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EL SALVADOR
HOTEL PRESIDENTE DIVESTITURE
AND
SALVADORAN EXTERNAL DEBT

Prepared for:
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DIVESTITURE PROGRAM FOR ASSETS CONTROLLED BY
THE SALVADORAN INVESTMENT CORPORATION (CORSAIN)
EL SALVADOR

REPORT ON:

* **DIVESTITURE OF HOTEL EL PRESIDENTE**
  PLANS FOR VALUING, MARKETING AND FINANCING ITS SALE -

* **SALVADORAN EXTERNAL DEBT**
  MARKET FOR COMMERCIAL DEBT AND USE OF IT IN DIVESTITURES

DIVESTITURE PROGRAM OF CORSAIN, EL SALVADOR, MAY 1989

THIS REPORT COVERS:

* **DIVESTITURE OF HOTEL EL PRESIDENTE - PLANS FOR VALUING, MARKETING AND FINANCING ITS SALE**

* **SALVADORAN EXTERNAL DEBT - THE MARKET FOR DEBT OWED TO COMMERCIAL BANKS AND USE OF IT IN DIVESTITURES**

I. SCOPE OF WORK

A. Develop a scope of work for the valuation of, and a marketing plan for, the sale of the Hotel Presidente. The marketing plan will include active promotion by the contractor;

B. Design and draft a financial plan to complement the work to be performed in accordance with paragraph A above. The financial plan will include several financial options, including long term debt, debt to equity swaps, and payment in Government of El Salvador agrarian reform bonds;

C. Analyze and report on the market for Salvadoran dollar debt. The report will include price quotations, debt holders, potential buyers and target for use of proceeds.

D. This task will be performed in the U.S., principally in New York. It will involve one trip to Miami to meet with potential hotel appraisers as well as with the banking community to explore the market for Salvadoran debt.

II. EXECUTIVE SUMMARY

This report treats two aspects of the complex process of transferring state owned and controlled activities to the private sector: the divestiture of a hotel, the Presidente owned by the government investment corporation CORSAIN and; payment of the transaction with public debt instruments. Considering that a new administration is about to take office in El Salvador, the findings could be especially timely.

It is hoped that this study may prove useful not solely in effecting the particular transfer of the Hotel Presidente, but in providing ideas toward developing an overall privatization program in conjunction with debt management.

HOTEL PRESIDENTE
In order to sell this (more or less $10 million) hotel, and sell it well, it is adviseable to invest a modest $20,000 or so to obtain a professional "overview". This would be less than a feasibility study, but sufficient to appraise and value the hotel and outline a marketing strategy. Three candidates are listed in the report who are located nearby, know the area, and can aid in the marketing design and promotion. Moreover, their report can lend validity to the sales process while also serving as a marketing tool. Whatever the marketing plan, it should be built on at least three legs -the hotel staff, Salvadoran investors (broadly represented) and a connection with a major hotel chain.

The hotel cannot simply be sold for cash. Payment options must be devised because the Salvadoran banking system lacks solvency, and capital markets are incipient. Moreover, financing options can help overcome investor reticence due to perceptions of the effect of the political situation on hotel occupancy. Various financing techniques, such as leveraged buyouts, should be entertained along with debt conversion programs. Special consideration should be given to accepting agrarian reform bonds in payment, for they offer on the one hand a powerful and needed incentive through their deeply discounted price, and on the other, the opportunity to record the transaction at the face value of the debt.

SALVADORAN DEBT
El Salvador's private, external debt is small (below $90 million) and rarely traded. Holders are not readily identifiable. But it is generally believed that commercial banks are not among present holders. Much of the debt in dollar bonds commands a high price for being punctually serviced. In contrast, other indebted-country debt currently sells at deep discount from face value.

A conversion program, broadened to include debt with other countries -such as owed to oil supplying countries- and agrarian reform bonds, could be a powerful attraction to investment for ppurposes of expansion and rehabilitation, if not new starts.

Linked to privatization, debt conversion would be non-inflationary and at the same time would provide a much needed discount from cost. Acceptance of bonds at face value would alleviate the problem of selling government assets below book value while reducing the country's debt burden.

Considering the impending change of administration, it is recommended that the Mission, on a timely basis, offer to the authorities access to experts who could inform them about debt management and conversion programs of other indebteded countries, and help them tailor one to El Salvador's situation.

III. ACTIVITIES DURING ASSIGNMENT

Consultations were effected in Miami and in New York City, in person and by telephone, with the following: money center banks, regional banks, merchant and investment banks, boutique exchange and debt swapping houses, venture capital groups, Salvadoran entrepreneurs (resident in Miami), hotel chains, hotel consultants, and multinational firms.

IV. HOTEL PRESIDENTE

A. BACKGROUND

Previous attempts to sell the hotel, in recent years, were aborted. Most of the expressions of interest received did not result in bids. The few formal bids received were judged unsatisfactory in terms of price and terms (see Exhibit 4). Some interested parties claimed not to have been taken seriously. Whatever the reasons and causes, the result was an unfavorable reaction among Salvadoran businessmen and others.

The next attempt to sell the property must be well and carefully done. In itself the sale is important. As a forerunner of more attempts by the government to pass activities over to the private sector, it is doubly important.

B. VALUATION (AND APPRAISAL)

In conjunction with valuation, an appraisal should be made to determine:

a. what there is for sale and the condition it is in
b. the highest and best use of the adjoining land
c. the future competitive position of the hotel

The valuation should attempt to assess the hotel's value in the market place for, no matter what it is felt must be charged, it is what the market is prepared to pay that will determine whether there is a basis for a sale. Moreover, the appraisal and valuation will provide a determination as to whether the hotel should be sold with or without the adjoining land. To aid CORSAIN in setting the selling price, 3 approaches should be used:

a. income approach - what it can produce for the owners
b. land and buildings - their worth as property

c. market - what hotels sell for, here and elsewhere

Given constraints of time and money, it is not recommended that a full feasibility study be attempted. Instead, an overview, a step below a feasibility study and much faster, should be made. This would require whoever does it to become familiar with the hotel and its workings, get a feel for the local environment, review Corsain's files and experience, do some "light" projections of occupancy, cash flow, etc. and come up with some overall ideas of how much the hotel should be worth in the marketplace and how it could be marketed.

Such an appraisal can give validity to the process. Moreover, assuming that the numbers make sense, it can be used as a tool in selling the property. In adapted form, it can be turned into a prospectus.

C. **MARKETING**

<u>WHOM TO REACH</u>
The overview will confirm the approach to be used, but initially it is thought to use a rifle strategy, on the presumptions that: the hotel, being in San Salvador, does not have universal appeal among hotelers, and within its market does face strong competition. The thrust of marketing, then, should be toward those particularly likely to have interest and ability to own and operate this specific hotel.

To deal with political, financial and commercial reality, the involvement of three groups should be sought, possibly in addition to other investors:

* The hotel staff - in order to gain their support for the process of weaning the hotel from government patronage, and because their having a stake in the business can make a difference in service.

* local investors - preferably a broadly dispersed group to make it easier to amass the required capital, avoid problems of control, and eventually provide the base for share trading in El Salvador's new stock market.

* A multi-national hotel chain - to provide reservations linkage (needed to compete with the other 2 leading hotels in the city which have such a connection); and professional management.

But the marketing program should go beyond local investors to others who are comfortable in equating the risk to the opportunity in EL Salvador. These would be, in the main, Salvadorans resident in Miami and one or another U.S. city, plus selected Latin American investing groups -mainly Guatemalan, Panamanian and Venezuelan.

HOW TO REACH THEM

There should be devised a coordinated campaign through a combination of means:

a. advertising in local papers - to provide the initial and official communication and to lend transparency for the process.

b. presentations to business groups in San Salvador - Chambers of commerce & industry, etc., Rotary, Fusades, and through those groups, to their counterparts in the neighboring countries.

c. presentations to the staff and their union through the management.

d. direct communication by phone and mail with all parties that had expressed interest previuosly including the Poma group, De Sola, F. Gonzalez, Warren (of California), Bru, and Callejas.

e. communication with selected hotel chains both in Central America and the U.S. as indicated by the appraisal (note: A Hilton executive mentioned that they "would be remiss in not taking a look at it").

f. contact with financial intermediaries (see single-starred names in Exhibit 1) in order to reach Salvadoran and other Latin investor groups resident in the Miami area. Each of the listed intermediaries, to greater or lesser degree, deal in outbound investments, especially in tourism and hotels, and have contact with high net worth investors.

THROUGH WHOM TO EXECUTE THE MARKETING AND PROMOTION

The President of CORSAIN, or a marketing manager reporting directly to him, should be responsible for carrying out the program.

For the over view he should contract one of the 3 hotel consulting firms double-starred in Exhibit 1. Our understanding is that a "quick and dirty" could cost in the neighborhood of $15-20,000. It would be expected that the consultant would be involved in the promotion of the sale, especially in selecting and contacting hotel chains.

As an interesting innovation, discussions should be held also with Mr. Sulit, Country Director of IESC about using their Investment Promotion program (Exhibit 3). This program relies on retired U.S. executives, volunteers, to identify and contact potential investors or joint venture investors for companies to be privatized.

D. **FINANCIAL PLAN**

The offers from Poma, Bienes Y Raices Uribis and Gonzalez (Exhibit 4) confirmed what is widely reported by bankers, that there cash for medium term loans is not available in El Salvador. These offers also showed that potential buyers look for deep discounts. Debt conversions could be a way of providing for them. According to finanacial intermediaries, debt swaps are likely to be the only way that outside money (or Salvadoran money abroad) will come in.

With the above in mind, and considering that CORSAIN or the Government of El Salvador will be reluctant to be in the credit business, the financial arrangements should contemplate payment with Salvadoran debt instruments - including agrarian reform bonds at face value or close to it- for part of the payment.

In this connection, it is useful to recall the Jamaican experience: Jamaica, a year or so ago, in an attempt to sell 12 resort hotels that the government bailed out and bought in the 1970's, offered to sell the properties with a discount twist. If a foreign buyer wanted to purchase a $10 million property, he could get it for $8.75 million by buying Jamaican debt as part of the deal, as a discount on political risk. In the case of El Salvador, the discount would have to be adjusted to perceptions of Salvadoran risk, but the principle is applicable.

It is suggested that the financial arrangements permit payment being made under one or more of the following array of terms:

1. Leveraged buyout
Settlement could be in cash plus a substantial payment in the form of medium to long term debt; the latter collateralized by the assets of the hotel. The amount of cash and the term of the debt would be based on the estimates of cash flow. The transaction could be effected through CORSAIN's sister financing intermediary, BANAFI, or other specified financing institution. The amount of the cash down payment would be lower or higher depending on:
a. how much refurbishing is to be done by the buyer and
b. whether or not the adjoining land is being purchased.

This method of payment may be especially suitable to the portion of shares purchased by the staff through some kind of ESOP.

2. Debt equity conversion
To the extent that there can be identified external debt existing in private hands, provision should be made for its conversion for purposes of buying the hotel. If there is insufficient private external debt, consideration should be given to permitting investors to pay with debt of Venezuela or Mexico, to cite 2 countries to which El Salvador is indebted, and whose debt is readily available in the market at deep discount.

3. Payment of a percentage with agrarian reform bonds
The large amount of bonds in the market could lead to some spirited bidding, and their use could alleviate the government's debt service burden. CORSAIN would have to be compensated in some way by the Central Bank in order to maintain its enthusiasm for this method of payment.

V. EXTERNAL DEBT

A. AMOUNT AND TYPE OF EXTERNAL DEBT OUTSTANDING
No hard figures are available as to how much remains outstanding and in whose hands. Previous estimates have indicated a total external debt of $2.4 billion, of which some $200 million was private, including $35 million in bonds used to finance imports.

Earlier this year, the President of the Central Bank of EL Salvador, Mr. Mauricio Gallardo, informed that El Salvador's total external debt is about $1.8 billion, of which 5%, or $90 million is owed to private entities. One portion of the latter, amounting to $26 million, represents dollar denominated bonds issued in 1984-85, on which the Government is paying interest varying from 6% to 12%.

Included in the public debt portion of El Salvador's external debt is some $114 million, referred to as the "deuda militar", which is owed to the Pentagon, and carries interest rates varying from 10% to 13% and 15%. Apparently, the Pentagon has expressed willingness to "do something with it".

The Turon Corporation, which acknowledges having been involved in 90% of all El Salvador's dollar bond sales, advises that the only external debt outstanding is about $30 million in dollar bonds. Turon believes that there were few if any sindicated bank loans, rather only trade financing by the foreign private bank community, much of which has been liquidated.

Investigations in the Miami market produced estimates of some $45 to $65 million in private debt: $25-30 million in direct loans from private banks and $20 million in dollar bonds.

B. Prices

El Salvador's external debt appears to be scarce and high priced. This is in contrast with other LDC debt which is actively traded and often at deep discounts. The difference is explained by the facts that: El Salvador is the least indebted of the indebted nations, and has remained current on interest payments and redemptions.

The Wall Street Journal reported that the overall secondary market for LDC debt is large and active. In 1988, the Journal reports, a volume of $50 billion was traded and more than $15 billion of debt was converted or retired. A recent report on secondary market prices of LDC debt (Exhibit 2) showed the debt of 3 of its neighbors selling for a fraction of the prices at which El Salvador's dollar bonds have traded.

Price quotes on Salvadoran debt are very hard to come by because there is very little trading in it. One bank, which reported that it buys and sells debt every day, could only remember a trade involving the Southeast Bank (which no longer has an International Department), some 8-9 months ago. The secondary market price report, cited above, mentioned 3 of El Salvador's neighbors, including Nicaragua, but had no news on El Salvador (nor on Guatemala, another relatively low-debt-up-to-date-in-payments country). One trader did have a report from his London office that Salvadoran external debt traded in the mid to high 20's. It was not possible to corroborate this report.

However, the market for Salvadoran bonds (so called Bonds of the presa de divisas) has been a bit more lively. One year ago, there was demand for bonds for 1991, 1994 and 1996, and the prices ranged from 64 to 66% of the face value. More recently, a Miami broker quoted 65%, "depending on the paper". Actually, The bonds have ranged in price from 65% to 95%.

One of the more active intermediaries referred to $30 million in dollar bonds available in the market. He quoted the value of dollar bonds maturing in 1991 at 95%, and agrarian reform bonds at 45%. The same intermediary maintains a position of Central American external debt on his books.

The Turon Corp. reported prices of 85% for the longest maturities -1996, and 95% for the 1991 maturities.

Although Turon, which deals with corporate clients, is in Boston, Massachusetts, the geographic market for the bonds is tending to center in Miami where both corporations and individuals trade. In addition, sales are made through an office or two in San Salvador.

B. HOLDERS

There is no list of holders of El Salvador external debt available to the banks. None of the sources consulted (Exhibit 1) had a list or knew of one. The explanation is that there has been no restructuring, and debt service is up to date. Thus, there has never been a bank creditors' committee formed to deal with El Salvador's external debt.

None of the following official sources were able to come up with a list of debt holders: World Bank, InterAmerican Development Bank, A.I.D., Embassy of El Salvador in Washington (Ambassador Rivas, himself made several attempts). It should be noted that Mr. Gallardo had promised to furnish a list to the AID Mission, but at this writing, it was not available.

One former institutional holder (Bank of America) reported having sold off its $8 million debt to an unknown party through a financial intermediary in Miami, over a year ago. Another source identified the buyers as Cubans resident in Miami. In a similar manner, the Southeast Bank is reported to have sold all its "category 2" loans to unknown buyers. These transactions were described as isolated cases by financial intermediaries.

Some former holders, such as Libra Bank, LAAD, ADELA and Irving Trust, reported having been paid off through government bonds which were themselves redeemed over the past five years. In another transaction, Phillip Morris is reported to have used bonds to effect a capital increase in its subsidiary, Tabacalera Salvadorena.

No one knows who owns the debt today. While it is thought that most of the bonds are in the hands of Salvadorans, one knowledgeable source informed that many of the bonds are in the hands of multinationals, especially the oil companies as a result of oil import financing, and that the holders are content to keep them because they pay well (in dollars) and are current as to debt service. The same source reported the interest rates as 11.25% on 5 year bonds, 11.75 on 8 year bonds, and 12% on the ten year bonds.

C. POTENTIAL BUYERS

First of all, it should be noted that a fair amount of interest in bonds, mostly by Salvadorans, has been reported by traders. One recent case involved a Salvadoran company seeking agrarian reform bonds with which to pay down agricultural loans.

In addition, periodically there appears interest from some specialized foreign source. One such was a recent inquiry regarding the building of a hospital by a foreign institution.

From this writer's sampling, there is much need, if not interest, among Salvadoran companies to make new investments. Many already hold Salvadoran debt, others would be willing to acquire it if they could convert it into cash or credit advantageously.

D. USE OF CONVERTED PROCEEDS

This report can only sketch out the more intriguing possibilities. But debt conversion should be viewed as an opportunity to achieve badly needed investment not only in activities being divested, but in other commercial activities of economic and social importance. Also, it should be available to national as well as foreign capital.

A word about the Brady plan. There might be anticipated an even broader range of options for alleviating debt burdens, - not only debt exchanges and debt equity swaps but debt buy-back plans like the one written into the recent Chilean loan restructuring. However, if these apply at all to smaller country debt, they would rather apply to a more heavily indebted nation such as Costa Rica which owes more than twice as much overall as El Salvador, and whose private commercial debt is $1.6 billion vs El Salvador's less than $90 million.

Nevertheless, El Salvador should be looking ahead to its new political era to entertain innovative debt-management programs, and consider examples like Bolivia's. Bolivia, with a little help from friends, was able to eliminate nearly half of its commercial debt at a cost of only 11 cents on the dollar through a debt buy-back program.

The main innovation should be to use debt conversion, as a way of granting discounts to attract investment to activities that the government wants to privatize. That debt equity swaps are the investment vogue of the times is evidenced by the fact that LDC swaps, which five years ago accounted for an estimated 25% of the secondary market activity, in 1988 were responsible for about 50%.

A sensible policy would be to encourage debt conversion into areas that most need investment. The Dominican Republic has devised a point system which gives more points and hence preference to conversions that go into specific industries in specific areas of the country.

Debt conversion should be espcially considered for privatization purposes because the discount not only acts as an attraction, but also shifts the inevitable loss from the government's books to the original holder of the debt. At the same time it avoids the monetization which normally accompanies the conversion of external debt to local currency.

One particular application deserves mention: privatization of sugar mills through conversion of agrarian reform bonds. If this is accompanied by arrangements to acquire state-of-the-art technology and equipment for efficient cogeneration of energy, with the excess sold to the national energy grid, it merits preference.

To the extent that external private debt is insufficient, provision should be made for conversion of Salvadoran debt owed to other countries. Thus, an entity wishing to invest in El Salvador might purchase Venezuelan or Mexican debt in the secondary market and swap it with the Central Bank of El Salvador for colones. The Central Bank would then present the instruments to Mexico or Venezuela in liquidation of amounts owed by El Salvador to those countries.

A few more specialized areas of debt conversion are commendable:

-A swap of debt owed to the Pentagon for exports of products which the Pentagon or the U.S. Government in general could use. This is a niche type of activity which might require the help of specialized trading intermediaries, but is worth pursuing. (Note that the 1988 report on employment generating projects by an OAS multinational team on report came up with the idea to have payment made by El Salvador in colones which would be used to finance vocational training programs for conscripts prior to their discharge from the army).

-Another is the debt/bonds-for-hotel swap discussed earlier.

-One other, which is a different kind of divestiture, concerns a proposed land swap estimated at $4 million. In essence, Salvadoran investors who own land in Mexico would swap it for the shares in the Fertica fertilizer plant in El Salvador which is owned by Mexicans. It has been suggested that the Valley National Bank in Arizona, which has Salvadoran businessmen on its Boards, and which holds Mexican debt in its portfolio, might be persuaded to play a facilitating role.

-Finally, debt for development deserves mention. Instead of swapping debt for equity investments, private voluntary organizations (PVO's) would acquire debt and exchange it for local currrency with which to run their in-country programs. A variation would be where the PVO obtains a donation of blocked currency from a U.S. multinational corporation.

E. RECOMMENDATION

Looking ahead to a change of administration, it is suggested that the Mission offer to place at the disposal of the authorities an expert or two to acquaint them with the programs of countries like the Dominican Republic, neighboring Guatemala and Honduras (which has effectively linked privatization with debt conversion) as well as Chile, and to help in the formulation of a program for El Salvador which is tailored to the country's unique debt situation.

Joseph J. Borgatti May 5, 1989

Exhibit 1

SOURCES CONSULTED

ADELA Investment Company
Rafael A. Morales, Senior Vice Pres.
Mexico City (905) 533-6309

American International Underwriters Group (AIG)
Donald Schwartzkopf, Senior Vice President
New York (212) 770-6997

AXION Investment Company
Donald Nicholson, Managing Director
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Banco Del Pacifico
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Miami, Florida (503) 71-1322

Bank of America
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Ulrich Mertens, V. P. Latin American Financing Group
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Bankers Trust
Neil Allen, Vice President
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Barnett Bank
Earl Short, Vice President
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Bear Sterns & Company
Steve Cunningham, Vice President, Asset Swapping Unit
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CITIBANK, New York
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Embassy of El Salvador
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International Bank of Miami
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Irving Trust
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Latin American Agricultural Devlopment Co. (LAAD)
Robert Ross, President
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* Latin American Debt Management Associates
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* Latin American Financial Services Corp. (LAFISE)
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SOURCES CONSULTED (cont)

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Libra Bank
Gemma Betencour, Vice President
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Jerry Gross, Vice President
New York (212) 414-8865

O'Connor & Hannan
Joseph H. Blatchford, Partner
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ORION Importing Company (305) 599-2576
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Richard Hutchison, Senior Vice President for Latin America
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Francisco Castillero, Account Executive
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* QDA Investment Corp.
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Rosenthal & Rosenthal
William Smith, Senior Vice President
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Shearson American Express
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Standard Chartered Bank
William D. Hayes, Senior Vice President
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SOURCES CONSULTED (cont)

Taser International Corp.
Carlos Ortiz, President,
Houston, Texas (713) 658-1873

Turon Corporation
Robert Smith, Preisdent
Boston, Mass. (617) 439-9772

William D. Witter Inc.
William Witter, President
William Feick, Partner
New York (212) 753-7878

World Bank, Washington, DC
Carl Ludvik, Co-Financing Assesor
Washington, DC (202)

Worldwide Seafoods Inc - Investment Arm
Richard Ford, President
San Francisco, CA (415) 454-3989

Exhibit 2

SECONDARY MARKET PRICES FOR DEVELOPING COUNTRY DEBT

Secondary Market Prices

Prices of bank loans to less developed countries in cents per dollar of face value, as compiled by Salomon Brothers Inc.

	4/26 Bid	4/26 Offer	4/13 Bid	4/13 Offer
Algeria	73.00	74.00	73.00	74.00
Argentina	17.00	17.75	16.25	17.25
Bolivia	11.00	12.00	11.00	12.00
Brazil	37.50	38.25	37.00	38.00
Chile	59.00	60.00	58.00	59.00
Colombia	57.00	58.00	55.25	56.25
Costa Rica	12.50	13.50	13.00	14.00
Dominican Republic	24.00	26.00	25.00	27.00
Ecuador	12.25	13.25	10.50	11.50
Honduras	10.00	11.00	10.00	11.00
Ivory Coast	14.00	16.00	14.00	16.00
Jamaica	38.00	40.00	38.00	40.00
Mexico	42.75	43.50	42.50	43.25
Morocco	41.75	42.50	42.00	43.00
Nicaragua	00.99	02.00	00.75	03.00
Nigeria	20.50	21.50	20.00	21.00
Panama	10.00	11.00	09.00	10.00
Peru	03.00	05.00	03.00	04.00
Philippines	47.00	49.00	46.00	48.00
Poland	39.50	40.50	37.00	38.00
Senegal	48.00	50.00	48.00	50.00
Sudan	02.00	04.00	02.00	04.00
Uruguay	56.00	58.00	56.00	58.00
Venezuela	38.50	39.50	37.50	38.50
Yugoslavia	44.50	45.50	43.50	44.50
Zaire	19.00	20.00	18.00	20.00

Source: LDC Debt Report, May 1, 1989

Exhibit 3

IESC TRADE AND INVESTMENT SERVICES PROGRAM (TIS)

For over 25 years IESC has supported the Agency for International Devlopment (AID) in its efforts to strengthen the private sectors in developing countries. Utilizing its network of over 10,000 Volunteer Executives, IESC has conducted more than 12,000 technical assistance projects for firms in the developing world.

Traditional IESC projects represent one of six major efforts by AID to assist private businesses identified below:

- **Technical Assistance (for individual companies)**
- Manpower development
- Financial Markets (loan funds)
- Government Policy Reform
- Export and Investment Promotion
- Information Services

IESC established Trade and Investment Services (TIS) to augment its traditional assistance programs and to broaden its ability to use Volunteer Executives in other development areas such as export and investment promotion and information services.

IESC is uniquely qualified to assist AID in achieving its trade and investment goals. The IESC network of VEs, Field Associates and supporting companies can provide developing world clients with industry-specific information. The network can be used to identify joint and cooperative venture partners and promote private investment.

To demonstrate IESC's capacity to address AID goals, three different TIS mechanisms were developed and tested. At present, over 9 USAID Missions have provided resources to support some combination of the three IESC/ TIS mechanisms described on the reverse side of this FACT SHEET.

CONT.

1. TIS COUNTRY INVESTMENT PROGRAMS are country-specific programs custom-designed to meet the investment needs of each locality. TIS Country Investment Programs are generally contracted for three years and are specifically structured to:

- Develop 6-10 industry strategies by IESC's VE network and professional staff.
- Identify and contact U.S. companies for possible venture or direct investment participation. In Less Developed Countries (LDCs), IESC Country Directors and TIS staff contact local companies and qualify potential venture participants.
- Conduct industry-specific activities such as workshops, trade show participation, contact visits and joint planning programs with USAID Missions and local private sector institutions (chambers of commerce, trade associations, etc.) To promote both sector and specific project develop ment activities, IESC provides volunteer assistance for feasibility studies, start-up operations, training, systems development, etc.
- Some programs offer venture assistance grants to qualified LDC and U.S. firms to encourage early venture explorations.

IESC's TIS Country Investment Programs are underway in Belize, the Dominican Republic, Egypt and Yemen. New programs are scheduled to start in early 1989 in 3 additional countries.

2. AMERICAN BUSINESS LINKAGE ENTERPRISE (ABLE) provides low-cost, practical business information to both LDC and U.S. firms. ABLE conducts research studies in such areas as new product development, equipment sourcing, joint venture partner searches and export development. ABLE studies can be used for presentations to financial institutions for funding and/or to determine if a need exists for major feasibility or planning activities which could be provided by traditional IESC volunteer projects. ABLE can also prepare sales presentations materials for client firms.

3. USVE SEARCHES (USVEs) In addition to traditional overseas technical assistance projects, IESC Volunteer Executives are now being recruited for short-term projects in the U.S. for LDC clients - for example - training client personnel with U.S. firms and/or conducting joint-venture, equipment and market searches. These U.S. projects can be part of a follow-up to a regular IESC project or, in rare cases, preliminary to a regular project.

Exhibit 4

VALUATIONS & OFFERS ON HOTEL PRESIDENT

ITEM	AREA	MEA-SURE	BY VALUATION COMM. UNIT	BY VALUATION COMM. TOTAL	VALUATN BY HACIENDA	VALUATN BY CANADIAN	OFFER BY POMA	OFFER BY ED GONZALEZ	OFFER BY BRU * UNIT	OFFER BY BRU * TOTAL
CONSTRUCTED AREA	16,688.44	M2	2,100	35,045,724			18,000,000		325	5,423,743
LAND	26,347.57	V2	300	7,904,271			6,587,000		251	6,613,240
SWIM POOL & OTHER FACILITIES				3,448,520						
FURNITURE & EQUIPT				5,375,134						
TOTALS IN COLONES:				51,773,649	34,000,000	50,000,000	24,587,000	47,000,000		12,036,983

* BRU = Bienes Raices Urbis

TERMS	OFFER BY POMA	OFFER BY ED GONZALEZ	OFFER BY BRU *
CASH:	6,087,000	1,000,000	CASH: 5%
CREDIT:	18,500,000	46,000,000	CREDIT:
	15 YRS @ 11%	BAL IN 6 YRS	-7 MOS: 45%
			-13 MS: 50%
	NEED TO INVEST ADDITIONAL C[illegible]-15 MILLION		

Note: At exchange rate of 5 to 1, a valuation f 50 million olones is equivalent to $10 million, or roughly $40,000 per room (240 rooms)