in-house training from consultants and limited training at a Dominican Savings and Loan Association.

Haitian demand for construction and residential mortgage loans is strong. Since its opening in January 1986, BCI has mobilized \$16.8 million in private capital and savings and has disbursed construction and mortgage loans totaling approximately \$15.4 million. BCI's sustained decrease in accumulated operating deficit have permitted it to reach the breakeven point in July 1987.

There are two extremely impressive aspects of the new pilot lending program developed by BCI:

- 1) It is replicable, since the relationship between BCI and MEDA (Mennonite Economic Development Associates) is very arms-length and follows very closely the mechanisms of a secondary mortgage market. As such, the same documents and procedures may be utilized to expand the program to other banks and PVO's as the market develops.
- 2) The development of the long neglected antichretic lien has, in effect, opened up the possibility of a home loan to the vast majority of the Haitian population. These people, by no fault of their own, are victims of a virtually non-existent land registry system and are consequently unable to obtain a legal mortgage, either because they cannot obtain a clear title themselves, or because they rent from someone who cannot. The uses of antichresis extend to all income groups.

With new institutions and competition growing everyday, BCI has instituted an employee managed pension fund and an employee stock option plan. These will provide incentives to employees to stay with BCI, rather than seeking opportunities with competitors.

During this review period, the DH&S contract was extended until June 30, 1989, which has proven to be a tremendous boost to launching the new BCI/MEDA Low Income Home Lending program.

COUNTRY: Haiti
SUB-REGION: Caribbean
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Crafts Export Resource Center (1985)
PROJECT NUMBER: 521-0179
DATE OF COMPLETION: 7/31/91
PROJECT AUTHORIZATION: (G) \$3,400,000

IMPLEMENTING AGENCIES:

CARE

PROJECT PURPOSE:

To provide export-oriented support services and technical assistance (TA) to assist Haitian craft producers in the manufacture of craft products on an economically viable basis.

PROJECT SUMMARY:

The project establishes a Crafts Export Resource Center (CERC) to provide support services and TA to Haitian handicraft producers.

PROJECT BUDGET:

The project grant of \$3.4 million provides CARE with TA and training. CARE's Counterpart Contribution is \$336,000.

PROJECT RESULTS (March 31, 1989):

Thus far, the project has generated more than 1,715 part-time jobs, 80% of which are rural based. Over 50% of project beneficiaries are women. As planned, project implementation has shifted from the former PVO grantee (CARE) to the new foundation, Zin d'Art.

Regular meetings have been held between USAID project manager and Zin d'Art management to review the project's status with respect to its targeted outputs. While recently the project has enjoyed increased sales performance, overall cumulative targets have not been met; thus far, the project has met 23.4% of its cumulative target for export sales.

Zin d'Art marketing representatives attended trade shows in North America and the Caribbean at Puerto-Rico, the Bahamas, and in the Dominican Republic; contacts were increased and contracts for export sales were signed. Furthermore, as a result of these visits, new ideas and products have been developed. These designs will be tested for consumer acceptance in the Caribbean market and in Cap Haitien where the tourist association has invited Zin d'Art to participate in sales to cruise ship passengers; in addition, Zin d'Art will provide technical assistance as well as merchandise for the market of approximately 21,000 tourists per month. The goal in Cap Haitien is to raise sales to tourists from its present level of \$6.99 per tourist to a level comparable with those in neighboring Puerto Plata in the Dominican Republic (\$155.00).

Two Zin d'Art field representatives were hired to increase contacts with producers throughout the country and to provide training and technical assistance in conjunction with contracts to ensure timely and quality production to meet export requirements.

Zin d'Art began in-house training for artisans, and developed a training plan for all its staff.

The new foundation has attempted to work with Ministry of Commerce to resolve problems with import franchises, but progress in this area has been hindered by frequent turnover of Ministers.

COUNTRY: Haiti
SUB-REGION: Caribbean
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Haitian Development Foundation (1984)
PROJECT NUMBER: 521-0181/0182
DATE OF COMPLETION: 6/30/90
PROJECT AUTHORIZATION: (G) \$10,772,000

IMPLEMENTING AGENCIES:

Haitian Development Foundation (HDF)

PROJECT PURPOSE:

To reorganize and strengthen the Haitian Development Foundation's institutional and financial capability to meet the credit and managerial needs of the micro/small enterprise sector in Port-au-Prince, which is presently unable to obtain financing from other banking sources.

PROJECT SUMMARY:

In order to begin to answer the credit and managerial needs of the micro-small entrepreneur, the Haitian Development Foundation is reorganizing its own structure through the establishment of the following new departments and training programs: a credit department and credit committee, a loan office training program, a collection department, a finance department, and a new board of directors. The Project also proposes to assist the Foundation in refining and reinforcing loan approval criteria and collection procedures.

The implementation of computerized management information systems will be accelerated through the provision of an initial conditions precedent to the disbursement of funds for administrative operations.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

During the last review period, HDF operations and revenues results were significantly improved. Loan disbursements were slightly below budgeted levels, but this was due largely to an increase in the number of smaller loans disbursed. Overall results are as follows: Loan Disbursements, 9% below projections; Revenues, 3% below projections; and Operating Expenses, 14% under budget.

The increased revenues and decreased expenses, as compared to previous periods, are indications of increased loan follow up and strict control of operating costs.

The average yield on the portfolio is 17%, which is 1% above the projected target. The increase in yield is due to HDF's use of management by objectives (MBO) with monthly corrective actions and to better targeting of HDF's client market. Experience and analysis made possible by HDF's computerization of its portfolio reveals that the smaller client loans are the most productive and that as HDF approaches loans large enough to interest a commercial bank, repayment rates drop off. The reason for this is that larger clients who might potentially qualify for a commercial bank loan come to HDF, despite higher interest rates, either because of less stringent collateral requirements, or because they were rejected by commercial banks. As a result, HDF is increasingly concentrating on trying to broaden their lower income client base.

HDF has successfully renegotiated its historical obligation to the Pan American Development Foundation (PADF) which was incurred prior to the reorganization of HDF in 1984. As a result, the loan, which was incurred for training and on lending, is now a non-interest bearing obligation with a 20% principal reduction. This note should be retired in full from HDF's own revenues in May.

HDF, with the assistance of the Outreach Advisor to OPE institutions compiled a comprehensive strategic plan for an annex facility in Cap-Haitien. The Outreach Plan consists of: 1) an institutional analysis of HDF and the annex in Cap-Haitien and how they will be linked; 2) an in-depth market survey and study of Cap-Haitien and an analysis of other credit sources in the area; 3) a marketing strategy for the development of a sound portfolio; 4) a complete financial plan with 5 year pro forma projections and break-even analysis; and 5) an operational and administrative manual which details all financial, operational, administrative and reporting guidelines for the annex. The annex opened on March 2, 1989.

COUNTRY: Haiti
SUB-REGION: Caribbean
CATEGORIES: Managerial Training
PROJECT TITLE: Management and Productivity Center (1985)
PROJECT NUMBER: 521-0183
DATE OF COMPLETION: 9/30/90
PROJECT AUTHORIZATION: (G) \$4,100,000

IMPLEMENTING AGENCIES:

Centre de Management et Productivite (MPC)

PROJECT PURPOSE:

To establish a Haitian Private Sector Management and Productivity Center (MPC) capable of delivering training and consulting services to business owners, managers, and micro-business entrepreneurs.

PROJECT SUMMARY:

The project establishes the Private Sector Management Productivity Center (MPC) to address Haiti's critical need for well-trained managers by delivering training and consulting services to this sector. MPC provides two types of fee-based services: 1) short-term management seminars and workshops for executive, middle and supervisory level managers in Haitian businesses and industries, especially in the export assembly sector; 2) modular training courses in basic business skills for micro-business entrepreneurs in collaboration with the Haitian Development Foundation (HDF). The courses address each client at his/her level of sophistication. MPC conducts ongoing evaluation of the quality and effectiveness of its services, both at time of delivery and through follow-up studies, as well as monitors private sector training and technical assistance (TA) needs.

MPC becomes operational in two phases. During Phase I, the first 3 years of the project, a U.S. management consultant firm hires and trains a local administrative staff and assures MPC services, utilizing local short-term TA as necessary. If viable, MPC will be institutionalized as a fully Haitian entity in Phase II, years four and five, during which period the U.S. firm will provide advisory services. By year five, MPC is expected to approach financial self-sufficiency through fees, membership, and fundraising efforts.

PROJECT BUDGET:

The original project grant of \$2.3 million provides \$1,050,000 to operations support (management training, management consultant services, and micro-business training support) and \$1,250,000 in TA. An additional \$1.8 million has been added to the project.

PROJECT RESULTS (March 31, 1989):

The MPC Center is still a priority. Management under the instructions of the Board pursued the possibility of obtaining the identified parcel of land from the government. Documentation was submitted to the Minister of Finance to be discussed before the Council of Ministers, but so far no reaction has been registered.

A list of ten potential donors (corporate and international organizations) was identified locally and management began its fund raising campaign in February. Out of four visits, two organizations reacted somewhat positively. A complete report of the visits will be submitted at the next semi-annual review.

Overall, the number of clients of the Center decreased by 3.7%, and the number of micro-entrepreneurs trained decreased by 21.6% over the reporting period. Nine supervisory training cycles were offered, 59 modular training sessions were held, as well as 12 seminars and 4 micro-business cycles. The "outreach" program of offering CMP services outside of Port-au-Prince was launched. Three micro-business cycles were successfully held in Cap Haitien and one in Pestel.

Faced with limited TA remaining, the Board of Directors, on the advice of the Institute for Resource Development (IRD), decided as long-term strategy to maintain the developmental expertise of the TA staff expert in development training in order to offer to the clientele training programs adapted to specific needs rather than pursue the initial approach of presenting a series of packages which could be repeated without major modifications.

An additional member for the Board of Directors to represent the micro-business sector was recruited.

The strategic plan was updated and presented at the January 25 Board Meeting.

COUNTRY: Haiti
SUB-REGION: Caribbean
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Export and Investment Promotion (1986)
PROJECT NUMBER: 521-0186
DATE OF COMPLETION: 8/31/90
PROJECT AUTHORIZATION: (G) \$7,700,000

IMPLEMENTING AGENCIES:

Consultative Mixed Committee for Industrial Development (CMCID)

PROJECT PURPOSE:

To expand and professionalize export and investment promotion services for a wide spectrum of businesses and entrepreneurs involved in manufacturing and agro-industry.

PROJECT SUMMARY:

The project establishes the Export and Investment Promotion Center (PROMINEX) under the guidance of the Consultative Mixed Committee for Industrial Development (CMCID), a public/private sector policy reform group, to encourage export and industrial promotion efforts and provide informational, legal and promotional services to exporters and investors.

PROMINEX's business information service provides data on market demand; investment, trade and export opportunities; local operating capacities; and sectoral supply and demand conditions and regulations. PROMINEX's reception facility coordinates communication between foreign investors and local assembly contractors and links overseas contracting interests with local capabilities. PROMINEX's publications and seminars facilitate regular communication with local investors and contractors, foreign firms and investors, the press, project staff, CMCID, and major donors. PROMINEX also provides CMCID with information gathered from its interactions with exporters and investors in order to enhance policy dialogue.

PROMINEX legal and documentation services help exporters and investors with regulations and permit requirements. Except for the issuance of Government permits, PROMINEX is a one-stop facility, capable of guiding potential investors through all the stops required to conclude a contract or investment.

PROMINEX's modest promotional program, designed to improve Haiti's business image and create new investor interest, has developed promotional materials, a targeting process for potential clients, and a network to reach those clients. PROMINEX also arranges for Haitian participation at overseas trade fairs and engages in a limited amount of advertising.

The project was to provide PROMINEX with extensive overseas and local training for its executive staff along with short and long-term technical assistance and policy formulation assistance for CMCID. With the economic downturn and a reduction of funding levels, PROMINEX's activities have been curtailed.

PROJECT BUDGET:

The project grant of \$7.7 million provides support for Operations and Training (\$5,337,000), TA (\$1,463,000), CMCID Policy Formulation (\$620,000), and Project Management (\$280,000).

PROJECT RESULTS (March 31, 1989):

PROMINEX's office has been established, hired and trained its core staff and moved to a permanent location. Operations began in January 1987. In light of socio-political disturbances, PROMINEX's emphasis has shifted from assistance in creating new employment in the assembly sector to maintaining the present level of employment and the present number of exporting businesses. Participation in overseas trade fairs has been reduced and plans for a permanent overseas officer have been temporarily halted. PROMINEX has made substantial progress in developing information about production capabilities so that when the economy rebounds, it will be poised to take advantage of new investment promotion activities.

In preparation of establishing PROMINEX Haiti's overseas office, the position for a U.S. representative was advertised and eight candidates were interviewed. Also, a comprehensive operations and procedures manual was written for the overseas office. No final selection has been made however, and PROMINEX has yet to put together the Work Plan and Budget required for the overseas office.

The assessment of production capacity and capability of the apparel sector was conducted by an IESC executive, and a seminar given on the results of the survey. A request was made to the UN to supply an electronics specialist to conduct a similar survey of the electronics sector.

Regarding promotional efforts, three editions of "PROMINEX Aujourd'hui", special bulletins on apparel, electronics and footwear were published. Also published in English were the Electronics Brochure, Electronics Fact Sheet, 3 editions of the Business Line and an update of the Haiti Fact Sheet. A media package with the focus on Haiti business activities was prepared. The video on the agriculture/agro-industry sector is still not complete.

On the policy front, a request was made to the Minister of Commerce and Industry to assign to PROMINEX a role of observer at meetings of the CMCID. A verbal authorization was given, and PROMINEX has since attended the CMCID meetings. Proposed legislation to promote privately-owned and operated Export Processing Zones was prepared by PROMINEX for inclusion in the revision of the Investment Code.

Regarding export promotion, PROMINEX attended the C/CAA Miami Conference, the Caribbean Basin Conference in Puerto Rico, the World Processing Zone Authorities Conference in Columbia, and the C/CAA retreat. A planning trip was made by a Canadian sourcing and investment mission, a Korean sourcing and investment mission was received in Port-au-Prince, and PROMINEX participated in three apparel trade shows and two electronics shows.

The third meeting of the PROMINEX AD Hoc Advisory Committee was held to discuss private sector action to help improve Haiti image.

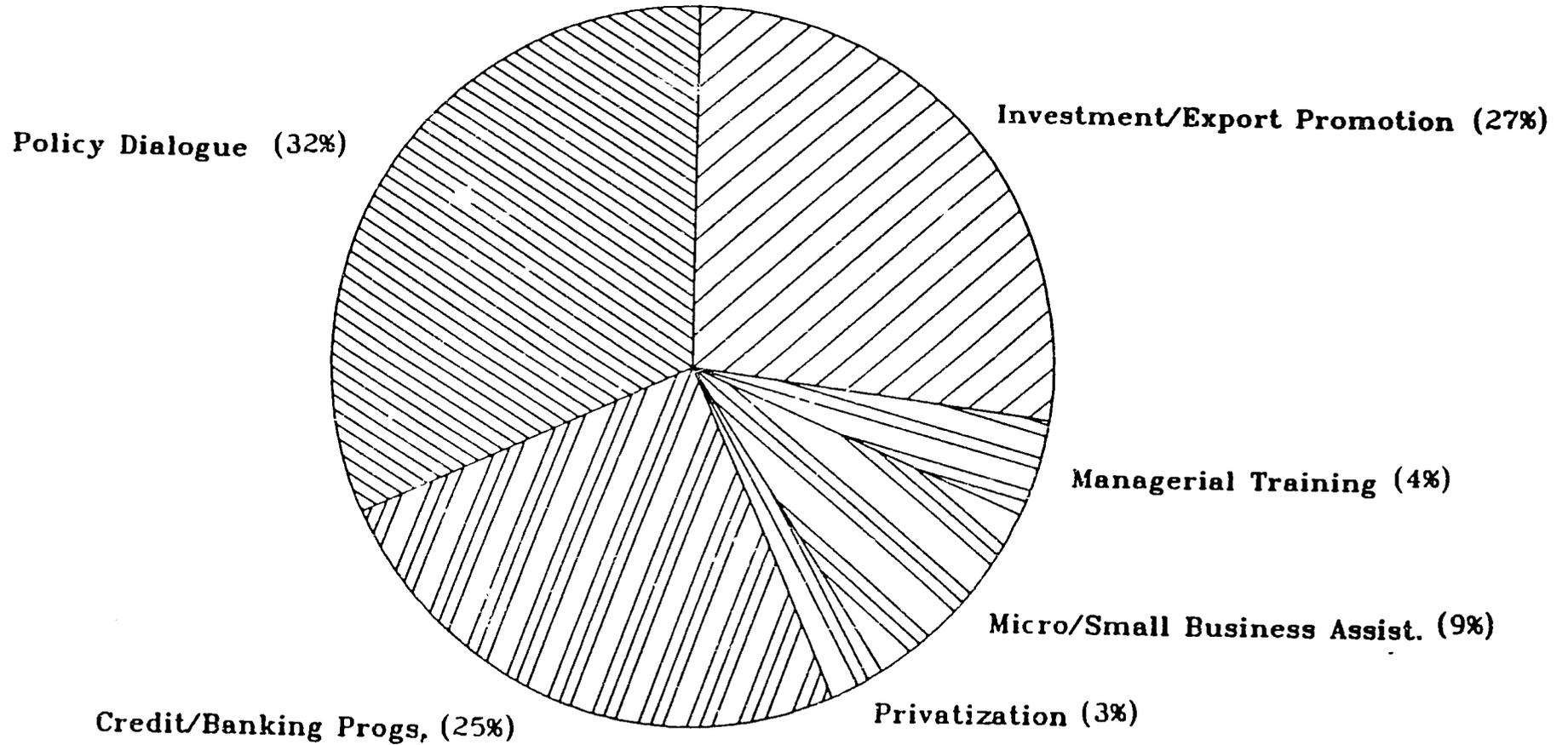
A "Harmonized System" seminar was held in Port-au-Prince, combined with factory visits, and was attended by 9 foreign visitors and 63 Haitian participants.

Ads were placed in special supplements of the Wall Street Journal and the Journal of Commerce; a mission visited four Asian countries to plan an investment and sourcing mission to be organized later this year.

HONDURAS

PRIVATE SECTOR PORTFOLIO

HONDURAS



COUNTRY: Honduras
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Export Promotion and Services (1984)
PROJECT NUMBER: 522-0207
DATE OF COMPLETION: 12/31/90
PROJECT AUTHORIZATION: (G) \$ 9,150,000
(L) \$14,350,000

IMPLEMENTING AGENCIES:

Ministry of Economy and Commerce Entrepreneurial Research and Development
Foundation (FIDE)
Federal of Agricultural Export Producers of Honduras (FEPROEXAAH)

PROJECT PURPOSE:

To promote non-traditional exports by helping the Government of Honduras (GOH) reform export policy, upgrade export promotion capability, develop private sector export capability, and expand financial services available to non-traditional agricultural and industrial exporters.

PROJECT SUMMARY:

Export Policy and Promotion: The project supports the development of a policy environment that favors development and eliminates disincentives and practical constraints to the growth on key non-traditional exports. The project also enhances the capability of the Ministry of Economy and Commerce in designing a favorable policy framework in assisting producers overcome domestic and international marketing obstacles, and in providing export promotion training for GOH overseas representatives.

Export Development: FIDE and FEPROEXAAH respectively provide potential manufacturing and agricultural exporters with start-up, development and market-related services. FIDE has also organized a furniture and wood producers' council, works closely with the apparel industry in attracting foreign investments, and is also working to establish industrial park management companies to attract labor-intensive operations to the Tegucigalpa and San Pedro Sula industrial parks. To run these programs, FIDE

maintains two offices in the United States, one in New York and one in Atlanta. FEPROEXAAH specializes in the development of selected export commodities, and provides producers and exporters with TA, market, financial, and information services, training, and international networking.

Financial Services: The project established Revolving Dollar and Local Currency Credit Funds to finance non traditional exports. The Central Bank administers the two Funds which are available through the banking system.

PROJECT BUDGET:

Total planned USAID contribution is \$23.5 million: \$1,400,000 is designated for the Export Policy and Promotion component, \$10,700,000 for the Export Development component, \$10,200,000 for the Financial Services component and \$1,200,000 for USAID project management.

PROJECT RESULTS (March 31, 1989):

The GOH declared 1987 to be the National Year of Exports and, in 1989 announced a follow-up project in export development. In addition, the GOH established a National Council for Export and Investment Promotion (CONAFEXI), created a One-Stop Document Processing Center (CENTREX) for non-traditional exports, converted the International Trade Agency into a Trade and Investment Promotion Office, and passed key Export Processing Zone Legislation.

FIDE has provided production assistance to 43 companies who have generated \$18.3 million in exports and created 1,386 new jobs. FIDE has also approved \$1,300,000 in loans through the Revolving Dollar Fund, 16 applications for local currency financing for a dollar equivalent of over \$5.5 million, of which \$3.1 million have been rediscounted, and is now negotiating financial restructuring solutions for several clients to enable them to increase their cash flows through new export sales.

FEPROEXAAH, as the result of a major operational restructuring in April and May of 1988, defined its two primary goals as: (1) to promote and support the development of Honduran nontraditional agricultural and agroindustrial exports with emphasis on marketing; and (2) to achieve long-term self-sufficiency by generating income through the development of business activities which provide services to producers and exporters. FEPROEXAAH's activities are focused on products with an existing exportable production base, including cacao, cantaloupe, cardamom, cashew, cucumbers, cultivated shrimp, pineapple, plantains, squash, tropical flowers and ornamental plants.

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FEPROEXAAH efforts in support of nontraditional agricultural exports during the past twelve months were directly responsible for transport cost savings of \$732,000, and a net increase in nontraditional agricultural exports attributable to FEPROEXAAH activities of \$7,360,000. In addition, loan applications certified by FEPROEXAAH and rediscounted by the Central Bank total the equivalent of \$13,431,709 in the Lempira Fund.

The FEPROEXAAH General Assembly recently approved a revision in the federation's statutes streamlining its organizational structure to match its successfully restructured operations. This structure, once consolidated, is expected to even further improve operational focus and performance.

COUNTRY: Honduras
SUB-REGION: Central America
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Small Business Development II (1988)
PROJECT NUMBER: 522-0241
DATE OF COMPLETION: 9/30/93
PROJECT AUTHORIZATION: (G) \$15,000,000

IMPLEMENTING AGENCIES:

The National Association of Industrialists (ANDI)
Development Advisors (ASEPADE)
Honduran National Development Foundation (FUNADEH)
Central Bank of Honduras and
Ten Private Financial Institutions (PFIs)

PROJECT PURPOSE:

To generate productive employment nationwide by stimulating and expanding small and microenterprises in both urban and rural areas of Honduras.

PROJECT SUMMARY:

There will be three major components consisting of: (1) policy dialogue actions to achieve policy, legal and regulatory reform; (2) technical assistance and training appropriate for small-scale and microenterprises; (3) provision of market rate loans through innovative, flexible delivery systems.

The three components proposed for the project include the continuation and consolidation of the USAID's existing activities in the small business subsector and the addition of new elements: that is, the development of a business assistance system coordinated by a private sector organization and a source of accessible credit for small- and medium-size businesses and the provision of credit and technical assistance to microenterprises and solidarity groups by Honduran private organizations with technical support from U.S. - based PVOs. The new project will expand the scope of present activities to rural areas.

The policy dialogue component will be based on an in-depth study and analysis of the existing policy environment for small enterprises in Honduras. Small enterprises face disadvantaged access to foreign exchange, market information, and raw materials, among other items, due to current banking and commercial biases against these enterprises. This component will be designed to be consistent with the USAID's broader policy dialogue issues undertaken in the context of the economic stabilization program.

Through the technical assistance and training component, entrepreneurs will acquire appropriate skills and knowledge conducive to growth of their enterprises based on demand. Particularly important will be the emphasis of production quality control, as well as on basic administrative skills. To assure national coverage, additional support and personnel training will be provided to organizations which serve the small business subsector.

The third component seeks to address a persistent constraint to the growth of small enterprise: lack of access to credit. The domestic savings accumulated in Honduras are not available as investment capital for small enterprises due to high risk, low gain disincentives. Although there are now various sources of credit directed to the small business sector, these have not reached the target group because the delivery systems are inappropriate or the loans themselves are poorly structured and administered. Increased credit will be provided through proven successful models with which USAID is currently working, and new nontraditional and flexible channels will be developed.

The planned activities will directly contribute to USAID's employment generation objective. USAID expects to see a large number of business persons progress to the next level of entrepreneurship strengthened by new skills, supported by the financial resources necessary for growth, and facilitated by a positive policy environment.

Major outputs of this project are anticipated to be the establishment of 1,500 new small enterprises and the generation of 22,000 person-years of productive employment.

PROJECT BUDGET:

The \$15 million USAID grant will be used to provide technical assistance and other dollar costs related to the project. Credit will be financed with loan and local currency funds.

PROJECT RESULTS (March 31, 1989):

The Small Business II Project has had a remarkably quick start-up. This has permitted it to reach targets that were scheduled for the end of the second year of the Project during the first quarter of implementation. This success is attributed to: 1) an early agreement that the mission had with the Central Bank of Honduras on the role that they would play in the project implementation; 2) simple rules of the game that govern the private financial institutions access to the loan and guarantee mechanism and 3) a relative illiquid banking sector.

From January to March, 211 loans have been disbursed for a total amount of \$8.1 million, while 58 guarantees have been issued for a total amount of \$2.0 million. Twenty six percent of the total loans have been disbursed to women owned or managed enterprises.

A breakdown of FOPEME's portfolio shows that 40% of the resources have been disbursed in the industrial sector, while commerce and service have received 39% and 21% respectively. Seventeen percent of the total resources have gone to newly established business ventures. The average job generated per credit is \$7,477. The Program is concentrated in the Tegucigalpa/San Pedro Sula corridor, however, loans have been disbursed in 14 out of the 18 departments of Honduras. The average loan size disbursed under FOPEME is \$19,205. With respect to median distribution, 51% (or 109 loans) have a value of less than \$7,500. The loans have been disbursed through FOPEME's financial network which is composed of 9 commercial banks and 1 private financial institution. These institutions have 240 branches throughout the country.

COUNTRY: Honduras
SUB-REGION: Central America
CATEGORIES: Managerial Training
PROJECT TITLE: Advisory Council for Human Resources
Development (CADERH) (1984)
PROJECT NUMBER: 522-0257
DATE OF COMPLETION: 5/30/92
PROJECT AUTHORIZATION: (G) \$6,325,000
IMPLEMENTING AGENCIES:
Centro Asesor para el Desarrollo de los Recursos Humanos de Honduras (CADERH)

PROJECT PURPOSE:

To create a technically and financially viable institution which will provide mechanisms for responding to private sector training needs and priorities. The project goal is to generate increased employment opportunities. Approximately 7,000 people will obtain employment through job entry level training. Skill upgrading training will be provided for increasing the productivity of another 7,000 existing employees.

PROJECT SUMMARY:

The project consists of the following components:

- o Component I.a: Developing certification standards, trade certification, exams, and competency-based instruction (CBI) materials for a total of 13 trade areas (\$856,900 and L15, 855, 700).
- o Component I.b: Strengthening the institutional capabilities of a minimum of 15 vocational training institutions through facility upgrading; administrative and pedagogical strengthening to integrate production activities with instruction; increasing retention and job placement rates of graduates to 80% (\$629,000 and L6,242,000).

- o Component II.a: Providing industry specific training needs analyses for defining private sector training needs and priorities; responding to these needs on short notice with local and international training resources (\$3,253,900 and L2,689,000).
- o Component II.b: Providing technical assistance and other resources for strengthening the administration of the national training institute (INFOP), (\$62,900 and L400,000).
- o Component III.a: Establishing a vocational-technical instructional materials clearing house for strengthening in-plant and employer-initiated training; increasing the impact and cost-effectiveness of existing training institutions (\$641,100 and L524,600).
- o Component III.b: Administrative strengthening of vocational training institutions and other activities designed to meet specific human resource development needs (\$321,200 and L813,100).
- o Component IV: Institutional strengthening of CADERH to create a technically and financially viable institution which will continue in its on-going role as the link between the private sector and the vocational-technical training system as well as providing the technical and administrative support for the implementation of the above activities (\$560,000 and L3,414,200).

PROJECT BUDGET:

Project funds support: Component I (\$177,800 & L1,924,500); Component II (\$1,825,800 & L2,011,300); Component III (\$190,000 & L41,000); Component IV (L220,600).

PROJECT RESULTS (March 31, 1989):

The implementation of competency-based instruction (CBI) strategies and CBI training modules is continuing under Component I.a in 11 training centers with over 2000 students receiving CBI trade training. Indicators show that trainees are receiving higher quality and more relevant instruction with substantially reduced dropout rates as a consequence of CBI strategies.

The first graduating students to be certified in their trades will be assisted by CADERH's employment service for obtaining employment during the next reporting period. Component II.a. has been reorganized with new technical assistance following difficulties with the former technical assistance team. This component is now making excellent progress and is coming up to speed with six training needs analyses underway.

COUNTRY: Honduras
SUB-REGION: Central America
CATEGORIES: Privatization
PROJECT TITLE: Privatization of State-Owned Enterprises
(1986)
PROJECT NUMBER: 522-0289
DATE OF COMPLETION: 9/30/89
PROJECT AUTHORIZATION: (G) \$4,000,000

IMPLEMENTING AGENCIES:

National Privatization Commission, Office of the President

PROJECT PURPOSE:

To support Government of Honduras initiatives to plan and implement the privatization of state-owned enterprises.

PROJECT SUMMARY:

The project supports the GOH in the privatization of state-owned Honduran enterprises, with principal efforts directed to the CONADI and COHDEFOR enterprises.

PROJECT BUDGET:

The project grant of \$4 million finances the contracting of long-term technical assistance to assist Government of Honduras (GOH) entities to plan and implement the privatization program, including assistance in evaluating companies, training and marketing.

PROJECT RESULTS (August 24, 1989):

Eight privatizations have been carried out by the GOH since it began its privatization program in 1986. From the portfolio of the National Investment Corporation (CONADI), six companies have been divested to date: Sistemas Internacionales de la Construccion, a company that makes wood and concrete panels for low income housing; METALSA, a manufacturer of cooking utensils; INHOMSA, a manufacturer of furniture; Azucarera Yojas, a sugar mill; PACARSA, a manufacturer of paper products

and FUCENSA, a defunct foundry. The National Forest Development Corporation (COHDEFOR) has leased two companies, (SEMSA, a lumber yard and FLAFSA, a sawmill), as a first step toward their divestiture. CONADI expects to conclude negotiations shortly for the sale of two more enterprises, CONTESSA, a manufacturer of wooden furniture, and Hotel Lincoln Plaza, a small hotel in downtown Tegucigalpa.

In addition, real estate that belonged to CONTESSA Industrial has been sold for \$3 million through debt/asset swaps. Two other companies, Industria de Granitos S.A. (INGRASA) and Productos de Concreto S.A., on which CONADI has non-performing loans, and which have been taken over by the parastatal, have reverted to their original owners upon payment of their obligations to CONADI through debt/asset swaps totalling \$2.8 million. These transactions were carried out with the assistance of the project's Technical Working Group and would not have taken place without the mechanisms created for privatizing state-owned enterprises.

Preliminary figures on the impact of the companies privatized to date by the GOH indicate that a \$9.3 million net reduction of GOH external debt with commercial banks has been achieved; approximately 970 new jobs will be created and \$15.0 million in export proceeds will be generated within 3-4 years.

COUNTRY: Honduras
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Investment and Export Promotion (1990)
PROJECT NUMBER: 522-0312
DATE OF COMPLETION: 1993
PROJECT AUTHORIZATION: (G) \$20,000,000 (planned)

IMPLEMENTING AGENCIES:

PROJECT PURPOSE:

To support private sector efforts to expand production, employment and export earnings, thus advancing the Central American Initiatives' goals of structural reforms for rapid and sustained economic growth.

PROJECT SUMMARY:

This Project will promote economic growth through: (1) promotion of domestic and foreign investment in labor intensive and/or export-oriented industries; (2) support for technical assistance efforts to assist export-oriented industries; (3) technical assistance geared to addressing constraints to financial sector support of exports, and (4), in conjunction with the stabilization program, continued efforts to improve the policy environment for exports and investment through changes in the legal and regulatory system, and improved public sector support services. This Project will build upon the lessons learned and successes of the Export Promotion and Services Project (522-0207), and other experience gained by the Mission in working to increase investments and exports in Honduras.

Assistance to the Honduran private sector to increase exports will continue, particularly to promising sectors such as the shrimp industry. Increased emphasis will also be placed on investment promotion. For example, the Project will assist in the establishment of additional export processing industrial and agro-industrial parks.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: Honduras
SUB-REGION: Central America
CATEGORIES: Policy Dialogue
PROJECT TITLE: Policy Planning & Institutional Development
(1987)
PROJECT NUMBER: 522-0325
DATE OF COMPLETION: 8/13/94
PROJECT AUTHORIZATION: (G) \$12,000,000

IMPLEMENTING AGENCIES:

Ministry of Finance and Public Credit
Central Bank of Honduras
Council for Private Sector Enterprise (COHEP)

PROJECT PURPOSE:

To strengthen the capacity of the Honduran public and private sectors to formulate and implement economic policies and administrative reforms.

PROJECT SUMMARY:

The project provides Economic Support Funds, technical assistance (TA), and short and long-term training to: 1) enhance the quality of public sector policy analysis and formulation and 2) expand private sector capacity to undertake and increase the demand for policy analysis and a more effective economic environment.

The project is composed of two interrelated components which support ESF program objectives. The first, a public sector policy formulation and implementation component, is designed to overcome constraints in the rationalization and implementation of public sector operations, improve export competitiveness and expand domestic and international investment. Through this component, the project assists the Government of Honduras (GOH) in macroeconomic analysis, customs reform, tax administration and statistical upgrading as it implements its Comprehensive Economic Program.

The second, a private sector policy analysis and formulation component, addresses the principal private sector constraints to effective participation in the policy process by strengthening the capacity of private sector organizations, such as the Honduran Council for Private Sector Enterprise (COHEP), in areas including tax-loss carry forward, tariff policies and pricing policies.

PROJECT BUDGET:

The \$12 million project grant finances TA and Training, Institution Building, Project Management, Consolidation and Contingency.

PROJECT RESULTS (March 31, 1989):

Setbacks occurred in the implementation of the high-profile TA component due to withdrawal of the Central Bank from participation. The Mission plans to reserve project funds for a major economic policy planning effort with the new government after November's elections that would have institutional as well as analytical impact.

Other TA activities have progressed well. A long-term agricultural sector policy advisor was contracted, supported by short-term TA, to develop a GOH consensus on sectoral policy agenda acceptable to donors. Managerial audits of two parastatals were carried out, and the Minister of Finance has requested expanded technical support to come up with a program to implement audit recommendations.

The long-term agricultural policy advisor was contracted in early December for the purpose of developing a consensus in the GOH on an agricultural sector adjustment agenda acceptable to both the World Bank and A.I.D.. ESF conditionality and PL-480 Self Help Measures were prepared and discussed with the GOH. The advisor helped the Agricultural and Rural Development Office of the Mission in the formulation of a near and longer-term strategy for its portfolio of projects and other activities in the sector.

Managerial audits of the Electric Enterprise (ENEE) and Water and Sewerage Agency (SANAA) were carried out for the MOF under IQC contracts. A preliminary report on SANAA was submitted and the one on ENEE is expected in late April. Recommendations will form the basis for discussions about policy reforms to be included in the 1989 Structural Adjustment Program. The Minister of Finance has requested expanded technical support for implementation of these recommendations.

One year of in-country English language training for GOH nominees for graduate studies was completed on December 16, 1988. A grant agreement was signed with the Latin American Scholarship Program of American Universities (LASPAU) to manage all phases of the graduate studies in economics at U.S. universities. A PIL was issued to allow for LASPAU Management of training component. LASPAU has already

selected nine students to be placed this fall. Three of these are women; three are currently employed in the public sector. The project is also supporting two scholarships annually for masters at INCAE.

COUNTRY: Honduras
SUB-REGION: Central America
CATEGORIES: Policy Dialogue
Credit/Banking Programs
PROJECT TITLE: Economic Support Program (1987)
& Economic Stabilization and Recovery Program
(1989)
PROJECT NUMBER: 522-0331/522-0358
DATE OF COMPLETION: 1992
PROJECT AUTHORIZATION: 522-0331--(G) \$10,000,000
522-0358--(G) \$70,000,000 (planned)

IMPLEMENTING AGENCIES:
Government of Honduras (GOH)

PROJECT PURPOSE:

To stabilize financial structures through the improvement of macroeconomic performance.

PROJECT SUMMARY:

ESF resources support a GOH program of stabilization, recuperation and structural reform. The program has both a monetary and a structural reform component. The monetary component establishes credit limits to contain inflationary and balance of payments pressures while simultaneously permitting real growth to occur at a sustainable rate. The structural reform component is designed to improve economic performance in the mid-term. It consists of structural adjustment measures to: (a) rationalize public sector operations; (b) promote private sector investment; (c) enhance export competitiveness; and (d) restore internal and external confidence in the Honduran economy.

The GOH made progress on its economic program in 1988. It reduced overall monetary expansion from 17.8% in 1987 to about 11.2% in 1988. However, it did not comply with two of its credit expansion targets specified in President Azcona's letter requesting FY88 ESF support (see Annex I of the FY88 PAAD). It overshot the expansion limit on the internal assets of the Central Bank of Honduras by 46%. Likewise, it overshot the expansion limit on public sector internal assets of the Central Bank of Honduras by 8%.

While the fiscal deficit of Central Government as a percentage of GDP increased somewhat in 1988, preliminary figures indicate that the deficit of the consolidated non-financial public sector (CNFPS) was reduced to 5.3% of GDP in 1988 from 6.1% in 1987. The latter deficit was 6.5% in 1986, 7.5% in 1985, 11.2% in 1984 and 12.6% in 1983. In 1988, the GOH introduced the CETRA (or transferable export certificate) system as a major step toward recognizing the parallel market for foreign exchange. At the end of 1988, about 40% of the value of export and import transactions were taking place in the CETRA market.

The GOH made substantial progress in most aspects of its structural reform program in FY88. It complied with the majority of its key structural measures, including those of the privatization program (six publicly owned firms were put up for sale by the GOH in 1988, and three ownership transfers were fully completed). It also contracted management audits of two of its largest decentralized institutions. ENEE (the national electrical utility), and SANAA (the water and sewerage utility), and requested additional funding for purposes of auditing INVA (the national housing authority). The Central Bank received authorization to sell bonds without a guarantee of sight redemption and without an income tax exemption on interest. The GOH continued its policy dialogue with the IMF and the World Bank as well as with USAID. Negotiations continued with major commercial creditors; however, they broke down in early 1989.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: Honduras
SUB-REGION: Central America
CATEGORIES: Managerial Training
PROJECT TITLE: International Executive Service Corps (1989)
PROJECT NUMBER: 522-0361
DATE OF COMPLETION: 3/31/91
PROJECT AUTHORIZATION: (G) \$950,000
IMPLEMENTING AGENCIES:
International Executive Service Corps (IESC)

PROJECT PURPOSE:

The purpose of this Grant is to upgrade managerial and marketing skills and to improve production technologies of Honduran companies. The Grant will support IESC's efforts to provide technical consultancies to Honduran businesses.

PROJECT SUMMARY:

Signed on March 8, 1989, this project is a follow-on to one that the Mission has had with the IESC Honduras since 1984 (522-0258/0261). It has been designed so that outputs are well defined and the success of the project can be clearly measured. It will focus on providing technical assistance to micro, small and medium sized businesses that have an excellent potential to grow and produce quality products. To date, IESC has opened a new office in La Ceiba to cover demand from the area of La Ceiba, Bay Islands, Tela, Trujillo and Olanchito. With this new office, the geographic coverage will be extended from two to nine departments which are: El Paraiso, Francisco Morazán, Comayagua, Cortés, Yoro, Atlántida, Colón, Islas de la Bahía and Choluteca. Technical assistance will be provided to those businesses that are working in the agriculture, agribusiness, light manufacturing, tourism, commerce and other service sectors.

IESC's assistance to the Honduran private sector has been consistent with USAID/Honduras's interest in export promotion, tourism, privatization, medium, small and micro enterprises, food processing and other sectors. IESC believes that it has contributed to the upgrading of the managerial, administrative marketing, and production skills of companies and organizations that it has assisted. IESC has significantly increased

its coverage in the quantity and quality of its projects over the past three years.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: Honduras
SUB-REGION: Central America
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Camara de Comercio e Industrias de Cortes (CCIC) (1989)
PROJECT NUMBER: 522-0363
DATE OF COMPLETION: 3/7/92
PROJECT AUTHORIZATION: (G) \$675,000

IMPLEMENTING AGENCIES:

Camara de Comercio e Industrias de Cortes (CCIC)

PROJECT PURPOSE:

To increase the private sector contributions to economic growth through employment generation, new private investment, and increased exports.

PROJECT SUMMARY:

The Chamber of Commerce and Industry of Cortes (CCIC) was founded in 1931. Over the years CCIC has acted as one of the country's leading private sector organizations and the major organization of its type in the North Coast region of Honduras. In 1985 a Grant Agreement (ESF funded) was signed between USAID and CCIC with the main objective of strengthening the CCIC's organizational structure.

As the reorganization carried out under the project was very successful and CCIC contributes substantially to the economic development of Honduras, a new Grant Agreement was signed between USAID and CCIC on March 8, 1989. The purpose of this Grant is to advance the development of private enterprise and generate productive employment by supporting the activities of the CCIC. The project will expand CCIC's efforts in employment generation, policy dialogue, industrial development, investment promotion, privatization and capital markets development, as well as providing capital resources to support the ongoing program.

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It is expected that 400 new members will be added to CCIC between 1989 and 1992. It is also expected that there will be a 25% growth in membership revenues from L720,000 (1989) to L900,000 (1991). A third expectation is a 17% growth in fees for services income from L90,000 (1989) to L108,000 (1991).

PROJECT BUDGET:

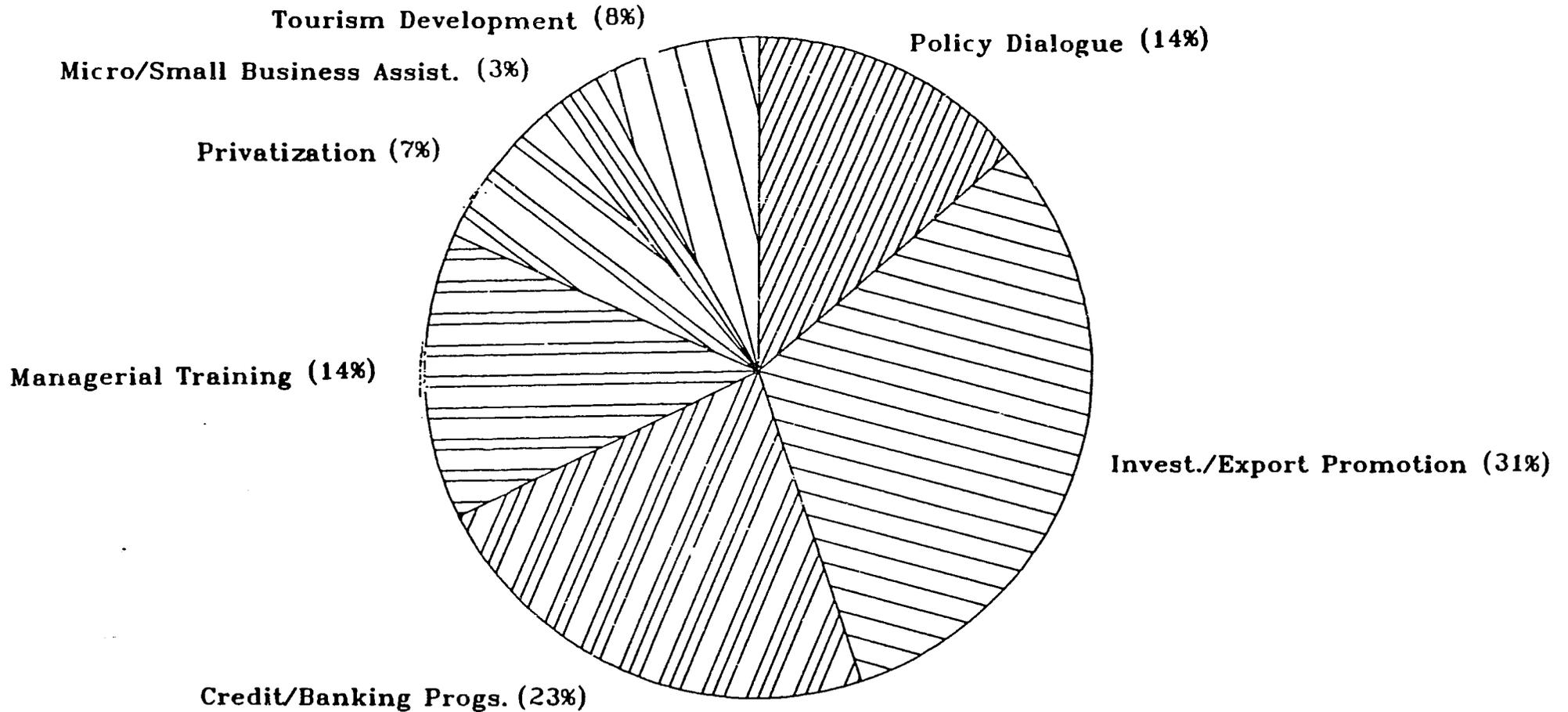
Total AID contribution is \$675,000, for Project operations support (\$536,154) for Evaluation expenses (\$6,000), and for Fixed Assets (\$132,846). Counterpart contribution totals \$1,489,464 for a total Project amount of \$2,164,464.

PROJECT RESULTS:

JAMAICA

PRIVATE SECTOR PROJECT PORTFOLIO

JAMAICA



COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Policy Dialogue
Investment and Export Promotion
Privatization
Tourism Development

PROJECT TITLE: Technical Consultations and
Training (1981)

PROJECT NUMBER: 532-0079

DATE OF COMPLETION: 12/31/89

PROJECT AUTHORIZATION: (G) \$29,220,000

IMPLEMENTING AGENCIES:

Ministry of Finance (MOF)

PROJECT PURPOSE:

To aid Jamaican economic recovery by assisting key Jamaican public and private organizations in their efforts to alleviate constraints to economically productive activity, make more efficient use of capital resources and attract new investment.

PROJECT SUMMARY:

The project provides short-term consultancies, technical assistance (TA), and training to targeted organizations in the areas of export development, investment promotion, industrial development, and policy studies supportive of the structural adjustment program. Targeted organizations identify potential project activities and obtain funding approval from USAID and the Ministry of Finance (MOF). The Government of Jamaica (GOJ) and recipient organizations contribute part of the local cost of each activity.

Current major project sub-grants include: 1) A sub-grant to the Jamaica National Export Corporation (JNEC) to provide direct marketing support to Jamaican exporters in order to increase overseas market penetration by Jamaican non-traditional exports; 2) a sub-grant to the Jamaica National Investment Promotion, Ltd. (JNIP) to reinforce institutional support of investment promotion and foster the growth and development of individual private sector Jamaican companies; 3) a sub-grant to Jamaica Industrial Development Corporation (JIDC) to provide TA and information and training for the apparel and furniture subsectors; 4) a sub-grant to the Divestment Secretariat to support the

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privatization of state-owned enterprises; 5) a sub-grant to the Private Sector Organization of Jamaica (PSOG) to provide support in developing institutional capability to analyze the economy, organize the private sector and increase their capability to carry on effective dialogue with the GOJ; and 6) a tourism grant to the Ministry of Tourism that has led to the establishment of a new company made up of major tourism institutions--Tourism Action Plan, Ltd. (TAP). TAP expects to raise J\$2 million to match USAID input.

Over the past six months, project funds have continued to be focused upon expanding exports, increasing investment developing industry, encouraging divestment and strengthening the private sector. The Tourism Block Grant to the Ministry of Mining, Energy, and Tourism encouraged a new policy that recognized the primary importance of this sector. The funds will be used to develop a strategic program for tourism development to accommodate the expected growth of the industry and to assist the private sector.

PROJECT RESULTS (March 31, 1989):

The investment promotion activities of JAMPRO (Jamaican Promotions, Ltd.)/JNIP (Jamaican National Investment Promotion, Ltd.) in the last six month period have resulted in J\$750 million of investments in 59 actual implemented projects which generated 3,358 actual jobs. The full years results were 117 projects, J\$827 million invested and 4,770 jobs created.

The JAMPRO organization has worked its way through two events in this period. One was the hurricane whose destructive aftermath is still being addressed and the other was the peaceful election process which brought new people to most of the governmental positions. While both these events affected the JAMPRO organization, the strains and uncertainties they may have engendered are now receding. The investment promotion pace in the last six months almost exactly matched in number of investments that of the six months preceding. During this period, JAMPRO recorded a J\$605M cement company expansion project which included related raw material mining facilities.

The American Chamber of Commerce officially inaugurated its Business Center on April 19, 1989. The center provides complete office facilities for local and international business people.

Tourism Action Plan, Ltd. (TAP) is in operation and, among other tourist related activities, has been involved with Chambers of Commerce from Negril, Montego Bay to Ocho Rios and Port Antonio in developing local and national work plans for tourism development and improvement.

COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Managerial Training
PROJECT TITLE: Basic Skills Training (1983)
PROJECT NUMBER: 532-0083
DATE OF COMPLETION: On-going
PROJECT AUTHORIZATION: (G) \$4,900,000
(L) \$8,500,000

IMPLEMENTING AGENCIES:

Human Employment and Resources Training (HEART) Trust

PROJECT PURPOSE:

To establish a skills training system responsive to the Government of Jamaica's (GOJ's) economic policies and needs of the Jamaican labor market.

PROJECT SUMMARY:

The project assists the GOJ to develop a national skills training system through the Human Employment and Resources Training (HEART) Trust, a central body created in 1982 by the GOJ to oversee policy formation, coordinate skills training activities and strengthen private sector participation in skills training. The three project components are: 1) Institutional Development of the HEART Trust, 2) non-formal skills training through the Ministry of Youth and Community Development and the Ministry of Commerce and Industry, and 3) formal skills training through the Ministry of Education.

To promote the Institutional Development of the Heart Trust, the project provides technical assistance (TA) and training to HEART Trust staff in budget and financial control, planning, training program evaluation, administrative services, and management information systems.

The Ministry of Youth and Community Development administers the project's non-formal skills training component through a network of 15 HEART Academies. The Academies offer advanced vocational training programs to youth 17 to 20 years old. The project assists the Ministry to upgrade the facilities, curricula, and faculty of four of these Academies and establishes a Curriculum Development and Training Materials Resource Center at the Ministry's Vocational Training Development Institute to serve all the

HEART Academies, as well as private firms and private and public sector training organizations. Training in the use of new instructional methods and materials, as well as in the management of skills and instructional resource centers is provided for Center staff under the project.

The Ministry of Education administers the project's formal skills training program through its technical high schools. The project assists the Ministry to renovate and upgrade eleven of the schools, introduce innovative technologies and teaching materials to their programs, and provide TA and training to instructors and administrators in these schools as well as to the Industrial Arts Training Program of the College of Arts, Science and Technology. The project also helps the Ministry establish a Private Sector Advisory Committee to provide advice on curriculum development, occupational counseling, and graduate placement.

PROJECT BUDGET:

In addition to providing local currency support for the HEART Trust Fund and construction, USAID provides all of the project's foreign exchange requirements, in the areas of TA (\$3,980,000), Equipment Costs (\$5,727,000), Participant Training (\$656,000) and Other Costs (\$3,037,000).

PROJECT RESULTS (March 31, 1989):

With respect to the Ministry of Education (formal skills training) component of the project, local training has gone according to schedule. Teachers, education officers and school administrators have received training in such areas as electronics, catering, construction, program standards, examination development, evaluation and management. In total, 11,896 people (6,543 women; 5,353 men) have been trained at a semi-skilled level. The MIS system for eleven technical high schools is being developed and will be integrated with the overall HEART MIS. Additionally, the construction plans of the two facilities to be upgraded (Herbert Morrison and Stokes Hall) are on schedule.

As for the HEART Trust (institutionalization) and non-formal skills training component, HEART has conducted workshops for senior academy managers in such areas as personnel management, human relations, discipline for staff and students and improving operations. In total, 6,003 people (4,503 women; 1,500 men) have been trained at a semi-skilled level. Technical assistance has been used to upgrade operations in academies, curriculum assessment and development, instructional staff, use of instructional materials and evaluation of program offerings.

Four generators were purchased and assigned to Stony Hill, Portmore, Garmex and Kenilworth HEART Academies. These generators were bought initially during the hurricane emergency period. They are still in service as stand-by units.

COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Credit\Banking Programs
PROJECT TITLE: Private Development Bank (1984)
PROJECT NUMBER: 532-0091
DATE OF COMPLETION: 8/31/89
PROJECT AUTHORIZATION: (G) \$ 1,100,000
(L) \$21,000,000

IMPLEMENTING AGENCIES:

Trafalgar Development Bank, Ltd.

PROJECT PURPOSE:

To provide existing Jamaican private enterprises with medium and long-term credit, equity participation, and other needed financial support services through the establishment of a private development financial institution.

PROJECT SUMMARY:

The project assists the Trafalgar Development Bank (TDB) by providing TDB with capital funds and grant-funded technical assistance (TA). The Bank of Jamaica is authorized to act on USAID's behalf in collecting the proceeds of the loan in local currency and repaying USAID in US dollars in order to eliminate the foreign exchange risk to the TDB.

TDB loans have terms of 4-7 years with maximum grace periods of two years. Interest rates are at prevailing market rates. A syndication fee may also be charged in instances where a number of lenders provide funding for a specific ventures. While TDB lending is not directed to specific geographic areas or sectors, government-controlled companies are not eligible for loans and certain restrictions apply to loans for sugar, citrus and palm oil products.

In cooperation with Jamaica National Investment Promotion (JNIP), AGRO21, and other international commercial banks, TDB is expanding in-house capability for project design and evaluation, including new enterprises and joint ventures with foreign investors. In order to systematically monitor the performance of its loans and investments and provide necessary back-up support, TDB requires quarterly reports from clients on key TDB

indices. To help develop sound banking practices, the project provided three long-term advisors and an expert to serve as USAID's in-house banking advisor and main contact with TDB during the project's first two years.

PROJECT BUDGET:

This project totals \$22.1 million, of which USAID contributes \$21 million in the form of a long-term loan and \$1 million in the form of a grant for TA. The founding members of TDB have also contributed \$3.5 million (equivalent) in local currency in the form of paid-in equity.

PROJECT RESULTS (March 31, 1989):

To date, TDB has committed J\$141m (US\$26m) to various areas of the productive sector. Of this amount which was committed, approximately J\$113m (US\$21m) had been disbursed by the bank.

During the review period, TDB financed 23 additional projects amounting to J\$28m (US\$5m). This created an additional 456 jobs. The financing of these projects saved the country an estimated US\$8m in foreign exchange. In addition, these projects are expected to generate approximately US\$48 million in foreign exchange earnings over the next three years.

On a sectoral basis, of the J\$28m (US\$5m) which was committed during the review period, the following sectors received the following amounts/percentages.

<u>Sector</u>	<u>Amount</u>	<u>Percentage</u>
Manufacturing	J\$13.5m	48%
Tourism	J 7.0m	25%
Other	<u>J 7.5m</u>	<u>27%</u>
Total	J\$28m	100%

In March 1989, TDB signed a loan agreement with the Netherlands Development Finance Company (FMO) for DF7.5m or US\$4m, repayable in eleven years including a four year grace period at an interest rate of 7.75%.

COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Policy Dialogue
PROJECT TITLE: Revenue Board Assistance (1983)
PROJECT NUMBER: 532-0095
DATE OF COMPLETION: 12/31/89
PROJECT AUTHORIZATION: (G) \$6,000,000

IMPLEMENTING AGENCIES:

Ministry of Finance

PROJECT PURPOSE:

To help the Board of Revenue (BOR) of the Jamaican Ministry of Finance (MOF) redesign the country's tax structure to promote stable economic growth through a private-sector led, export-oriented development program.

The initial phase of the project concentrated on an in-depth analysis of the Jamaican tax structure with a focus upon the feasibility of comprehensive reform of the system. Analyses focused on personal and corporate income taxation, tax incentives, foreign trade, and domestic interest taxation. While the analyses were underway, efforts at modernizing the administration of the tax system were in progress. These efforts included a far-reaching training program to upgrade the skills of Board of Revenue staff, the creation of a special Revenue Agency Program to attract talented new recruits, and the computerization of the tax system to replace the cumbersome and unwieldy manual system.

PROJECT SUMMARY:

The project provides for two studies of personal and company income taxation and for the development of two alternative personal tax models--expenditure tax and pure income tax models. The proposed models will be compared to the present system with regard to resource allocation, distribution of the tax burden, system efficiency, and taxing the self-employed. Also targeted for studies are the present systems of: 1) company taxation (under both income and consumption taxation models); 2) partial dividend relief (in comparison with the classical system); 3) double dividend taxation (complete integration of company and personal taxation); and 4) the effectiveness and efficiency of current investment incentives.

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Indirect domestic taxation is being analyzed to assess the value of the general sales tax and of excise taxes on particular products, especially alcohol and tobacco. With regard to wealth taxation, studies are scheduled on: the advantages of taxing unimproved land; current taxes on property transfers; and the relationship between the tax system and the housing sector. Also to be addressed are methods of taxing the bauxite industry, tax incidence, the income elasticity of the tax system, the impact of the tax policies on the poor, and needed improvements in tax administration and training.

A synthesis of the studies carried out under the project will yield comprehensive tax proposals, including a compendium of supporting analyses and draft legislation needed to codify the reforms. In the long run, the project will improve BOR's capabilities to enroll taxpayers; establish liability; collect taxes; prepare a long-term plan to implement the new tax structure; and to assure other needed organizational, management, and procedural improvements.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

The findings and recommendations of analyses resulted in the drafting and legislative enactment of the comprehensive personal income tax reform, which introduced a flat rate of 33 1/3% and an exemption of J\$8,580 (US\$1,560) in February 1986; new property tax reforms in February 1986; a company tax reform, reducing rates from 45% to 33 1/3% in January 1987; and continued work on the General Consumption Tax (GCT). Over 2,000 Board of Revenue managers and administrators have received training. The first three classes of Revenue Agents (Groups I, II, III) have graduated. Training is now taking place of Group IV and V consisting of 40 Revenue Agents. As a result of office and field audits, Groups I, II and III have collected additional taxes in excess of J\$13 million. Under the General Training Programme, 71 managers completed three one-week courses in Supervisory Management Training, thus completing the three module Supervisory/Management Training course started in November 1988. Eighteen Customs and Excise Officers have completed a comprehensive course, both classroom and on the job training, in Audit Techniques, Customs Law, Accounting, Excise and Administrative Time Management. Approximately 272 Board of Revenue personnel received training in areas of Technical Leadership, Basic and Advanced Accounting, Elements of Supervision and Business Related Tax System. One, two and three day seminars were also conducted for 116 Inland Revenue Department officers from Kingston, Port Antonio, Mandeville and Montego Bay.

The three completed modules of the General Consumption Tax (GCT) computerized system have been tested and should be operational by August, 1989. The other two modules are presently under development and testing will take place in May. These two modules are not related directly to operations; they involve management information and controls. Any delay in development these would not affect the introduction of the tax.

The registration of business enterprises continues to be carried out and over 40,000 persons are now included on the Business Enterprise register, and it is proposed that registration should reach 50,000 by September, 1989. (BENO)

A price effect study of the implementation of the GCT has been initiated and the model is now operational. A number of Government departments, including the Prices Commission, participated in this study.

COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Credit\Banking Programs
PROJECT TITLE: Jamaica Agricultural Development Foundation (1985)
PROJECT NUMBER: 532-0105
DATE OF COMPLETION: 8/28/89
PROJECT AUTHORIZATION: (G) \$ 1,000,000

IMPLEMENTING AGENCIES:

Jamaica Agricultural Development Foundation (JADF)

PROJECT PURPOSE:

To promote the self-sufficiency of the Jamaican Agricultural Development Foundation (JADF) a private sector entity recently established with USAID support by the provision of PL 430, Title II commodities.

PROJECT SUMMARY:

The project grant provides technical assistance (TA) to assist in JADF organization, start-up and expansion. Under the project, PL-480 Title II butter and cheese have been donated for processing and sale on the local market. The proceeds provide funds for loans, grants, and equity participation in the Agricultural and Agro-Industrial sectors in Jamaica. Commodities are sold in bulk form to the processor at dockside thus avoiding the possibility of inventory build-up and associated storage costs to JADF. Sales are confirmed by agreement between JADF and the processor prior to calling forward the commodities and payment is covered by a bank guarantee issued in favor of JADF. Due to shortages of US dairy products, other commodities (mainly corn) will be provided during 1988.

JADF invests revenues generated by the sale of Title II commodities to build an endowment to cover its operating expenses. Until revenues are sufficient to cover operating expenses, the latter are covered by the project. During the initial months of the project, JADF initiated an ongoing consultative process with its board of directors, concerned private sector institutions, and private and voluntary organizations to develop investment and TA strategies consistent with and complementary to Jamaica's long-term agricultural and overall development goals.

PROJECT BUDGET:

The project grant provides \$1,000,000 for TA, JADF start-up costs and operating support along with \$7,872,450 in Title II, PL 480 (Butter and Cheese 5,413 MT).

PROJECT RESULTS (February 28, 1989):

Funds amounting to J\$50,819,099 are now committed to various activities as indicated below. This represents an increase of J\$3,809,760 for 2 new products during the reporting period, plus refinancing of 8 projects that suffered serious hurricane damage.

<u>Category</u>	<u>No. of Projects</u>	<u>Amount</u>
Agro Processing	8	J\$ 5,769,000
Horticulture Production	7	4,261,609
Aquaculture	3	1,877,650
Apiculture	3	529,204
Beef Production	6	3,469,800
Dairy Production	5	5,184,420
Poultry Production	3	3,284,000
Crop Production**	18	22,055,971
Misc.***	7	3,449,800
Grants****	<u>7</u>	<u>937,645</u>
TOTALS	67	J\$50,819,099

** Coffee and Bananas

*** Mainly onlending for small farmer programs through the National Development Foundation (91 sub-loans), and the Coffee Industry Board (number of sub-loans not available at this time).

**** Agricultural Research, new business development, 4-H Clubs, scholarships for the College of Agriculture, and PVO/NGO projects.

COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Policy Dialogue
PROJECT TITLE: Private Sector Promotion of Family Planning (1985)
PROJECT NUMBER: 532-0122
DATE OF COMPLETION: 4/30/90
PROJECT AUTHORIZATION: (G) \$448,000

IMPLEMENTING AGENCIES:

Jamaica Family Planning Association (JFPA)

PROJECT PURPOSE:

To promote greater understanding, acceptance and practice of family planning through the collaboration of Jamaican private sector institutions.

PROJECT SUMMARY:

The Project is being implemented through a private voluntary organization, the Jamaica Family Planning Association (JFPA), and comprises the following three major activities; 1) production and airing of a radio dramatization serial for the promotion of family planning; 2) development of a network among private sector institutions to provide family planning education and service delivery; and 3) strengthening of resource development capabilities within the JFPA.

The major development problem being addressed is the unusual increases of early pregnancies among the young adult population. This is causing social crisis and a disintegration of the Jamaican family structure.

The expected Project output is an increase in the acceptance of family planning services, especially among the young adult population in both urban and rural areas.

The Project will increase access to voluntary family planning services by educating the young adult population as to the availability of population services as well as providing family planning services at the work place.

This is an extension of an earlier Project which was funded using grant funds.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

At the end of January 1989, 42 companies were benefiting from the project activities. The total labor force of the 42 companies is currently 6,845, a total of 3,862 males and 2,983 females. It is noted that one company dropped out December, 1988.

Although listenership remains high, for the "Nasberry Street" radio dramatization serial, the JFPA has determined that the serial's impact on family planning has been maximized. Accordingly, a decision has been taken to terminate support for the program as of the end of this reporting period, to be replaced by a radio call-in program on family planning.

A film aimed at motivating men to practice family planning has been produced and aired on TV. It will be utilized in JFPA's clinics and other outreach programs. Recently, the project grant was amended to incorporate a new Mass Media Campaign aimed at promotion of family planning and support for the JFPA activities. An advertising agency has been contracted and an all-media program has been developed. The campaign will be launched in the next six-month period.

COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Agricultural Research (1986)
PROJECT NUMBER: 532-0128
DATE OF COMPLETION: 7/29/93
PROJECT AUTHORIZATION: (G) \$7,600,000

IMPLEMENTING AGENCIES:

Jamaican Agricultural Development Foundation (JADF)
Ministry of Agriculture

PROJECT PURPOSE:

The purpose of the project is to identify solutions to current constraints to increased production and productivity by carrying out adaptive/applied research in priority commodity areas. The project purpose will be accomplished by establishing an autonomous or semi-private research coordinating body which will determine priority research areas, develop intermediate research plans, coordinate research efforts, and promote mutually beneficial cooperation among research, extension, producers, and agro-processors.

PROJECT SUMMARY:

This project will promote adaptive commodity research in Jamaica by establishing, under the aegis of the Jamaica Agricultural Development Foundation (JADF), a Research Advisory Council (RAC) to determine research priorities and plans, fund and coordinate research efforts, promote scientific linkages, and fund short-term training of Jamaican researchers. Contracted RAC management staff will implement the project.

The RAC will be composed of representatives of farmers, exporters, financiers, agribusiness, agricultural education, the Ministry of Agriculture, Agro 21, and others. The RAC will develop priority criteria for commodity research and will use project funds to make grants to public and private individuals and organizations, national and international institutions, private farmers, commodity boards, and other agencies to conduct specific, applied research and on-farm trials that meet these criteria. Short-term commodity specialists will provide assistance in research design and methodology and technical backstopping for these efforts. The RAC will also contract non-governmental agencies such as international agricultural research institutions (IARC's - e.g., IICA and CARDI)

to conduct multi-year research in collaboration with national research stations, especially Bodles; contracted research will focus on key commodities such as root crops, legumes, and cereals and be conducted mostly on farmers' fields.

In addition, the RAC will use project funds to finance: 1) scientific interchanges between selected local researchers and recognized scientific authorities in commodities of interest; and 2) short-term technical training at IARC's and other research centers for select local researchers, including those identified for contract work.

Finally, the project will provide funds to level the land, design and lay out research plots, and provide fencing at the Bod'es research center.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

The major problem facing this project, which has resulted in delayed approval and startup of research activities, is the dearth of qualified researchers in Jamaica. This problem has been addressed by increased emphasis on networking and some additional research proposal specific training.

To date, 12 in-country training workshops have been completed, as well as 7 research travel trips abroad. A total of 16 research projects have been approved for funding with an additional 15 projects currently under review. The following is a sample of research projects planned: non-traditional export crops, tropical fruits, domestic food crops, livestock/pastures, pest control, aquaculture and production systems.

COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Export Development and Investment Promotion (1989)
PROJECT NUMBER: 532-0135
DATE OF COMPLETION: 1994
PROJECT AUTHORIZATION: (G) \$12,000,000 (planned)

IMPLEMENTING AGENCIES:

PROJECT PURPOSE:

The purpose of the Promotion of Investments and Exports Project is to assist the Jamaican private sector and the government to alleviate constraints to economically productive activity, make more effective use of capital resources, and attract new investment.

PROJECT SUMMARY:

The project will focus private sector assistance currently provided by the Technical Consultations and Training Grant Project to those sub-sector organizations that have the greatest potential for the promotion of new investments in activities that will maximize foreign exchange earnings through development of a diversified export-oriented and internationally competitive economy. In addition to technical assistance the project will include a contingency of approximately 10% of the project which may, if urgent and necessary, be used for capital expenditure in those situations where the removal of constraints will be provided to a cross section of subsectors with an emphasis on creating a diversified economy by expanding the role of new Jamaican entrepreneurs. Such assistance will be provided through sub-grants to selected implementing agencies. These organizations will provide support in the form of technical assistance and training to organizations most likely to produce near term results in terms of investment promotion opportunities and foreign exchange earnings.

PROJECT BUDGET:

PROJECT RESULTS:

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COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Agricultural Export Services (1989)
PROJECT NUMBER: 532-0142
DATE OF COMPLETION: 1993
PROJECT AUTHORIZATION: (G) \$5,000,000 (planned)

IMPLEMENTING AGENCIES:

Ministry of Agriculture

PROJECT PURPOSE:

The Project purpose is to improve institutional capabilities in the agriculture sector and to address priority core requirements for a sound agricultural base.

PROJECT SUMMARY:

Over a five-year period, the project will finance a series of activities designed to address constraints in the agriculture sector on an agreed annual work program and/or quick response basis. Among these the following are expected: 1) Targeted assistance to improve essential pest eradication programs and quarantine systems; 2) Plant and animal protection programs such as surveys and specific activities to provide protection from specific diseases (e.g., med fly and other fruit flies, screw worm, and tick control); 3) Networking agricultural information, including through the use of electronic facilities, to maximize the use of Jamaica's limited physical and human resource in the agricultural sector; 4) Agricultural policy revisions responsive to changes in the sector; and 5) On the job training to increase the technical capability of the limited staff resources at the Ministry of Agriculture.

Key sector problems being addressed through this project include: plant and animal diseases that constrain production; limited technical capability compounded by weakened institutional capacity in the public sector; inconsistent and conflicting policies; and institutional fragmentation in the public sector with poor linkages with the private sector.

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The expected project outputs will include: an efficiently functioning quarantine system; the establishment of an information networking system in agricultural research; the completion of studies and implementation of programs to control and eradicate specific plant and animal diseases; and revised agricultural policies.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Micro Enterprise Development (1990)
PROJECT NUMBER: 532-0156
DATE OF COMPLETION: 1993
PROJECT AUTHORIZATION: (G) \$2,000,000 (planned)
IMPLEMENTING AGENCIES:

PROJECT PURPOSE:

To foster the growth and encourage the diversification of microenterprises providing goods and services for domestic export markets.

PROJECT SUMMARY:

Microenterprises play an important role in the Jamaican economy because of the number of people engaged in microenterprise activities and their significant employment potential. Over 40 percent of the country's labor force is categorized as self-employed; a substantial portion of these people are engaged in microenterprise activities outside of the formal economy.

The thrust of the proposed project is to identify constraints which the small and microenterprise business community faces, whether these are in the areas of production, marketing, credit, or management, and to direct project assistance to ease or remove these constraints. The project is a multiphase effort and will include strengthening credit institutions to service credit needs as well as the provision of discrete technical assistance to organizations which assist microentrepreneurs in the areas of production, marketing, management and other defined areas which hamper microenterprise activities. The organization of venture capital firms oriented to providing working capital for microenterprises may also be pursued.

Under this project, A.I.D. will assist existing organizations, e.g., Private Voluntary Organizations, non-governmental organizations, and credit unions to broaden their support for microenterprise activities. The financial viability of these organizations will be a key factor in determining their participation in the project.

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PROJECT BUDGET:

The \$2 million USAID grant will be used for TA (\$800,000), training (\$600,000) and for seed capital (\$600,000).

PROJECT RESULTS:

COUNTRY: Jamaica
SUB-REGION: Caribbean
CATEGORIES: Micro and Small Business Assistance
Managerial Training
Tourism Development

PROJECT TITLE: Tourism Support (1990)

PROJECT NUMBER: 532-0166

DATE OF COMPLETION:

PROJECT AUTHORIZATION: (G) \$3,000,000

IMPLEMENTING AGENCIES:

Jamaican Ministry of Tourism
Tourism Action Plan (Ltd.)

PROJECT PURPOSE:

The project purpose is to support tourism expansion with technical assistance, advisors, training, selected pilot programs and a limited amount of related commodities. The project will finance neither construction of infrastructure nor credit programs.

PROJECT SUMMARY:

Tourism is Jamaica's largest foreign exchange industry, and has experienced dynamic growth in recent years. It is overwhelmingly concentrated in the private sector. Growth in tourism will result in increased export earnings, diversified business by-products and ownership, and expanded privatization, all of which are strategic objectives of the Private Sector Strategy in the Country Development Strategy Statement.

The government has consistently supported expansion of tourism. The mandate of the newly created Ministry of Tourism is to increase foreign exchange earnings from tourism. Tourism expansion will create new jobs and provide for participation by sub-suppliers to the industry on a broad basis. Other donors have made relatively small contributions to assisting in tourism development through infrastructure development in tourist areas.

This project will better coordinate the expertise of several Mission offices in private sector development, housing and urban development, education, agriculture, economic planning, etc., to more closely integrate the Mission's activities in tourism. Specific activities to be investigated include:

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- o Continued support for Tourism Action Plan Limited (TAP) activities to bring together local tourism interests with government agencies, by funding studies of town planning, feasibility studies of water/sewerage facilities, port expansion for tourist ships, etc.
- o Strengthening of locally based community organizations with interest in the tourism sector such as the local chambers of commerce.
- o Training in tourism operations, such as hotel services, food management, marketing, etc., whether through Jamaican educational institutions, company training programs, or participant programs.
- o Technical advisory services for government on policy issues and for groups of similar tourism businesses to improve sales, operations, and services.
- o Analytical studies for evaluating alternative options in expanding tourism foreign exchange earnings, whether related to targeted marketing, types of facilities, local development plans, etc.

The project will concentrate the Mission's activities in the tourism industry under a single umbrella. At present, the Mission is undertaking several discrete activities which support tourism, either directly or indirectly, such as: chef training; small craft vendors' marketplaces; Tourism Action Plan, Ltd. (TAP), a private, non-profit organization which brings together private and government interests to improve infrastructure by funding feasibility studies; and the PARC project, which is an environmental project but also supports tourism development.

PROJECT BUDGET:

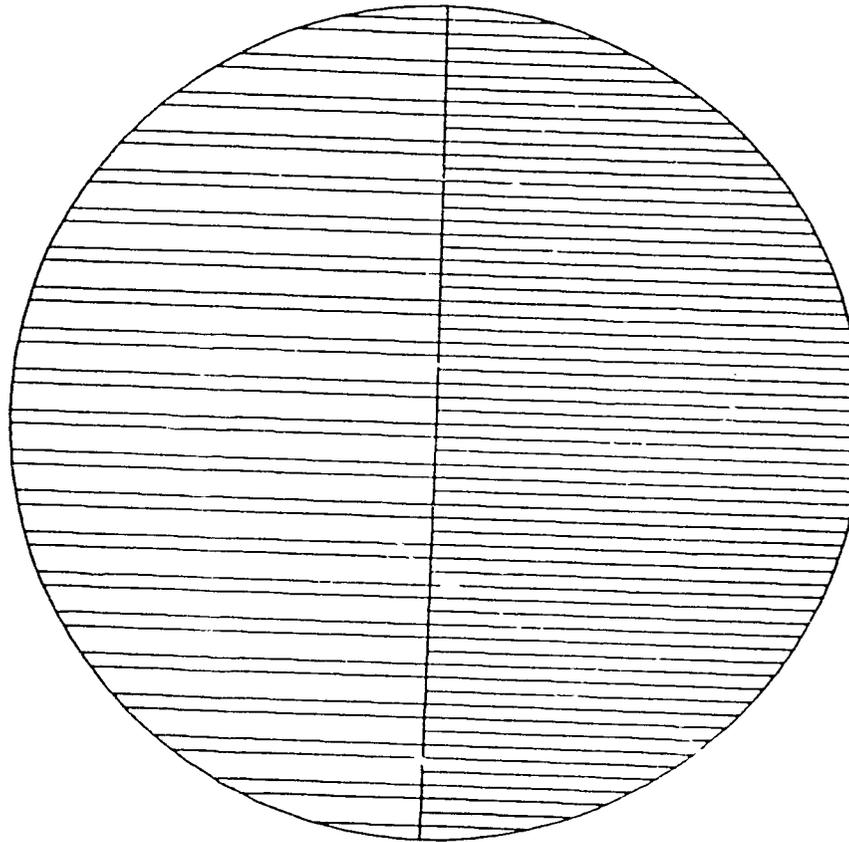
PROJECT RESULTS:

PERU

PRIVATE SECTOR PORTFOLIO
PERU

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Managerial Training (50%)



Policy Dialogue (50%)

COUNTRY: Peru
SUB-REGION: South America
CATEGORIES: Managerial Training
PROJECT TITLE: Private Sector Management Improvement (1985)
PROJECT NUMBER: 527-0272
DATE OF COMPLETION: 12/31/91
PROJECT AUTHORIZATION: (G) \$7,000,000

IMPLEMENTING AGENCIES:

Academy for Educational Development (AED) through five Peruvian Institutions
Peruvian Institute of Business Administration (IPAE)
Escuela de Administracion de Negocios para Graduados (ESAN)
Universidad del Pacifico (Pacifico)
Universidad de Piura (Piura)
Asociacion de Exportadores (ADEX)

PROJECT PURPOSE:

To strengthen the capacity of five private educational institutions to provide high quality, industry responsive programs in management education, training, consulting and research, as well as to strengthen linkages between these institutions and the industries they serve.

PROJECT SUMMARY:

1. Strengthen existing management training (MT) degree and non-degree programs at participating institutions and focus on key functional areas such as management information systems, production and quantitative methods, business policy, financial management, marketing and organizational development.
2. Introduce new program elements in MT areas with greatest potential for growth such as: international business (IB), agri-business (AB), and small business (SB).
3. Facilitate collaboration among the institutions and with the private sector through applied research, management studies and needs assessments.

4. Decentralize and diffuse management services through regional MT activities and a "scholarship program" to provide MBA training for professors from universities outside of Lima.
5. The project also addresses the strategic planning and financial development needs of the five institutions, so that their long-term capabilities in these areas are strengthened and permanent operating procedures adopted.

PROJECT BUDGET:

PACD's and obligations to date are as follows:

	<u>US\$ authorized and obligated</u>	<u>PACD</u>
1. Cooperative Agreement with AED	\$4,620,976	9/14/90
2. USAID technical and administrative support	\$ 189,726	12/31/91

PROJECT RESULTS (August 28, 1989):

Curricular review was undertaken at ESAN's MBA program, and a nine-month non-degree international trade program at ADEX was revamped. Instructors manuals have been prepared for each course as well as participant's manuals.

A total of 19 (14 male and 5 female) young faculty members are receiving U.S. academic training at Master's and Doctoral programs.

More than 700 periodicals and specialized publications have been purchased with project support, plus over 2,000 books. Librarians and staff in each institution have received training.

New courses have successfully been launched at Pacifico's MBA program in the areas of Agribusiness, International Business and Small Business. Non-degree programs, such as IPAE's Agribusiness, have more than 300 registered participants.

Thirty-five applied research studies have been undertaken by Pacifico/Piura/ESAN. Needs assessments have performed by ESAN/IPAE and ADEX. Pacifico will further develop research material to produce university text books.

IPAE has successfully launched its "Distance Education Program" in 35 cities with more than 3,500 registered participants. Two courses are available: "Small Business Management" and "Basic Accounting".

Twelve professors from universities outside of Lima have participated in the MBA Scholarship Program at Pacifico and ESAN.

Technical assistance has been provided to all five institutions to assist them in institutional planning and development.

COUNTRY: Peru
SUB-REGION: South America
CATEGORIES: Policy Dialogue
PROJECT TITLE: Private Sector Policy Planning and Institutional Development (1985)
PROJECT NUMBER: 527-0298
DATE OF COMPLETION: 12/23/92
PROJECT AUTHORIZATION: (G) \$7,104,000

IMPLEMENTING AGENCIES:

Confederacion Nacional de Instituciones
Empresariales Privadas (CONFIEP)
Peruvian Central Reserve Bank (BCR)
Ministry of Economy and Total Finance (MEF)
National Planning Institute (INP)
Instituto de Libertad y Democracia (ILD) grant ended 03/31/89

PROJECT PURPOSE:

The purpose of the project is to promote policy dialogue and reform through the improvement of:

- o The institutional capacity of the private sector to research and analyze key issues of national importance and to engage in constructive policy dialogue with the GOP;
- o The institutional organization of the private sector (formal and informal) around key policy research issues of broad significance;
- o The institutional capability of the GOP to research and analyze similar policy issues;
- o The enhanced understanding of the positive role of private enterprise and its potential economic contributions.

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PROJECT SUMMARY:

Formal Private Sector Component: This component strengthens the Confederacion Nacional de Instituciones Empresariales Privadas (CONFIEP) in its role as sector representative and catalyst for economic research and policy dialogue both within the sector and with the Government of Peru (GOP) by providing funds for: (1) the hiring and development of professional staff; (2) economic studies and publications; (3) speakers, fora, and conferences on savings and investment mobilization and other private sector issues; (4) training and technical assistance (TA); and (5) strengthening of regional chambers of commerce and other sectoral associations.

Public Sector Component: The Peruvian Central Reserve Bank (BCR) is the lead implementing agency for this component. Major activities are long-term training at the MSc level, policy studies and policy dialogue with key GOP officials.

PROJECT BUDGET:

The project grant of \$7.1 million is allocated to ILD (\$1.4 million), CONFIEP (\$3.6 million) and BCR (\$2.1 million).

PROJECT RESULTS (August 28, 1989):

Formal Private Sector Component: CONFIEP has reactivated important elements of its programs:

- o An expanded publications program including a series of magazine articles suggesting policy modifications that would improve the current economic climate, a press campaign stressing alternative approaches to Peru's economic problems and the need for public-private sector dialogue on key policy issues;
- o Contracted studies on alternative economic policies to stimulate foreign trade and basic tenants for government-private sector cooperation;
- o Organization of 18 industry working groups to develop coherent positions on key policy issues;
- o Consultations by senior management in the U.S. on private sector issues and concerns.

Public Sector Component: Major outputs for this project component are as follows:

- o Six participants from the Central Reserve Bank have completed their MSc study in the USA and seven are beginning their second year of the MSc program.
- o Completion of the study entitled "Financial Intermediation in the Rural Sector". The "Financial Intermediation" study will assist the GOP in examining needed adjustments to rural credit policy.
- o Seminar on "A Historical Perspective of Monetization in Peru".
- o Final reports were received on National Planning Institute studies entitled "Periodic and Permanent Monitoring of Private Investment" and "An Analysis of the Socio Economic Behavior of the Private Investor". The Institute's Private Investment studies provide a systematic approach to information gathering on private investment and identify key social factors that motivate the investment decision.
- o Three Central Bank participants attended the 1988 Senior Supervisor seminar sponsored by the Federal Reserve Bank (FED) in Washington, D.C. Two other BCR managers attended a course at the New York FED on supervision of the banking system. Also, two BCR lawyers attended Georgetown University's International Law Institute seminar entitled "Public and Parastatal Enterprises". Finally, two participants will attend the 1989 FED Senior Supervisor Seminar.
- o The National Planning Institute continued post graduate course in regional and national development planning. 74 students are enrolled in the national planning program and 43 in the regional course.

Informal Sector Component: ILD has completed research projects on the Informal Sector under the Grant. Additionally, two legislative reform initiatives are being implemented by the GOP -Administrative Simplification and the Popular Mortgage.

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COUNTRY: Peru

SUB-REGION: Central America
South America
Caribbean

CATEGORIES: Policy Dialogue
Managerial Training

PROJECT TITLE: Private Sector Institutional Reform (1989)

PROJECT NUMBER: 598-0772

DATE OF COMPLETION: 1994

PROJECT AUTHORIZATION: (G) \$10,000,000

IMPLEMENTING AGENCIES:

Institute of Liberty and Democracy (ILD)

PROJECT PURPOSE:

To assist the Institute of Liberty and Democracy (ILD) located in Lima, Peru, in carrying out its programs to promote institutional change through the implementation and dissemination by ILD of applied research, training and outreach programs concerning the informal sector in Latin America. These efforts are aimed at effecting institutional reform within the LAC region and furthering the institutional strengthening of ILD.

PROJECT SUMMARY:

Hernando de Soto founded ILD in 1982 to study the impact of legal institutions on economic development based on intensive research of the Peruvian informal sector and to develop a better understanding of the causes of underdevelopment.

ILD carries out its research activities through Research Work Circles which address specific, high priority problems in a given economic sector or institution. The number of Research Work Circles will be about ten to twelve per year. Once the research results in a proposal for institutional reform, the Research Work Circle transforms itself into an action oriented group which promotes the implementation of its research findings.

ILD has become a major source of information collected on the informal sector. ILD

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plans to expand its international programs through speaking engagements, publications and newsletters, training programs, fieldwork in other countries, technical assistance to other countries' public and private institutions, expanded contacts with individuals and institutions in development economics, and networking relationships with U.S. public policy organizations, research foundations, universities, and other international development organizations.

Beneficiaries will be both on an individual and institutional basis. One category of beneficiaries will be public sector institutions which can learn from important research on the informal sector and modify their policies to promote a more just and efficient society. Another category of beneficiaries will be the poor majority, women, and micro- and small-scale enterprises which form a substantial part of the informal sector and which will benefit from institutional changes that will reduce the cost of entering and maintaining businesses in the informal sector.

PROJECT BUDGET:

<u>A.I.D. Financed Inputs:</u>	<u>Life-of-Project</u> (\$000)
Research Salaries and Benefits	6,514
Travel/Transportation	621
Int'l Training and ILD U.S. representative	1,627
Administrative Costs	<u>1,238</u>
	\$10,000

PROJECT RESULTS (June, 1989):

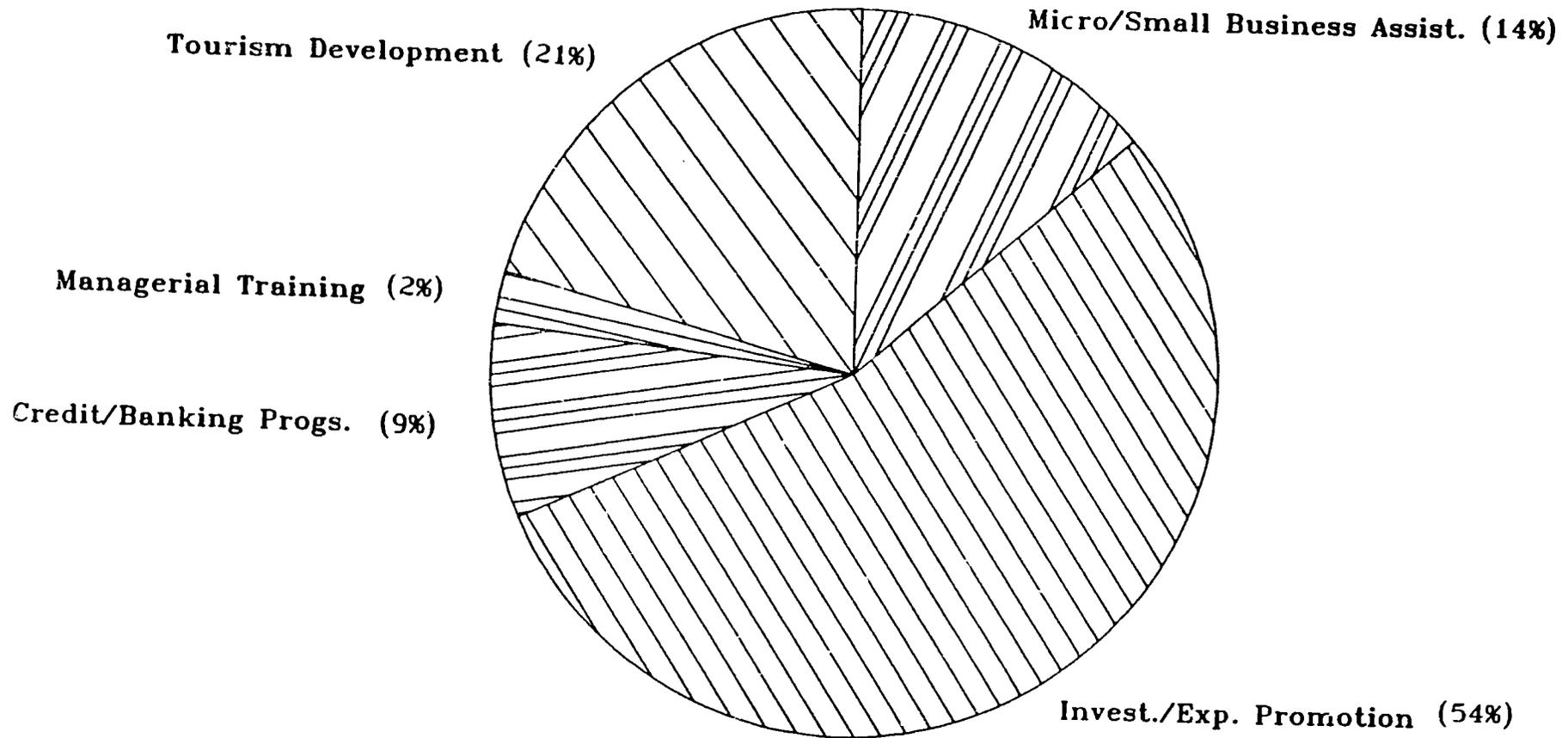
Most conditions precedent have been met; the first increment of funds was authorized in April, 1989. USAID/Lima and ILD are presently discussing details of the first annual work plan, a detailed budget and both national and international advocacy and dissemination activities.

REGIONAL DEVELOPMENT OFFICE/
CARIBBEAN

PRIVATE SECTOR PORTFOLIO

RDO/C

02/22/81



COUNTRY: Regional
SUB-REGION: West Indies - Eastern Caribbean (RDO/C)
CATEGORIES: Credit/Banking Programs
Tourism Development
PROJECT TITLE: Caribbean Financial Services Corporation
(1983)
PROJECT NUMBER: 538-0084
DATE OF COMPLETION: 12/31/89
PROJECT AUTHORIZATION: (G) \$ 200,000 (amended)
(L) \$14,835,000 (amended)

IMPLEMENTING AGENCIES:

Caribbean Financial Services Corporation (CFSC)

PROJECT PURPOSE:

To provide credit and other financial services needed to stimulate the private sector in English-speaking Caribbean LDC's.

PROJECT SUMMARY:

The project establishes the Caribbean Financial Services Corporation (CFSC). CFSC is capitalized by a \$14 million USAID loan and \$2 million in private sector equity. Incorporated in Barbados, CFSC is able to operate both as an off-shore bank and as a development bank in Barbados. When the Barbados Stock Exchange commenced operations in June 1989, CFSC participated as a broker. The core investor group (regional) comprise the Board of Directors.

In the initial stages of the project, CFSC was expected provide \$6 million annually in term lending of discounted loans made by other private financial institutions in the region. However, demand did not materialize and the funds are now being lent directly by FSC. Loans were limited to enterprises in the Eastern Caribbean LDC's, Belize, and Barbados, thereby enabling CFSC to meet a clear need for term financing, ensure its own financial viability from the outset, and gradually develop its skills.

Over the life of the project, CFSC is expected to help establish or expand at least 50 enterprises in agri-business, manufacturing, tourism, and service, thereby creating employment, income, and foreign exchange earnings.

PROJECT BUDGET:

The project grant funds TA, Evaluation and Contingency. The project loan of \$14,8385,000 finances direct lending and other financial services offered under the project.

PROJECT RESULTS (June 30, 1989):

CFSC has outstanding and in progress 46 loans for a total of US \$13,220,000. An evaluation of the project in FY 87 by Louis Berger International Inc. concluded that CFSC is among the most successful of the private sector projects in terms of total investment, employment, net foreign exchange and prospects for sustainability.

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COUNTRY: Regional
SUB-REGION: West Indies - Eastern Caribbean (RDO/C)
CATEGORIES: Investment and Export Promotion
Tourism Development
PROJECT TITLE: Investment Promotion and Export
Development (1984)
PROJECT NUMBER: 538-0119
DATE OF COMPLETION: 12/31/89
PROJECT AUTHORIZATION: (G) \$17,200,00
IMPLEMENTING AGENCIES:

Organization of Eastern Caribbean States (OECS)

PROJECT PURPOSE:

To promote private investment in productive, export-oriented businesses in Eastern Caribbean LDC's with an emphasis placed on institutionalizing the investment promotion (IP) process.

PROJECT SUMMARY:

Until October 31, 1987, the Investment Promotion effort was carried out through a private contractor, Coopers and Lybrand (C&L), with a Barbados-based project manager and seven onsite advisors in participating countries.

As of August 1987, the Eastern Caribbean Investment Promotion Service (ECIPS) effectively commenced operations in Washington, D.C.. ECIPS was designed to supplant the PDAP contract managed by C&L. The design called for the establishment of a regional investment promotion institution in the U.S. which would serve all seven beneficiary states. ECIPS, as the institution is called, is linked directly to the investment promotion agencies operating in each country. All of the activity for the project is coordinated through a project director based at the OECS Secretariat in Antigua. The ECIPS' operation in Washington, D.C. is staffed with an executive director, two investment promotion officers (IPO's), a secretary-administrative assistant and a research officer.

IP efforts initiated under the project since 1987 include:

- (1) Antigua: Technical and managerial training for the private sector, public sector assistance in developing IP policy and strategies, and promotion of tourism investments, especially in the yachting industry;
- (2) Belize: IP among public and private sector entities (focusing on the factory shell program and tourism) and management training for Chamber of Commerce staff;
- (3) Dominica: Promotion of employment-generating projects based on the use of indigenous natural resources, and export marketing training for the private sector;
- (4) Grenada: Assistance to the tourism, agri-business, and manufacturing sectors, in addition to assistance in divesting public corporations and forming a new public sector IP institution;
- (5) St. Kitts-Nevis: Promotion of tourism through training for small hotel operators, assistance to the public sector in formulating IP policies, promotion of overseas investments, and training for garment and electronic firms undertaking joint ventures with foreign manufacturers;
- (6) St. Lucia: Promotion of tourism and light manufacturing, development of linkages between local firms and foreign businesses, and training for the Development Corporation; and
- (7) Barbados: Joint promotional activities and information-sharing with the already well-developed Industrial Development Corporation.

PROJECT BUDGET:

The project grant financed Coopers & Lybrand Investment Promotion, IPIP TA (\$530,000), Evaluation (\$1,100,000), UNIDO training for Investment Promotion Officers (\$770,000), TA for Privatization (\$530,000) and Contingency (\$430,000). Grant to OECS for ECIPS (\$3,470,000).

PROJECT RESULTS (June 30, 1989):

The project has assisted with the strengthening of six new National Investment Promotion Offices and established one Regional Investment Promotion Office in the U.S.. Twenty business starts/expansions have been initiated under the project since August 1987 and these have created 875 new employment opportunities.

COUNTRY: Regional
SUB-REGION: West Indies - Eastern Caribbean (RDO/C)
CATEGORIES: Micro and Small Business Assistance
PROJECT TITLE: Small Enterprise Assistance (1986)
PROJECT NUMBER: 538-0133
DATE OF COMPLETION: 2/24/91
PROJECT AUTHORIZATION: (G) \$11,850,000

IMPLEMENTING AGENCIES:

Caribbean Association of Industry and Commerce (CAIC)

PROJECT PURPOSE:

The purpose is to increase the ability of local entrepreneurs to establish, expand, or increase the efficiency of their micro-, small, and medium-scale enterprises in order to produce and sell their goods and services in the local, regional, and extra-regional markets. Also to strengthen CAIC and its affiliates to enable them to affect policy change favorable to private enterprise development and to improve their delivery of business-related development services.

PROJECT SUMMARY:

The project strengthens the ability of the Caribbean Association of Industry and Commerce (CAIC) to provide training, technical assistance (TA), and credit to micro-enterprises and small and medium enterprises. A CAIC Regional Coordinating Unit administers the project and make subgrants to national private sector entities able to deliver project services as well as delivering some services directly.

To support micro-enterprises, subgrants are made to National Development Foundations (NDFS) in Barbados and seven of the OECs territories and to Women in Development, a quasi-NDF based in Barbados. To support SME services, National Delivery Institutions were identified in each territory. TA covers all phases of the business formation cycle, but focuses on practical personalized interventions, and the use of existing resources to build local TA capability. Service fees cover partial cost for all locally-procured TA. Large indigenous and foreign-owned firms may also receive TA and training but are charged fees close to 100% of service cost. A component was added to the project in 1987 which provides administrative and

program support to CAIC so that it can increase its involvement in policy advocacy for affiliate development.

PROJECT BUDGET:

Of the \$10,336,000 obligated to date, \$4,900,00 is related to support of NDFs and WID. Approximately \$2,000,000 is for SME TA and training. Just over \$1,700,000 is allocated to operational costs. Approximately \$1,850,000 is to cover the new project element of administration and program costs of CAIC. The remainder is for audit and evaluation.

PROJECT RESULTS (June 30, 1989):

Under the micro-enterprise component, 1533 loans, averaging \$2000 have been made, with arrearage of just over 6%, resulting in 3924 jobs sustained. Under the SME component, 600 firms have been provided with TA and training.

COUNTRY: Regional
SUB-REGION: West Indies - Eastern Carribean (RDO/C)
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: High-Impact Agricultural Marketing (1986)
PROJECT NUMBER: 538-0140
DATE OF COMPLETION: 1991
PROJECT AUTHORIZATION: (G) \$27,000,000

IMPLEMENTING AGENCIES:

Agriculture Venture Trust (AVT)

PROJECT PURPOSE:

The goal of the project is to achieve a growth-oriented sustainable, private sector-led agricultural production, marketing, and export industry in the Eastern Caribbean. The purpose is to increase the contribution of the agricultural sector and associated agricultural enterprises to Gross Domestic Product by improving the investment environment, relieving development constraints to private capital inflows, and demonstrating attractive returns on capital at acceptable levels of risk.

PROJECT SUMMARY:

This project will encourage investment in export-oriented agriculture in the Eastern Caribbean by providing TA and funding to commercially viable enterprises. The Caribbean Financial Services Corporation (CFSC) and a U.S. contractor will implement the project, which will include Quick Response Activities (QRA's), major subprojects (SP's) and a core contract.

To stimulate smaller-scale private enterprises to fill market niches and to reduce commercial banks' reluctance to lend to small agricultural enterprises, the CFSC, acting as RDO/C's trustee, will finance QRA's. Each QRA will provide smaller enterprises with: reimbursable grant and/or equity funding up to \$500,000 (grant funds to be used for TA, training, and other non-capital costs); TA in preparing feasibility studies (to be performed by the core contractor, often in conjunction with an outside investor) to meet lender requirements; and supervision, to reduce risk and improve management. Already, 26 potential QRA's (e.g., cardamon production and marketing in Dominica, winter vegetables in St. Vincent) have been identified. QRA's will also be available to nonprofit enterprises.

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PROJECT RESULTS (June 30, 1989):

Twenty-eight business plans have been completed leading to ten equity investments to date.

COUNTRY: Regional
SUB-REGION: West Indies - Eastern Caribbean (RDO/C)
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Tropical Produce Support Program (1989)
PROJECT NUMBER: 538-0163
DATE OF COMPLETION: 1992
PROJECT AUTHORIZATION: (G) \$6,000,000 (planned)

IMPLEMENTING AGENCIES:

Organization of Eastern Caribbean States (OECS)
Caribbean Agricultural Trading Co. (CATCO)
Private Exporters

PROJECT PURPOSE:

To increase the regional and local capacity to market non-traditional agricultural products, including post-harvest production from the OECS member states.

PROJECT SUMMARY:

With stagnation of traditional export markets and possible loss of the protected banana market, the political leaders of the Windward Islands are committed to agricultural diversification, which continues to receive serious consideration at donor meetings as well as regional fora. To expand exports of non-traditional agricultural commodities by the member states of the Organization of Eastern Caribbean States (OECS), the proposed project will improve the marketing of non-traditional products by:

- (a) increasing regional and local capacity to market non-traditional agricultural products, including the phase of post-harvest handling;
- (b) increasing regional capacity to transport these products to markets;
- (c) increasing production of these items in exportable quality; and
- (d) addressing policy constraints to marketing of tropical products in the OECS countries.

This project is comprised of five components: (a) Production Assistance including contract demonstrations of new technologies to growers; (b) Post-Harvest handling including technical assistance and training; (c) Marketing including technical assistance to buyers and shippers and aid in establishing produce export associations; (d) Credit to traders for working capital through existing financial institutions; and (e) Transportation Assistance to encourage the formation of private-sector transport companies on a case-by-case basis and where the opportunity presents itself.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: Regional

SUB-REGION: West Indies - Eastern Caribbean (RDO/C)

CATEGORIES: Investment and Export Promotion

PROJECT TITLE: Eastern Caribbean Investment Promotion Service (ECIPS) (1997)

PROJECT NUMBER: 538-0168

DATE OF COMPLETION:

PROJECT AUTHORIZATION: (G) \$3,900,000

IMPLEMENTING AGENCIES:

Eastern Caribbean Investment Promotion Service (ECIPS)

PROJECT PURPOSE:

To expand employment and increase output in the productive sectors. Investment promotion, with emphasis on production for export, is an element of the strategy devised to stimulate the role of the private sector in development.

PROJECT SUMMARY:

As a result of USAID interventions in investment promotion through the Investment Promotion and Export Development Project (538-0119), OECS host governments have seen the demonstrated impacts of investment promotion and have (1) created national promotion offices where none existed before and (2) reached a historical accord to support the creation of a truly regional investment promotion entity based in the U.S. The U.S. investment search office, the Eastern Caribbean Investment Promotion Service (ECIPS), was jointly financed by USAID and the OECS governments under an amendment to the IPED project. That amendment attempted to correct the previous imbalance between active promotion by outside contractors and regional institutionalization, but, in retrospect, too little assistance may have been provided too late to produce the desired results.

Under the proposed ECIPS Investment Development Assistance Project, support to ECIPS will be continued while the institutionalization of the investor search function is completed and therein fully financable by the OECS governments. An evaluation of the amended IPED project will be conducted a year before the PACD and is expected to provide valuable insights concerning opportunities for restructuring A.I.D. assistance

to ECIPS ensure its continuation after donor assistance. It should also provide the factual basis for negotiated increases in OECS governments' support to ECIPS.

PROJECT BUDGET:

PROJECT RESULTS:

COUNTRY: Regional

SUB-REGION: West Indies - Eastern Caribbean (RDO/C)

CATEGORIES: Managerial Training
Investment and Export Promotion
Tourism Development

PROJECT TITLE: Caribbean Tourism Development Project
(CTDP) (1990)

PROJECT NUMBER: 538-0172

DATE OF COMPLETION:

PROJECT AUTHORIZATION: (G) \$6,000,000

IMPLEMENTING AGENCIES:

PROJECT PURPOSE:

The purpose of this five-year project is to upgrade the quality of the Eastern Caribbean tourism product, improve productivity in the industry, and foster backward linkages to manufacturing and agribusiness.

PROJECT SUMMARY:

The Mission RDSS has adopted a sectoral focus on tourism as one of the leading economic sectors likely to generate additional new jobs and economic growth in the Eastern Caribbean for the foreseeable future. In order for the region to realize the maximum economic benefit from the growth potential of this industry, the quality of the tourism product must be upgraded to a more competitive standard, and productivity improved to increase profitability. Backward linkages are needed to manufacturing and agribusiness enterprises. Technical assistance and training is needed to achieve these goals.

This will be accomplished by providing appropriate types of technical assistance and training to hotel and restaurant employees, government employees with tourism-related responsibilities, manufacturing and agribusiness enterprises able to take advantage of tourism-related markets, and tourism service providers. Assistance will be provided at all levels, from entry-level to senior management, and to businesses from the micro scale on up. Technical assistance and training will be mainly on-site and in-country, but for management will also include U.S. participant training. The project will provide for in-plant consultancies to ensure that classroom lessons are implemented.

This project will also fund the U.S. Business and Commercial Center, a joint USAID - U.S. Department of Commerce operation serving the OECS countries from Bridgetown. The role of the Business Center is that of a catalyst, to facilitate information sharing between and among the private sector and the many development institutions operating in the region, and to advise and encourage OECS companies in taking advantage of development services and business opportunities. The Business Center will serve in a critical capacity to ensure that Caribbean firms take advantage of regional market opportunities created by increasing tourism expenditures, particularly with respect to the development of backward linkages to agribusiness and manufacturing.

Activities

Output

T/TA Recipients

2500

Business Center Conference Participants

1000

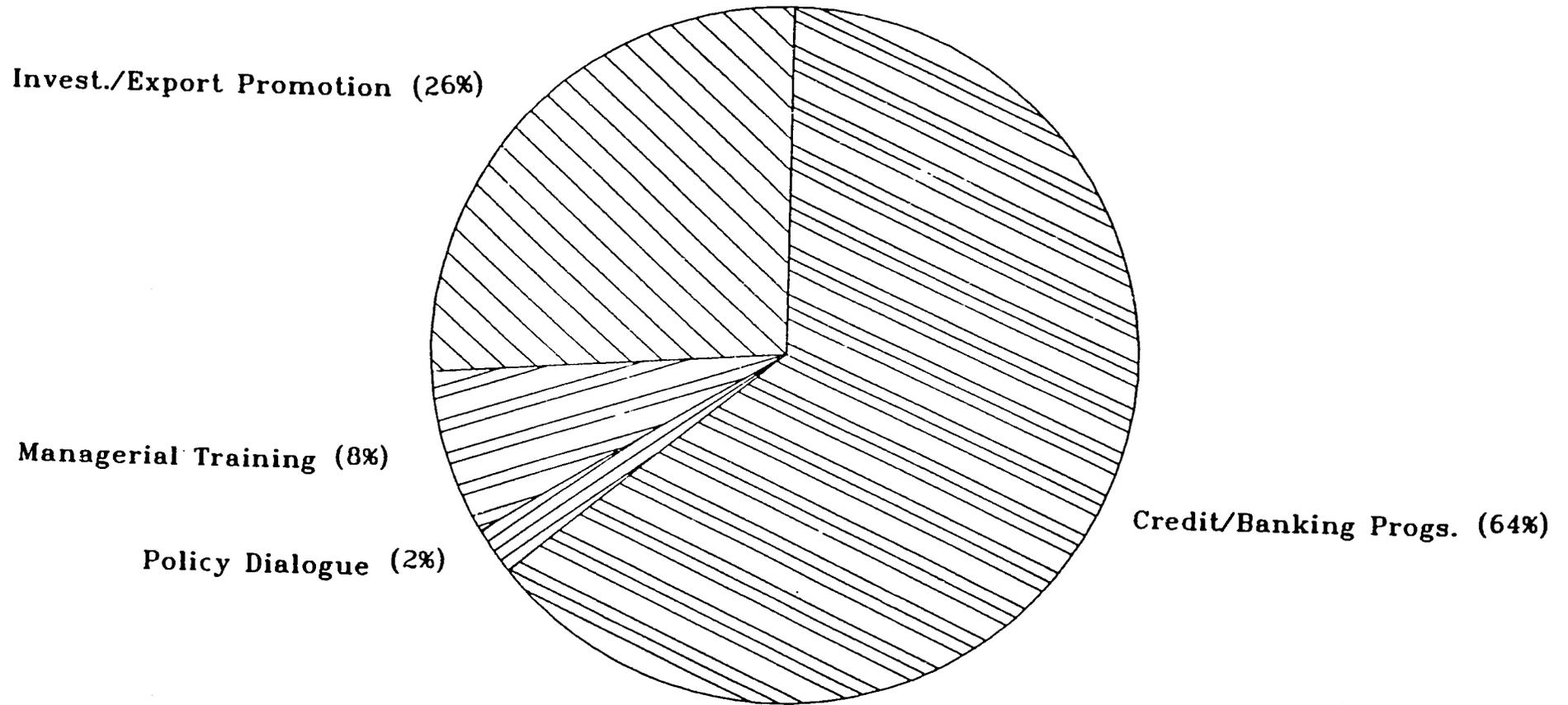
PROJECT BUDGET:

PROJECT RESULTS:

**REGIONAL OFFICE
CENTRAL AMERICA AND PANAMA**

PRIVATE SECTOR PORTFOLIO

ROCAP



COUNTRY: Regional
SUB-REGION: Central America and Panama
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Regional Industrial Energy Efficiency (1982)
PROJECT NUMBER: 596-0095
DATE OF COMPLETION: 7/29/89
PROJECT AUTHORIZATION: (G) \$5,850,00

IMPLEMENTING AGENCIES:

Central American Industrial
Research Institute (ICAITI)

PROJECT PURPOSE:

As the project is split into two components, identified as I (ICAITI) and S (SIECA), there are two purposes. Under I, the project seeks to improve energy efficiency in industry and reduce industrial consumption of imported petroleum by introducing: 1) energy audits, 2) conservation measures, and 3) energy efficient machinery. Under S, the project proposes to identify and promote public policy and public and private financial mechanisms which encourage efficient energy use.

PROJECT SUMMARY:

From 1982-88, the project has financed assistance for ICAITI, in coordination with national chambers of industry to improve energy efficiency and reduce industrial consumption of imported petroleum by introducing energy audits, conservation measures and energy efficient machinery. ICAITI has, through energy audits, technical assistance and seminars, worked with the private sector identify opportunities for energy conservation thus allowing industries to better utilize their resources. The benefits of this project continue to multiply as more engineers are trained to perform energy audits and as the successes of one plant are imitated by others.

By helping industries save energy the project has strengthened the private sector by promoting sound investments, increasing competitiveness and decreasing the costs of production. At the close of this project, ICAITI will continue to serve the region as a valuable source of technical expertise in industrial energy conservation and as a technical information clearinghouse.

PROJECT BUDGET:

\$5,400,000 is allocated under the I component. \$450,000 is allocated to the S component of the project.

PROJECT RESULTS (March 31, 1989):

The Regional Energy Efficiency in Industry Project was granted a final extension in December, 1988. The new PACD is July 29, 1989. At that time the Project will be successfully completed and ICAITI should be in a position to continue providing the services developed with ROCAP support on a sustainable, user-fee basis.

The draft report of an external non-federal overhead audit was delivered at the end of the semester. ROCAP Controller and Management Staff met with ICAITI and the audit team to discuss major differences of opinion on many of the findings. The outcome is not known. Any reduction in the overhead rate employed during the last several years could adversely affect ICAITI's financial situation.

ROCAP has approved ICAITI's proposal for establishing a trust fund in the Central American Development Bank utilizing the monies generated under the project. The fund will provide a more flexible advantage of ICAITI services and will help support the continued flow of Project benefits after PACD. All remaining obligations were committed during the period based upon detailed work plans presented by ICAITI.

ICAITI has continued to be active in public forums regarding energy issues, participating in or conducting six seminars promoting improved efficiency during the report period. One energy audit was conducted in Costa Rica and a detailed study of the electrical system of the Presidential Palace in Guatemala was also completed.

A special program of energy-saving technical services was established by ICAITI in Costa Rica and is directly supporting other AID initiatives to reduce industrial demand for electricity in that country. It has served eight Costa Rican industries to date. Numerous promotional visits and follow-up visits to firms where audits were conducted in the past were also realized during the reporting period.

The Energy Efficient Project has already succeeded in meeting most Project goals. It has also served an important role by helping to develop some of the critical internal procedures necessary to meet the objectives of the REDI institutional development project (also supported by ROCAP). One of the most important achievements has been the application of task orders for project planning and control. The task orders have demanded that project technicians learn more about project planning and

reporting systems, estimating costs, and programming time. They permit a more rigorous internal control of the expenses being charged to ROCAP and present new opportunities for improved project management and for evaluating performance at different levels within the Institute. The information generated is crucial for other areas targeted for improvements in the future such as the financial control systems and personnel incentives.

Updated courses on Boiler System Efficiency have been prepared and are scheduled to be presented in Guatemala, Honduras, Costa Rica and El Salvador in the coming two months. Project staff have been participating in after-hours computer training to improve their management abilities and increase productivity.

ICAITI has found it to be more difficult than expected to market major services such as detailed energy audits at prices which recuperate their full costs. In response to this, ICAITI has begun to market more specific, lower-cost services (as mentioned above in Costa Rica) and new marketing strategies have been developed for the major services.

COUNTRY: Regional
SUB-REGION: Central America and Panama
CATEGORIES: Investment and Export Promotion
PROJECT TITLE: Non-Traditional Agricultural Export Support (1986)
PROJECT NUMBER: 596-0108
DATE OF COMPLETION: 9/30/91
PROJECT AUTHORIZATION: (G) \$8,000,000
IMPLEMENTING AGENCIES:

Chemonex in conjunction with National Agricultural Export Associations

PROJECT PURPOSE:

To create and/or strengthen private sector capabilities in the provision of hands-on training and technical assistance in skills related to production and marketing technologies for non-traditional agricultural exports.

PROJECT SUMMARY:

The ROCAP Project Liaison Officer will assist in the coordination of the project with the USAID bilateral missions, agricultural export associations and the Chemonics team. The Chemonics team will be developing a list of priority crops to be considered for export and a list of regional themes such as virus control, crop physiology, and agricultural chemical usage.

The project through a long-term and short-term specialist will play a key role in establishing a cut flower association with the Guatemalan Export Association (Gremial).

Seminars and training courses on terms of sale, produce law, and basic computer applications will be offered regionally. Technical assistance will be provided to exporters in such areas as box design and asparagus quality control procedures. Project coordinators also hope to assist exporters in establishing contacts with the U.S. markets.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

An intensive operational process evaluation was conducted to assist both the team and ROCAP in setting new policies and strategies concerning the future of the project. This process involved two outside consultants who visited each country twice within the Region, conducting questionnaire-based interviews with USAID agricultural officials, counterpart federation staff and producers. This collaborative evaluation was very helpful to both PROEXAG and ROCAP as it redefined and clarified the project purpose and overall strategies. It also validated those areas where the project has been successful and pointed out areas for improvement.

As a result of the success of the project and the team becoming well known and respected throughout the region, the demand for their time is such that they are unable to meet all the expectations, and have had to focus their efforts on more specific crop and theme efforts.

New personnel have been hired (additional secretaries, a documentalist and a marketing assistant), a new filing system installed and overall local office administration and management improved.

Some major accomplishments include:

- As a follow-up to the successful asparagus course held in April in California, seminars on the asparagus industry were conducted throughout the region, planting materials were purchased and demonstration plots set up in the region. Also in Guatemala, the asparagus commission, spawned by the California course, held an asparagus field day in which over 150 people from Guatemala, Honduras and Costa Rica participated, thus launching a promising new crop for Central America.
- Efforts were continued on virus control in the melon and cucumber crops. The first regional survey was conducted on the incidence of virus in the cucumber industry and plans were made to conduct demonstration classes on prevention of virus for the next planting cycle. A cucumber expert was sent to El Salvador to evaluate the cucumber industry and the advisor was subsequently hired by FUSADES on a long term basis as a cucumber consultant.

- Another area of importance throughout the region is the production of both tropical and standard cut flowers. The project provided material for tropical cut flower variety trials in Honduras and El Salvador, and a cut flower commission was organized in Guatemala which held a two day seminar in which three of the leading U.S. flower experts participated.
- The results of the Guanacaste, Costa Rica melon pilot project were completed and recommendations made for expanding the operation into a commercial industry. Through the efforts of PROEXAG, one of the leading multinationals entered into a joint venture operation with the Guanacaste growers supplying the much needed maritime transportation and market access.

As transportation plays a major role in crop diversification efforts, a variety of work was done in this area, such as: a container utilization survey conducted to verify the accuracy of 1987-88 projections; convincing the multinational banana companies to carry perishable crops on their company ships; negotiating with the Liner Association to establish a policy of equalization of rates between South Florida and New Orleans ports; and meetings with New Orleans authorities to discuss the improvement of fumigation facilities and increasing the possibility of receiving mixed loads; and an effort was initiated to begin air cargo flights from Central America to Toronto, Canada.

A continuing problem is to match limited resources, both economic and human, to ever-increasing expectations. The strategy of working to facilitate successful deals and narrowing the focus to specific tasks and priorities is being more effectively communicated to the project clientele.

COUNTRY: Regional
SUB-REGION: Central America and Panama
CATEGORIES: Credit/Banking Programs
PROJECT TITLE: Regional Economic Recovery (1985)
PROJECT NUMBER: 596-0114
DATE OF COMPLETION: 12/31/89
PROJECT AUTHORIZATION: (G) \$35,000,000
(L) \$15,000,000

IMPLEMENTING AGENCIES:

Central American Bank for Economic Integration (CABEI)

PROJECT PURPOSE:

To improve CABEI's financial and administrative viability and increase the Bank's investment impact on the region while strengthening its private sector program.

PROJECT SUMMARY:

The project provided a \$35 million grant to ensure short-term financial viability, and to enable CABEI to resume immediate priority disbursement of 33 loans for public development projects (mainly infrastructure) worth some \$74 million. Project disbursements for this activity are tied to progress of member countries in meeting their financial obligations to CABEI.

At the institutional level, CABEI contracted TA to create new financial, organizational, and administrative entities and improved procedures. In the project's major TA intervention, CABEI will engage a firm to design and implement a computerized management information system. The project is also helping CABEI appraise internal personnel and training systems, prepare a long-term training plan, and conduct a job classification and salary survey. Technical assistance (TA) from the project and U.N. entities are helping CABEI's Portfolio Rehabilitation Unit (RECAP) and Project Supervision Unit (SUPRO) specify and implement a plan to rehabilitate CABEI's private sector portfolio.

To help CABEI shift its focus to the productive private sector, the project provides capital for agribusiness sub-lending through intermediate credit institutions (ICI's) in the region. 60% of these loans are targeted for extra-regional exports. Short and long-term TA and a small fund for the training of CABEI personnel support this effort and facilitate the implementation of CABEI's new, decentralized sub-lending strategy.

A three-year program of TA and training by the International Institute for Environment and Development (IIED) has helped CABEI incorporate environmental planning and analysis into its program.

PROJECT RESULTS (March 31, 1989):

Implementation of remaining activities to be completed by the present PACD are delayed, though several several past problems have been resolved. CABEI met pre-conditions for the PACD extension to 12/31/89. Disbursements under the Public Sector Investment Component have been completed and CABEI has assured that its scheduled counterpart contribution will be completed prior to PACD. The demand for loans under the agribusiness lending program has far exceeded the \$17.5 million LOP total (including \$2.5 million of CAREI counterpart funds) and therefore CABEI is actively seeking new funds to continue the program. The last several major contracts of CABEI's technical assistance utilization plan are being negotiated. The delays may necessitate an extension of the current PACD to February or March 1990.

Disbursements for the full amount of \$30 million were completed for 13 public sector projects approved by CABEI and ROCAP. The bank has yet to complete its counterpart commitment of almost \$44 million, although they anticipate that their commitment will be fulfilled by September, 1989.

In the private sector agribusiness lending program, to date CABEI has approved \$13.8 million for 29 project loans in the four countries and are analyzing approximately \$7.0 million of potential loans for approval. As the bank commitments approach the total amount obligated by AID, CABEI is selecting more high impact, non-traditional export projects which represent about 60% of the project loan total.

Two of the three long-term advisors of the Chemonics team, including the Chief of Party, left prior to the extension of the PACD. A new Chief of Party has been appointed. The technical assistance team is assisting CABEI to assume full responsibility and authority for the agribusiness component as they transfer the oversight responsibilities of loan processing and monitoring, including analyzing project feasibility, to the bank officers within the SEP unit. The team is also advising bank management on institutional reorganization to assure that the agribusiness component will continue to be managed efficiently.

The environmental advisor has finished his scope of work except for revising the pesticide manual and compiling additional cartographic data. He is also assisting the

counterpart environmental officer in project analysis and in conducting training seminars for the bank officers.

After long delays in approving a scope of work within the Bank staff, CABEI will request to contract with Clapp & Mayne to evaluate the progress made in the bank's personnel procedures, to provide a training workshop for supervisors in job performance and evaluation, and to assist the Department of Organization and Methods (O & M) in establishing standards for job productivity.

CABEI has submitted for ROCAP approval a contract with Price Waterhouse to develop a management information system. This activity has been delayed nearly five months, in part because negotiations could not take place until the approval of new PACD. A consultant from AID/M/SER/IAM/M will periodically review the Price Waterhouse work to assure that objectives are met. ROCAP also approved an extensive training plan involving short term courses in the U.S. Bank systems personnel and an in-house computer training center.

The political and economic crisis of Central America, principally in Nicaragua, El Salvador and recently Honduras has caused a worsening liquidity problem of the Bank as member countries are unable to continue to finance the net flow of funds from the countries to CABEI, as has to finance the net flow of funds from the countries to CABEI, as has occurred in the last several years. Projections indicate that, if E.C. and Japanese loans go on stream, the net flow will reverse towards the countries and reduce the arrearage/liquidity problem of the bank.

U6*

COUNTRY: Regional
SUB-REGION: Central America and Panama
CATEGORIES: Export and Investment Promotion
PROJECT TITLE: Export Agribusiness Development and Promotion (1986)
PROJECT NUMBER: 596-0123
DATE OF COMPLETION: 9/30/89
PROJECT AUTHORIZATION: (L) \$15,000,000

IMPLEMENTING AGENCIES:

Latin American Agribusiness Development Corp/LAAD

PROJECT PURPOSE:

To expand investment in non-traditional agricultural exports.

PROJECT SUMMARY:

The high risk and long-term nature of LAAD's agribusiness lending is key to the successful implementation of the project. The security for many of the sub-projects financing would not cover the LAAD loan in the event of failure. The project is providing \$15 million in loan funding to LAAD to provide term financing to agribusinesses that are not eligible for standard commercial loans, since no other institution in the Central American region is involved in this type of lending.

LAAD develops a monthly project status report which lists each sub-project financed by name, description, location, interest rate, repayment period, grace period, dates of approval by LAAD and ROCAP and disbursements of both LAAD and ROCAP funds.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

The project is proceeding as planned. A total of eight new loans were approved by LAAD during the last six month period totaling \$1,750,000. The projects financed this period include, among others, the following: a shrimp operation in El Salvador; a geese liver pate operation in Guatemala; and fish farming and macadamia in Costa Rica.

LAAD continues to find and finance business ventures directed towards export agriculture, contributing to the rapid growth of non-traditional exports from the region. A case study evaluation of the secondary impacts of agribusiness lending was conducted of this project. The team studied six borrowers to ascertain the effects on workers and communities of the LAAD-supported enterprises. Among the many interesting findings in the draft report (final to be delivered during the coming semester) were that all of the projects provided benefits in terms of increased permanent and seasonal employment, income (increased wages and on-time payment), advancement opportunities, and secondary benefits for the communities, particularly for those located in rural areas. Those projects that open new land for production of more intensively farmed crops tend to have the highest employment effects. Workers in these enterprises tend to be better treated in terms of training, benefits, promotion and general labor relations than they were in other farm work. Women find employment, often as packers or processors, but once they marry, often leave work to care for their families, and do not enjoy the same promotion opportunities as male employees.

COUNTRY: Regional
SUB-REGION: Central America and Panama
CATEGORIES: Managerial Training
PROJECT TITLE: Export Management Training (1985)
PROJECT NUMBER: 596-0124
DATE OF COMPLETION: 12/31/90
PROJECT AUTHORIZATION: (G) \$6,800,000

IMPLEMENTING AGENCIES:

Instituto Centroamericano de Administracion de Empresas (INCAE)

PROJECT PURPOSE:

To strengthen INCAE's capabilities in the areas of export management training, assistance to other schools of business/management in the region, and intersectoral policy dialogues.

PROJECT SUMMARY:

The project undertakes two activities essential for the development of export-led economic growth in the Central American region: training of a cadre of export-oriented managers and support for public policy research and dialogue on export-related issues. The project builds on the work of the INCAE Expansion Project to further strengthen INCAE's ability to serve as a regional center for export management training and policy study.

The project has four major components. The first component provides for the development of a model export management training program at INCAE. The program reorients INCAE's MBA program toward export management, and integrates the subject into INCAE courses. Altogether 90 new case studies will be written under the program in the areas of international marketing, productivity management, and financial management. Each summer, a group of 5-10 MBA students from the program participate in internships at U.S. or Central American export firms.

INCAE has also developed an executive seminar program under the export management training program for senior managers throughout Central America. During the first half of the project, scholarship funds are available for managers to attend these seminars. Over the course of the project, 125 seminars are to be held for

261

5,000 participants.

The second component supports INCAE in becoming a regional center of assistance to the business management schools of Central America and Panama. INCAE has conducted diagnostic needs assessments of 25 Central American universities to determine their needs in terms of staff and course development and is preparing specific plans for ongoing technical assistance to these schools.

INCAE has also established a Central American Teacher's Program which offers six-week training workshops to 250 undergraduate faculty of business management from the region. The project provides scholarships for 40 faculty members to complete the MBA program at INCAE.

The third component has assisted INCAE to establish a Center for Applied Economics and Policy Studies. The Center conducts policy dialogue seminars for business, government, and labor leaders to discuss issues related to the development of non-traditional exports and makes funds available for scholars to study policy issues which affect the region's development. The Center produces 24 issues of a bimonthly newsletter and 8 issues of a quarterly journal to disseminate the results of the seminar and research programs.

The project's fourth component provides institutional support in the form of funding for a scholarship program benefiting 40 low-income students, Ph.D. training in the U.S. for 8 INCAE faculty, strengthening of INCAE's program in economics, and the expansion of INCAE's library and office facilities.

PROJECT BUDGET:

PROJECT RESULTS (March 31, 1989):

The project is on track in all four components in both disbursements and activities.

Component I - Export Management Training

Case research effort was developed in El Salvador and Costa Rica. In this period INCAE will also conduct research in Chile and will try to identify opportunities for future collaboration in export management training. Other specialized research has been carried out in the areas of free zones and export incentives in the region.

INCAE's competitiveness seminars in the functional areas of management are being complemented by new seminars with more content of export specific problems, economic sectors and export incentives, e.g., the Fresh Produce Industry in the U.S., Export Management and Strategy for Agribusiness Firms.

A system for restricting scholarship support to exporters and potential exporters was

designed and put into effect. Initial experiences in Costa Rica led to the redesign of the scholarship awards. However, this limits the pool of recruits.

Component II - University Assistance

The new program to assist university business schools is currently in operation. INCAE will try to familiarize professors of business in Central American universities with conceptual frameworks, bibliographies, information sources, case studies, technical notes, and other materials related to export management. INCAE faculty is scheduling seminars on individual campuses to provide university professors with the methodological skills necessary to write their own cases and to teach them using participative methods.

Component III - Center for Applied and Policy Studies

The Policy Dialogue Seminar is being developed on both national-level and sectoral issues. There is a lot of interest in this seminar from government officers.

Publication of the Economic Journal is continuing at the previously agreed reduced rate of 2/year. INCAE will public six newsletters per year.

Four new economics courses which use export-oriented materials have been designed/installed in the INCAE MBA program. These courses are constantly updated as the export environment changes.

Three research projects are now in final draft. INCAE's Economic Policy Center Director continues to seek qualified candidates to perform the research. Five researches have been completed and published in INCAE's Journal and other economic journals.

Component IV - General Institutional Support

Construction of additional classroom space is completed.

The library continues to buy on the order of 1,500 - 2,000 new books per year. All periodical subscriptions will be funded by INCAE by the final year of the project.

The last group of low-income students was selected in September 1988 for scholarships for the INCAE MBA program. This brings to 75 the total number of low-income students who have received financial aid to attend INCAE; of these, 33 have graduated and 42 students are still enrolled. During the student selection for 1989, INCAE will attempt to increase the number of scholarships from the less-represented countries of Honduras and El Salvador.