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**A FRAMEWORK FOR SELF-SUFFICIENCY
PREPARED FOR GEXPRONT
(GREMIAL DE EXPORTADORES DE PRODUCTOS NO
TRADICIONALES)**

SUBMITTED BY: EXITOS (PROEXAG II)

May 22, 1992

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The Gremial has been in operation since 1982 promoting Guatemala's non-traditional exports in the agricultural and manufacturing sectors with a great deal of success. The organization is funded through membership dues, fees for services and contributions from USAID. The principal source of donor-funding, USAID/Guatemala's Private Enterprise Development (PED) Project, is currently preparing a project paper for renewed funding of those activities pertinent to trade and investment, including the Gremial. As part of this process, the staff and Board of the Gremial have been asked to develop a self-sufficiency plan that would enable the Gremial to achieve a significantly higher level of self-sustainability over the next three-to-five years. It is primarily on the basis of this plan that new funding for the association will be considered.

In November of 1991, AID initiated the EXITOS or PROEXAG II project designed to promote exports in non-traditional agribusiness products throughout Central America. One component of the project focuses on strengthening of agribusiness organizations in each country in order to improve their capability to offer vital services to their constituencies and promote sustainable economic growth in the sector. After a reconnaissance visit to the Gremial in January of 1992, the EXITOS team was asked to assist the organization in the preparation of their self-sufficiency plan. From May 6 - 11, the team conducted a preliminary assessment of the Gremial's financial status in order to determine the current level of self-sufficiency, which will serve as a base-line for projecting future scenarios. Data was also collected on the organizational structure, services and constituency to be used in an analysis and set of recommendations regarding the Gremial's approach to improved self-sufficiency.

Objectives for this preliminary phase of the project were as follows:

1. The Gremial's current cost-recovery rate will be determined through a cost and income analysis.
2. Income potential through dues, fees for service and entrepreneurial activities will be assessed in order to provide a realistic basis for further development of cost recovery targets and timelines.
3. The framework for the self-sufficiency plan for the Gremial will be outlined including recommendations for its implementation.

Analysis of the financial data revealed that the Gremial's current rate of cost recovery is 38 percent, with 10 percent attributed to membership dues and the remainder to promotional events income, training and fees for services. A complete set of charts on the Gremial's financial profile are attached as an addendum to this document. The current self-sufficiency rate suggests that the organization is well positioned to realize steady improvements in its financial independence. Both current and anticipated success in cost recovery is due to several factors within the organization. These factors include:

1. The Gremial is already highly oriented towards its constituency. While more of its members need to become actively involved, those who are involved have a genuine sense of ownership. The Gremial can be described as member-driven rather than staff-driven.
2. The organization has an established and reliable approach to membership expansion which can easily be accelerated and/or targeted.
3. Both the staff and the Board are committed to the achievement of improved self-sufficiency. There is a clear sense of pride about the organization and its autonomy that can only be enhanced by the proposed move away from donor dependence.
4. A strong orientation toward policy advocacy is in place and the Gremial is already being viewed as a leader of the private sector in policy reform.
5. There is commitment among the staff and Board to establish an endowment or self-sustainability fund which will enable the organization to maintain operations even during volatile economic times.

The following narrative describes a recommended framework for the Gremial's long-term self-sufficiency or business plan. It incorporates re-organizational plans already identified by the Gremial Board of Directors as a strategy to improve operational efficiency and to increase the Gremial's ability to be responsive to new opportunities or constituency needs. Also discussed are the numerous issues which must be addressed in order to achieve the smoothest possible transition when a re-organization is implemented.

THE CHALLENGE OF SELF-SUFFICIENCY

The Gremial faces both internal and external challenges as it seeks to enhance its level of sustainability while also improving its ability to serve its constituency. Implementation of a self-sufficiency plan presents the staff and Board with new objectives to achieve, ones which may compete with old organizational priorities for resources and attention. In addition, a major re-organization, such as the one currently under review, requires significant effort to make a smooth transition.

> The Gremial will need to adjust its divisional workplans and staff assignments to accommodate the new priorities and organizational dynamics. New departments and positions may be necessary, while others may need to be redefined or eliminated, all while maintaining a high level of commitment from its 60 staff members.

> The Gremial will need to continue its focus on the basic business principles which lead to increased self-sufficiency -- namely efficiency, productivity, improved cost recovery and a more market-led approach to its products and services. In order to achieve this end, basic financial accounting and budgeting systems will need to be installed and used to estimate and track both expenses and income from services and projects in a manner that enables effective monitoring and evaluation on a project-by-project, service-by-service basis.

> The organization will need to increase the level of involvement from a broader base of its constituency. An even greater orientation to its market will have a direct impact on the Gremial's structure, governance and operations. Communications/interaction with members needs to increase in both type and frequency.

> A communications strategy will be needed to prepare its constituency for the transformation of the organization, particularly as it affects the dues and fees charged for services. Members will need to know the long-range plan and the benefits they will derive through the Gremial's efforts to build a sustainability fund.

The strategy for achieving the transition includes four basic components:

- A. Mission and Image Transformation
- B. Business and Strategic Planning
- C. Organizational Realignment and Cost-Containment
- D. Improved Cost Recovery through
 - > Greater Market Orientation
 - > Development of a Stronger Member/Service-user Base
 - > Improved Service Pricing and Marketing
 - > Entrepreneurship and Fund Raising

A. Mission and Image Transformation

The staff and Board of Directors are fully committed to the transition. As a next step, they will need to share their vision of the changes ahead and desired outcomes with the entire staff and align the mission and goals of the organization to the vision. Workshops with the staff are needed to ensure that everyone understands and buys into the new direction being carved out for the organization. Full participation in the clarification and planning process will pave the way for the necessary changes. Without this inclusion of the staff, essential actions needed within every division of the Gremial may not take place.

Once internal adjustments are made, the new image and role of the organization will need to be communicated to the membership and to those external constituencies important to the success of the association -- the government and its agencies, potential donors, other sectors and other organizations which share common goals and interests. A more detailed analysis of this set of activities is included in the section on communication.

B. Business and Strategic Planning

The development of a new comprehensive strategic plan for the organization is a natural outgrowth of discussions on vision, mission, market and new priorities. At the same time, developing a long-range business plan is essential if goals relating to improved efficiency and greater cost recovery are to be realized. Long-range business and strategic plans are essential to all organizations like the Gremial which seeks to provide long-term, sustainable services to a constituency. When goals to achieve greater self-sufficiency are adopted by the organization, the self-sufficiency strategies should be integrated with other organizational goals and objectives into a single long-range business plan. As a first step in the planning process, a preliminary overview of the organization's current financial status has been completed and a base-line for self-sufficiency has been established.

The attached Annex A includes a series of model worksheets that have been developed for the Gremial to begin to use to develop various financial scenarios based on "what-if" analysis. For example, the Board may wish to know what level of a self-sustainability fund is necessary to cover the Gremial's activity costs if donor project funds are not available and if there is an operating gap between anticipated revenues and expenses. If the financial projections demonstrate that the self-sustainability fund would not generate sufficient earnings to support the operating gap, decisions would have to be made to 1) raise the goals of fund-raising for the self-sustainability fund; 2) begin a campaign to develop additional multi-donor support for projects; 3) seek to increase operating revenue by a membership drive or higher cost recovery fees for special activities; 4) make cost reduction efforts or reduce the level of activities or 5) by any combination of the above.

These model worksheets can be manipulated easily with the use of Lotus or some similar computer spreadsheet software program to facilitate a process of discussion and decision-making. The application of this proposed methodology provides a systematic structure for an ongoing long-term (i.e. 3-5 years) strategic planning process which evolves continually. This contrasts with the present system which has been focused primarily on a year-to-year budget process driven principally by the availability of donor funds.

The Annex A also demonstrates the need for an on-going, integrated budget and decision-making process for budget preparation, budget monitoring and revision. This would complement the long-term strategic planning process by structuring an annual budgeting cycle that is integrated with a management reporting system to facilitate ongoing refinement and adjustments in the strategic plan.

The worksheets in Annex A contain preliminary estimates on the rate of expenditure of AID project funds based on the present level of activity and anticipated needs. A straight line projection is made for the needs of the Gremial for the next seven years based on the present level of expenditures. A chart is included which shows the possible coverage of projected operating shortfalls by transferring funds from an endowment at a given level. This chart is presented for illustrative purposes only. No conclusions can be reached until the models are worked on by the Gremial in detail. The worksheets were prepared to present a methodology and not to reach conclusions with preliminary figures which were developed during a short field trip.

While initial data on the market (constituency) was collected during the April site visit, a truly comprehensive market survey should be implemented which generates data on the scope of the association's constituency, their business development needs and their perceptions of the role and value of the Gremial to their needs. Other organizations serving the same constituency should be analyzed to avoid unnecessary overlap and competition. Through the survey information, the organization's market niche can be derived increasing the probability of financial success. The survey should be designed to answer the following questions.

1. Are the Gremial's mission, goals and service menu responsive to the expressed needs and priorities of its constituency? What refinements should be made to reflect needs and priorities more accurately?
2. What is the market's growth potential -- what kind of constituency and service usership growth is possible?
3. What other associations, organizations or businesses are offering similar services to that constituency. Is there a clear market niche for financial development which does not compete with other businesses in the private sector?
4. What level of cost recovery can be anticipated through fees for services? Is the expansion of membership and an increase in dues feasible and desirable? What is the cost to provide services desired by the constituency; who will use each service; and what can be charged? What additional entrepreneurial activity can be developed for cost recovery?
5. What more do we need to know about the market and their needs?

Responses to these questions are converted to a long-range business plan designed to lead the organization to greater market orientation and self-sufficiency. This type of plan usually requires an implementation period of three-to-five years. The Gremial staff and Board will need to agree upon a self-sufficiency goal and target date for completion. Charts will be devised using information generated in the market survey and financial analysis, which will assist in setting targets and will identify specific financial strategies to achieve them.

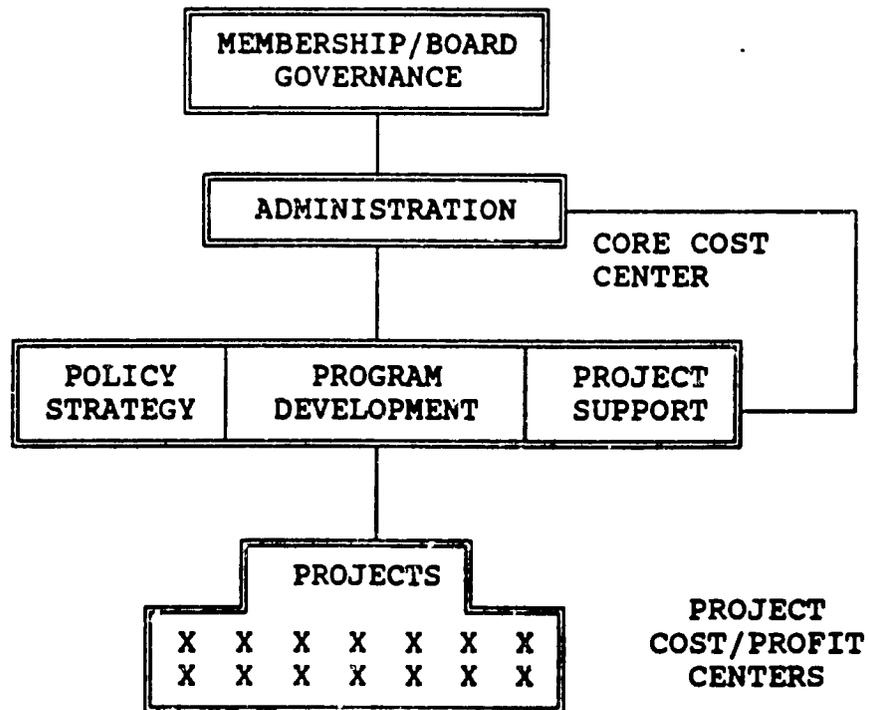
While the business plan is financial in its genesis, it is one which impacts every aspect of how the organization will function. The business plan dictates the workplan of the organization throughout the transition period. It will revolve around three broad self-sufficiency goals -- cost containment, cost recovery and expansion of the income base through fund raising and entrepreneurship.

C. Re-organization and Cost Containment

The long-range self-sufficiency plan developed for the Gremial will require the staff, working closely with the Board, to implement a new set of complex activities. Interaction with constituents should increase significantly. Based on decisions made during the planning process, a well-coordinated service marketing campaign may need to be designed and implemented. A membership recruitment campaign may also be needed along with organizational components to increase communication with members. New initiatives may also be necessary in fund-raising and government relations. Each one of these areas requires staff attention and financial resources.

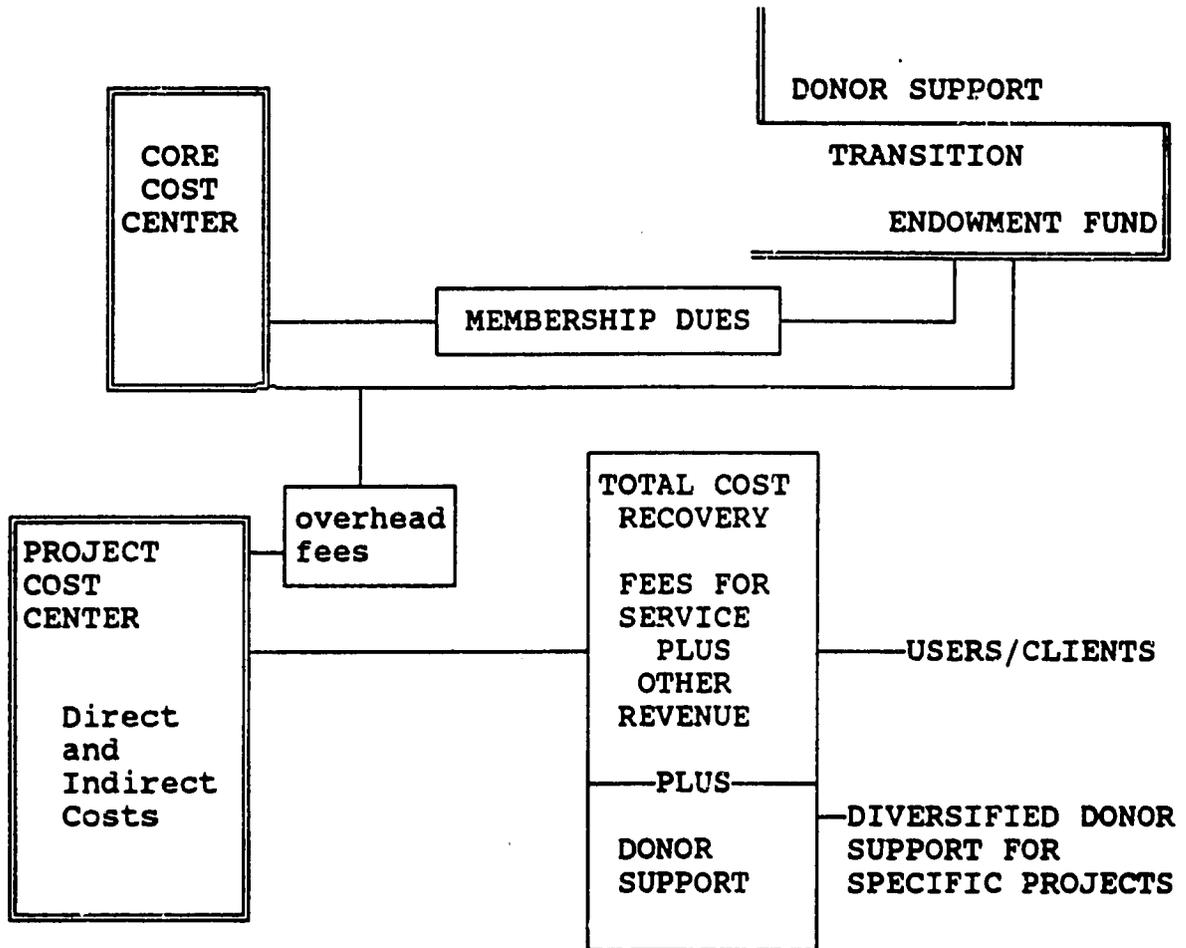
Job assignments may need to be revised including those previously managed by the General Manager. With more time needed for Board and constituency interaction as well as high-visibility activities such as government lobbying, much of the General Manager's day-to-day management duties may need to be delegated to other staff members. Likewise, with other staff positions, the re-organization around new priorities may eliminate the need for some existing positions while creating a demand for new positions in other areas.

The Board of Directors has been considering a re-organization of the Gremial for some time. During the April site visit, the EXITOS team worked with representatives of the Board and staff to prepare the following new organizational model.



While on the surface the model may not appear to present a dramatic change, it does in fact have a significant impact on the management and financial accounting processes. Decisions will need to be made relative to which organizational services and activities are included in the

core and which ones are to be included in the project cost center. The activities and staff considered part of the core will be significantly smaller. The core would retain the key administrative positions and several specific program development and support activities including policy strategy. It is possible that certain membership-related services and activities would also remain in the core. The chart below illustrates how the expenses and income within each cost center will be managed.



According to the above chart, the core operating costs of the Gremial would be financed by membership dues, overhead charges and management allocated to each project under the Gremial's direction plus interest generated by an endowment fund. The overhead fees are intended to cover that portion of indirect costs (i.e. use of facilities, utilities, and support services from the core operation, plus core management time) that relate to a given activity. As dues increase, overhead recovery rises, and as income from interest or capital gains deriving from the endowment increases, the amount of the endowment will also rise. As this occurs, donor support to the core cost center can decline. Using this structure, donor support to operations would be completely eliminated during the transition, leaving the Gremial fully self-sufficient in its core operations.

However, it is not realistic to assume that the Gremial can fully support developmental projects on its own. Such projects are, by definition, non-commercial. As development progresses, commercial viability increases, making it more and more likely that fees high enough to cover costs can be charged to the direct users or beneficiaries. It is in support of these projects that donor funds need to be targeted and this type of support is fully consistent with the developmental mission of the donors. It is important to note here, that "donors" include many possible international donors, not just USAID. It will be important to the Gremial's long-term sustainability that they diversify their portfolio of support because it makes them less dependant on any single donor.

Within the project cost center, each project should be packaged for total cost recovery including both direct and indirect costs. Fees and other revenue generated by entrepreneurial activities plus donor support should cover all expenses. If a project can not attract users, sponsors or donors, it should be closed out and energies placed in the initiation of new, more desired projects. A flexible staff pool should be used in the implementation of projects and moved to other project assignments when the project is terminated.

This financial and management structure gives the Gremial greater control over its financial destiny. The organization will be more flexible and able to respond rapidly to the shifting needs of its members or to volatile economic conditions.

The specific make-up of the core, in terms of projects, services and staff, has yet to be determined and will require careful consideration of the types of responsibilities to be undertaken. There may be particular services which members will require on an on-going basis that should be offered through the core rather than through the project center. The types of project support services needed will have to be analyzed. For example, a communications office and a marketing office may be desirable. Once agreement has been reached on the roles and positions to be retained in the core, the staff can begin to implement the re-organization.

If properly managed, a re-organization of staff and job responsibilities can be very healthy, even re-vitalizing. What is essential is careful planning and extensive involvement of the staff in the process. The staff should be viewed as a flexible resource pool without the restriction and rigidity of old roles and job descriptions. With input from the staff, new job descriptions and reporting channels can be created which are consistent with the Gremial's revised mission and goals while capitalizing on the staff's strengths. Training should then be prescribed to help staff members take on new areas of responsibility. Where applicable, manuals can be developed for each major staff position in order to institutionalize standards and procedures and train future employees.

The chart does not clarify the reporting lines for the projects back into the core staff. It is essential to accountability that each project report back to an office within the core management for the monitoring of both finances and operations. While the Board may wish to retain oversight of key decisions relative to project initiation, budgeting and approval of major purchases, the day-to-day monitoring and accountability should rest within the staff. Such

questions will need to be reviewed and resolved during the early phases of the planning process in order to refine the organizational chart before its implementation.

A financial assessment is also essential to ensure that resources are being allocated in a manner consistent with the new organizational structure and workplan. At the same time, the application of cost containment measures should be continued. Once again, goals and priorities should be used to determine where funding is cut and by how much. The current budgeting process needs to be revised in accordance with the cost centers and funds allocated to different segments of the organization should be based on priorities. Specific limits should be placed on expenditures and more careful cost-accounting procedures implemented.

A tracking system will need to be installed which will enable the Gremial to monitor both income and expenses by specific project or service. Without this precision, it will be difficult, if not impossible, to set overhead rates, appropriate prices for the services and products and to monitor user activity. Actual expenses need to be compared to budget allocations on a monthly basis for each project and service.

D. Improved Cost Recovery

Cost recovery can continue to be improved through four basic strategies:

1. Greater Market Orientation
2. Development of a Stronger Member/Service-user Base
3. Improved Service Pricing and Marketing
4. Entrepreneurship and Fund Raising

1. Greater Market Orientation: Services provided by the Gremial have to be economically vital to the members. Whatever users pay in fees has to have a measurable impact on their profit margin. To that end, an on-going dialogue should be established between the organization and its constituency in order to develop, improve and continually update a viable menu of services. This dialogue is critical to the market orientation the organization must achieve.

The market survey of the members as well as any other service-users is the first important step toward orienting services to the needs of the users. At the same time, the Gremial may need to convey its new cost-recovery orientation to its members and users so they will understand the reason for the new or increased fees being charged. The Gremial's lingering image as a healthy recipient of USAID funds will need to be altered somewhat to convey new realities.

Traditionally, in donor-supported organizations, it has been the training and technical assistance funded by the donor which provided the principal attraction for members. The transition to self-sufficiency places the organization in double jeopardy. Costly, high caliber assistance may be significantly decreased while fees are increased. Consequently,

users have to buy into the necessity of the transition and new services have to be introduced that are affordable for the organization and of economic value to the users. Once the menu of services has been identified, it must be promoted. New service users need to be identified. In addition, good marketing practice calls for continual interaction with the service users on product improvement including accessibility, delivery systems, packaging, and pricing.

2. Development of a Stronger Member/Service-User Base

Several sections of the narrative have emphasized the importance of increased interaction with the market which is comprised of those who are members, use the services and/or look to the Gremial for leadership in private sector development. During the April site visit, an overview of market interaction revealed the following:

- a) The Gremial has done constituency mapping and has a good feel for who its market is but has not done much analysis of the various constituencies' needs. There is a need to go to the next level of strategic thinking about each group.
- b) While there are approximately 800 current members, only about 20 percent is active with the organization through attendance of meetings or use of services. It will be important that the staff and involved members find ways to increase participation from a broader base.

Communication with the constituents will need to become more frequent and strategic in nature. With cost recovery as a major concern, services should be continually adapted to users' needs. Sound marketing principals should be put into practice. Marketing not only means selling the service or product, it also means listening to the market and changing the product to enhance sales potential. Consequently, interaction with the market or constituency is on-going in nature. It becomes part of the routine of the organization, not just something done initially to set the service menu.

Also important is involving and motivating members to participate in the day-to-day activities of the organization. Members are not likely to pay membership dues and fees for services if they feel no ownership or involvement in the organization and its goal-setting and decision-making processes. Likewise, membership involvement is critical to the success of membership drives, fund raising campaigns and policy reform/government relations activities, all of which are important to self-sufficiency development.

It must be noted that of the 20 percent of the members who are active, involvement is extremely high. The active members extend a great deal of control over the organization's direction and contribute considerable time and expertise to their implementation. Undoubtedly, their contributions have an impact on the bottom line by filling needs through volunteer efforts. This should be both encouraged and increased by drawing even more members into participation.

One strategy for increasing participation and feedback would involve expanding the number of opportunities for members to participate in sub-sector committee activities. While the business meetings of each commission may need to be handled by an "executive committee" of the commission, there may be ways to create other task forces or ad hoc committees within each commission to enable more members to take an active role. Ultimately all members of a commission benefit by expanded participation. For example, if the commission initiates a project which, according to the new structure, must be self-supporting through fees and donations, the more active users involved the less the financial burden on each beneficiary. The impact of the expense is shared and, consequently, lightened.

Based on the proposed restructuring, expansion of the overall membership base will be a key ingredient in establishing greater financial independence. Recognizing the importance of recruitment, the Gremial has two staff members who are responsible for recruitment and who seek to bring in approximately 15 new members each month. This kind of effort should continue. However, there is wisdom in involving members to a greater extent in the recruitment of new members, particularly if a membership drive is initiated.

As the financial charts are evaluated and decisions made about the strategies to be used to gain rapid self-sufficiency, the staff and Board may elect to run a more intense membership campaign during the upcoming year. If this occurs, the staff will need to know how to plan and execute an effective membership drive using its current members as the principal force behind the campaign. This requires a well-coordinated effort to print materials, motivate members to participate and equip them to make persuasive presentations on the value of membership.

Membership drives are also excellent opportunities to promote the Gremial's services and to provide information to the constituency about Gremial's intensified focus on self-sufficiency. For example, members can sponsor small social events in their homes where selected members and non-members gather and a presentation made on the future of the Gremial and the short- and long-term business advantages of membership.

Developing and maintaining strong membership relations is a significant management challenge. The General Manager will need to maintain open channels with the Board, sub-sector committees and the general membership while running effective meetings, managing conflict and crisis and being inclusive in the decision-making process. Board members will need similar skills as part of the leadership. Everyone in the organization carries responsibility for interacting effectively with members. The staff is often the front line of contact with members. They are the service providers as well as facilitators to the sub-sector committees. Consequently, management and staff development in customer service, group dynamics and communications is critical to a market-oriented approach.

In order to build and maintain positive constituency relations and involvement, a growing organization will require a trained communications unit with responsibility for publications, information dissemination, promotion of activities, media relations, and special events. In addition, communications professionals will play a vital role in the design and implementation of communications strategies to promote the interests of the private sector and to involve them in a more unified effort to influence government policy.

3. Improved Service Pricing and Marketing

Pricing services properly, whether they are housed in the core or in the project center, is vital to effective cost recovery. Each service must undergo analysis to determine the full cost of production and delivery including all indirect expenses. In order to complete this analysis and to monitor it on a continual basis, the tracking and cost accounting systems previously recommended will need to be put into place. The Gremial must have the capability to itemize all costs (direct and indirect) to offer a particular service on a unit and bulk basis. It must be able to project and track usage in order to determine potential and actual income from each service.

The current and potential demand for the service must then be weighed against the costs in order to assess the service's viability and to determine a per-unit fee for the service which is competitive, affordable for the targeted users and financially feasible for the organization. Decisions can be made to offer some vital services which, due to their developmental or experimental nature, are not likely to be self-sustaining through fees but can be subsidized through a donor like AID. The level of fee charged to the user may be determined by weighing several factors such as the user's ability to pay or the degree to which the service is developmental and, therefore, less likely to be of immediate commercial benefit to the user. In some organizations, a package of services is offered free or at a discount to members while non-members pay a significantly higher fee. This provides an effective incentive to become a member, but the package must be carefully constructed to ensure its financial feasibility.

The Gremial will want to determine which of its services have other current and/or potential providers in the private sector and decisions will need to be made about competing with them. A December, 1991 World Bank report focusing on Costa Rica advises that donor-supported organizations offer services also provided by private sector competitors at market prices or not at all, to avoid discouraging private sector businesses that could provide similar services

All services offered have to be user friendly. The staff delivering the service to the users must be trained in basic customer service techniques, most of which focus on the service providers' ability to interact effectively with the customer.

Without proper marketing, services will be under utilized. Consequently, internal marketing strategies have to be developed and folded into the many existing channels of communication with the production sector. In addition, if some services are made available to non-members for a higher fee, even more sophisticated marketing techniques will be required.

4. Entrepreneurship and Fund Raising

It is unlikely that membership dues, project overhead fees and fees charged for core-based services will cover all the operating or core costs. For this reason, the development of an endowment or self-sufficiency fund has been recommended. As the graph on page six illustrates, the need for donor support to core operations would diminish as proceeds from the endowment increase, eventually reaching the point where donor support to core operations is no longer necessary. The time frame for the transition depends on several factors: a) the degree to which other funding sources (membership dues and overhead fees) can contribute to the core, b) other entrepreneurial activities which can be implemented to raise money, c) the capabilities of both the staff and membership to implement fund raising activities for the endowment and d) the potential for contributions from donors and government sources to the endowment.

Fund raising is a difficult task requiring special skills and a highly motivated staff. Significant involvement from the Board and general membership is essential. Raising funds for a private sector organization is not comparable to raising funds for a charitable organization or a "needy cause." It should be packaged and presented as an important business investment that will reap significant benefits for the donors.

Setting the goal for the fund-raising campaign is part of the development of a three-to-five year self-sufficiency plan. The initial financial analysis will reveal current-year income and expenses. The long-range plan will project changes in the financial picture as the organization continues its cost-containment and cost recovery initiatives. Factors such as increases in usership and fees for services are balanced against increases in costs due to inflation and expanded constituencies. In many cases, the projection will demonstrate the need for an endowment or additional sources of funding.

Once the immediate and long-range fund-raising goals are established and the potential donors identified, a strategy designed specifically to reach the targeted donors is devised. The Board and upper management of the organization must take the lead, although skilled staff support will also be essential to a coordinated effort. A script and support materials for the presentations will be needed which present the Gremial's "case" as clearly and succinctly as possible. Because the donation is being solicited as a business investment, the organization's three-to-five year business and strategic plan becomes an important tool in making the case. The plan presents a clear, yet detailed financial analysis. It demonstrates that the staff is making every effort to operate efficiently and it assures the donor that the Gremial is on the road to long-term stability and growth.

This recommended three-pronged approach to self-sufficiency -- cost-containment, cost recovery and fund raising -- places the financial burden on both the staff and the service users. Cost containment places a significant burden on the staff, which will be required to provide more services with less resources. Through cost-recovery mechanisms, users will be faced with increases in dues and fees for services. In return, they will receive quality services which will make their businesses more productive and profitable. However, most of the small businesses will not be capable of also making major contributions to fund raising efforts. It will have to be the larger companies, the ones which benefit the most from the Gremial's policy reform and lobbying efforts, who make the larger investments. It is, after all, those companies which have the most to gain in the enhancement of policy relative to the production sector.

E. Communications

During presentations to both the Gremial Board and staff, communication was frequently cited as an important ingredient in the up-coming transition. In addition, a variety of communications activities have been mentioned throughout this narrative including:

- * Increased interaction with the market of service users
- * Clarifying the Gremial's new image to its constituency
- * Marketing services more aggressively
- * Communicating the policy reform agenda to the public and the government
- * Raising funds for the endowment

Achieving these objectives will require the development and implementation of a communications strategy. Communications capability within the organization which goes beyond the publication of newsletters and brochures will be important to the process. The communications staff will need the ability to effectively design messages and strategies to reach specific target audiences and to weave together the variety of elements that comprise a communications campaign. This will be particularly important for public education, fund raising and policy reform.

During the April visit, samples of the print material prepared by the Gremial were collected, particularly those in support of trade shows. While the overall quality of the pieces was exceptionally good, there was such a wide variety of designs, colors and styles that collections of materials in packets appear chaotic and, most important, there was no visual element which announced that the material was from the Gremial. Materials should carry a logo or design element which makes their origin easily recognizable. Also important, materials should be compatible so that packets of materials can be put together to suit the special needs of a recipient or of a particular situation. For example, one combination of materials might be placed in a folder for a potential member, while another combination would be put together for the press at a news conference. With organizational materials, flexibility is important as is continuity and aesthetics in the design and overall appearance.

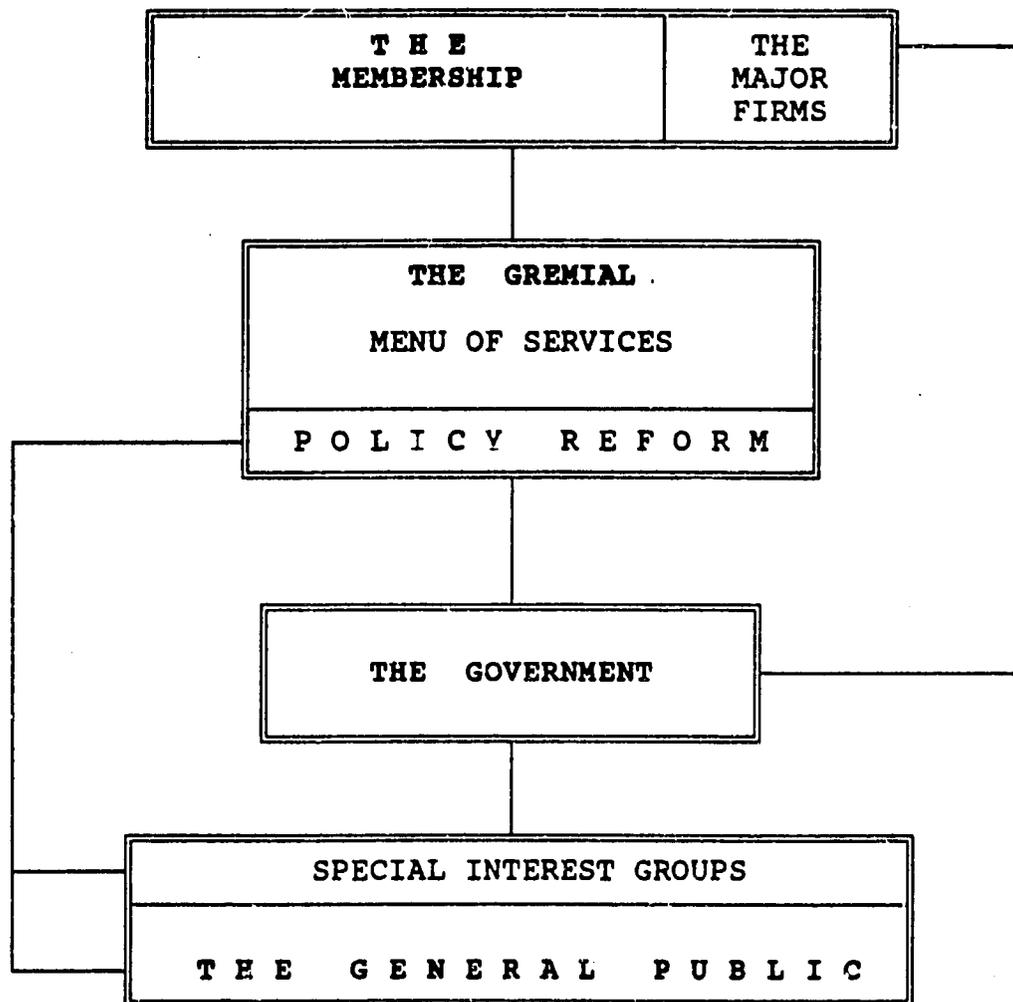
The primary reason for the immense variety of materials and lack of cohesive elements is they are designed and prepared by many different individuals in the organization. The Gremial may want to investigate the practicality of establishing a communications office within the core staff to serve the communication needs of members, services and projects including the development of all print materials. This does not mean that content control is taken out of the hands of those closest to the project. It simply means that the communications office would get involved in the production stage while also providing assistance in content development where needed.

In the more in-depth analysis of the organization which is anticipated in the coming months, a full communications audit should be conducted which will assess all communications-related needs and activities. This information can assist the Board in their decision regarding the necessity for a communications office.

F. Policy Reform/Government Relations Initiatives

The EXITOS team's experiences with organizational strengthening and self-sufficiency development in Latin America have confirmed that policy reform and government relations initiatives can play a pivotal role in elevating the organization's value to its membership/constituency. Improving the policy climate elevates the profit margin for the organization's constituency -- not just through policy analysis, but also through effective advocacy for the implementation of desired change. It is true that larger companies can lobby for reforms under their own initiative. But they do so without the collaboration or support of other members of the sector, which collectively may represent a significant voting block. Adding the Gremial's voice to their own increases the power of the lobbying effort. The principle is well established in the world of politics -- the larger the support base, the more persuasive the argument and the more receptive the government.

The graph on the following page illustrates the potential importance of policy reform to the organization and how the lobbying effort should be implemented.



The illustration depicts a service and membership-based organization like the Gremial, established to serve a broad base of large and small private sector firms. The organization speaks on behalf of its membership to the various government agencies, special interest groups and the general public. While the menu of services offered by the Gremial will be of great use to most of the members, larger firms may have less need for technical assistance and information services because they have greater internal resources. The policy reform activity may be viewed by the larger firms as the most important reason for membership. While smaller businesses profit from favorable tax and tariff policies, it is the larger businesses which derive major financial benefits from reform.

The Gremial is well represented in private sector policy discussions through the involvement of the General Manager in the COFISA. In addition, the General Manager has already assumed major responsibility for policy strategy development in the organization. The approximately 150 highly active members of the Gremial participate in the development of the policy agenda and in advocacy activities. However, there may be a variety of ways to gain

greater advantage of this active participation and to capitalize more heavily on the strength of approximately 800 members which could constitute an even more powerful lobbying force. The following recommendations are made with the understanding that to a substantial degree, a well-organized policy reform structure is in place and active in the Gremial.

There are various ways to increase participation. For example, through a major policy conference, the Gremial staff could interact with its members and other representatives of the production sector in order to develop a priority policy agenda. Building a unified policy agenda among the various subsectors is an important, yet troublesome part of the policy reform process, particularly when they are as diverse as those the Gremial deals with. Many organizations in this position find themselves unable to go beyond policy analysis in their reform efforts because a public stand could result in internal conflict and a divided constituency. It is in the management of this dilemma that the Gremial can continue to demonstrate its leadership role to both the private sector and to the government.

Equipped with technical skills in negotiation and group decision-making processes, the staff could assist the production sector to hammer out a policy package which they can agree to support in a public lobbying effort. If competing priorities or conflicting needs emerge, numerous negotiation sessions may be required where diverse interests are addressed and compromises devised. Including representatives from other sectors may also be important to the negotiation process. If varying interests and priorities can be drawn together in a policy package, the advantage is two-fold: 1) The private sector is able to speak to the government with a unified and, therefore, more powerful voice and 2) The private sector keeps control of the negotiation process and does not rely on the government to work out a compromise among them. By facilitating the process, the Gremial could provide a valuable service to the entire private sector and set the stage for a coalition-based lobbying effort.

Once the agenda is established, the lobbying or communication process is implemented. A first step is the development of key messages about the policy issues and the importance of public support for the private sector's needs. Some of these messages will be derived through policy analysis while others will come from an analysis of the target audiences. In a comprehensive lobbying campaign, the government is not the only target of the communication effort. Additional targets for communication include other sectors and interest groups as well as the general public. Achieving this multi-faceted campaign requires the capability to deliver well-crafted messages on several fronts simultaneously. As the graph illustrates, a coordinated effort will create an "echo effect" where government officials hear the message from the organization and its individual members as well as other sector and community leaders.

The staff must be able to create on-going opportunities for direct dialogue with members of government and they must be able to rally the production sector to demonstrate their support for key issues. They must be able to build coalitions with other sectors and interest groups and incorporate them in the policy reform campaign. In addition, there is an important public

element to a good policy reform campaign which educates the public on the issues and solicits their support. Effective lobbying requires extensive resources and a solid funding base. However, it is a service which is clearly a good business investment for the constituents.

Charging service fees for policy reform initiatives is more complex than for technical assistance and information services, particularly since businesses do not benefit from reforms uniformly. However, since policy reform could potentially be the most valuable service offered by the association to the larger businesses, it provides an excellent platform for generating additional revenue. Funds to pay for reform efforts can be derived through several means:

1) Contributions from beneficiaries can be made to the endowment providing annual support for those policy activities housed in the core; 2) Policy projects can be developed for the project center and money raised from private sector sponsors or donors to support the advocacy effort; and 3) where appropriate, funds for policy reform may be included in project grants awarded by international donors.

CONCLUSION

The Gremial is viewed as the best performing and best managed organization supported under the Private Enterprise Development (PED) Project. But now, the Gremial has an opportunity to evolve, to prepare itself for the next phase in Guatemala's economic development. The organization's leadership has determined that it wishes to make the necessary internal adjustments to continue its leadership role in Guatemala's production sector while also establishing a foundation of self-sustainability. Meeting both of these major goals presents the organization with a stimulating challenge.

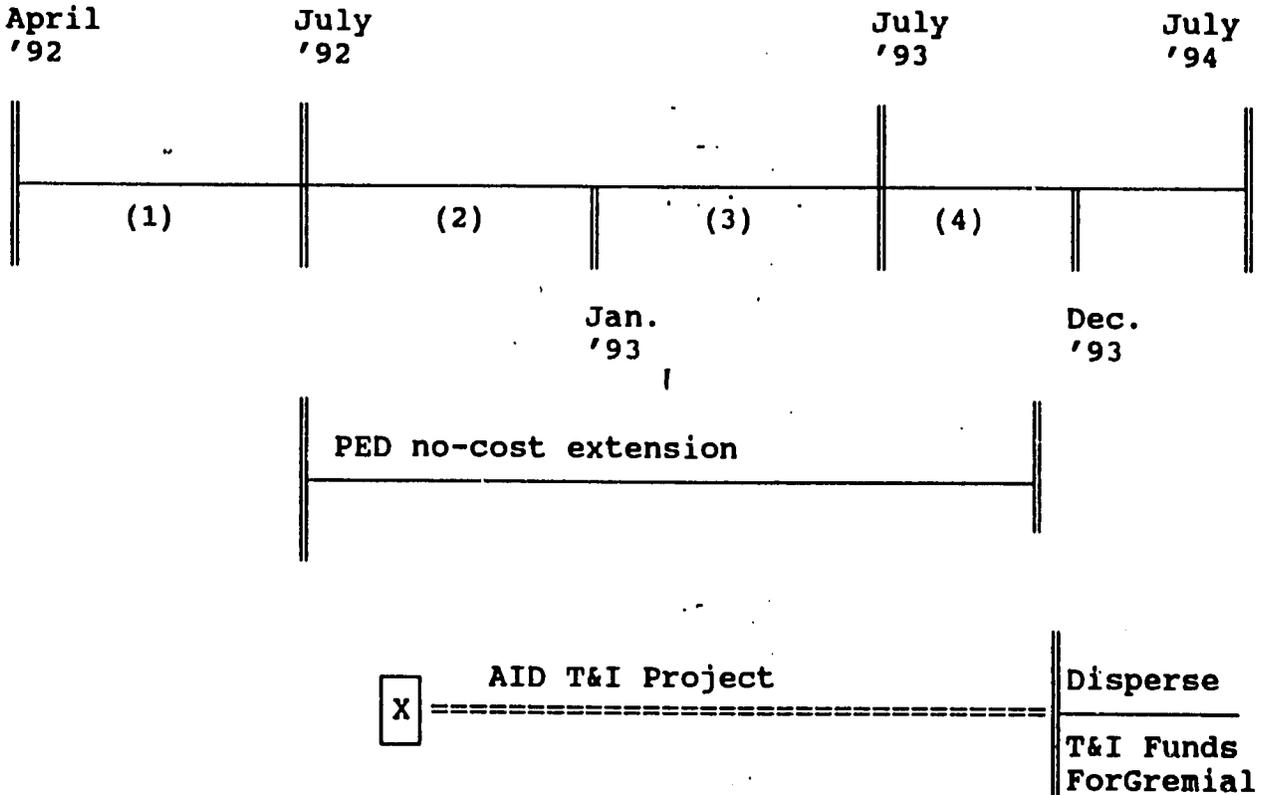
This report has focused on these two long-range goals and has proposed a series of activities to facilitate their achievement. A program of internal initiatives is recommended, including the development of a business or self-sufficiency plan which lays out the three-to-five-year process for achieving cost recovery goals. It is also recommended that the Gremial continue its plan to re-structure the organization to separate cost centers for core operations and for various developmental projects. It should increase its interaction with members, involving them more in the organization's activities and drawing more information from them regarding their service needs. This greater degree of market orientation will enable the Gremial to tailor its menu of services more specifically to its market and increase sales potential. It will also enable more effective packaging, pricing and marketing of services.

PROPOSED WORKPLAN

A PROPOSED WORKPLAN FOR DEVELOPMENT OF THE SELF-SUFFICIENCY PLAN

The graph below lays out a time table for completion of the self-sufficiency plan, the annual plan and budget for 93-94, and the long-range strategic plan for submission to AID regarding trade and investment development in Guatemala.

TIME FRAME



- (1) *Conceptual framework for self sufficiency plan
*Work Plan to develop self sufficiency plan
*Work Plan/Budget for continuation of regular program
- (2) *Development of basic self-sufficiency plan
- (3) *Long term 4-5 year strategic plan
*Revised and detailed plan for Gremial component of AID T&I project
*Annual Plan and Budget for '93-'94 .
- (4) *First Full (Fiscal) Year of Implementation of the Self-Sufficiency Plan

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During the period from April to July of 1992, the conceptual framework for self-sufficiency and the workplan contained in this document will be completed and submitted for approval by the staff and Board of the Gremial. Also during this period, the Gremial staff will develop a workplan and budget for continuation of its regular program to be funded through the proposed no-cost extension from AID. The workplan for self-sufficiency strategy development and the workplan for other operations will be integrated into a cohesive plan for the staff to use throughout the 1992-93 fiscal year. Activities to develop the self-sufficiency plan including the work necessary to re-structure the organization will be completed by the end of December, 1992. From January to July of 1993, the staff and Board will begin implementing key aspects of the self-sufficiency plan while developing a plan and budget for the 1993-94 fiscal year and a long-range plan which will be incorporated into the funding request for the Gremial in the next USAID Trade and Investment Project, targeted to commence disbursements to the Gremial in December of 1993 at the close of the PED extension.

Basic Strategy, Workplan and Responsibility Centers

The following strategy is proposed to the Gremial by the EXITOS team in order to achieve its new priorities and includes six basic components:

1. Business and Strategic Planning Focused on Improved Self-Sufficiency
2. Mission and Image Transformation
3. Organizational Realignment and Cost-Containment
4. Improved Financial Accounting and Tracking Systems and Procedures
5. Improved Cost Recovery and Income Generation through
 - > Greater Market Orientation
 - > Development of a Stronger Member/Service-User Base
 - > Improved Service Pricing and Marketing
 - > Entrepreneurship and Fund Raising
6. Increased Emphasis on Constituency and Public Communication
7. Even Greater Institutionalization of Policy Advocacy Leadership

The preceding EXITOS team report included a comprehensive rationale for these recommendations followed by a description of how each step could be achieved. The Gremial staff and Board will need to review these recommendations and determine which they want to pursue. The following description lays out a proposed three-phase process for achieving the desired transition and specifically describes how the EXITOS team can assist in the first phase.

At the end of phase I, the Gremial would have a complete business plan which will lead the organization to its cost recovery goals by the designated target date as well as a set of detailed recommendations for the completion of phases II and III. At that time, it may be determined that the Gremial can implement phase II and III on their own or they may request specific additional assistance from the EXITOS team.

The most efficient approach to the process would evolve in three phases, each generating new information which will help to formulate the details and time table of the next phase. The first phase will involve assessments and communication with key constituencies followed by a series of strategic decisions to be made by the Gremial leadership. The result will be a comprehensive business/self-sufficiency plan which will identify strategies for improved cost recovery and income generation and will establish organizational priorities over the next three-to-five years. The second product of phase I will be a comprehensive list of recommendations regarding specific activities to implement the business plan. Phase I should be completed by the end of December 1992. Phase I addresses items 1 - 4 of the strategic plan:

1. Business and Strategic Planning Focused on Improved Self-Sufficiency.
2. Mission and Image Transformation
3. Organizational Re-alignment and Cost Containment
4. Improved Financial Accounting and Tracking Systems and Procedures

Items 3 and 4, Organizational Re-alignment and Improved Financial Accounting and Tracking Systems and Procedures should be initiated during phase I but may not be completed by the December deadline and will, consequently, be carried over into Phase II.

The second phase will run parallel to the Gremial's process for developing the four-to-five year strategic plan which will provide the basis for the plan and budget submitted to the AID Trade and Investment Office. During this phase, the Gremial staff will need to select those recommendations made by the EXITOS team that it wishes to implement and, subsequently, build them into their annual and long-range plan. The recommendations will include specific suggestions for the implementation of activities such as service marketing, constituency recruitment/communications and policy reform, all of which have an impact on budget allocations for the future. It is during this phase that the organization will realign its structure, work assignments and financial resources (item 3) in order to accomplish the new set of priorities adopted from phase I. Installation of new financial accounting systems (item 4) should also be targeted for completion during this phase.

The third phase will focus on implementing those

recommendations adopted by the Gremial leadership relative to components 5 - 7:

5. Improved Cost Recovery and Income Generation through
 - > Greater Market Orientation
 - > Development of a Stronger Member/Service-User Base
 - > Improved Service Pricing and Marketing
 - > Entrepreneurship and Fund Raising
6. Increased Emphasis on Constituency and Public Communication
7. Even Greater Institutionalization of Policy Advocacy Leadership

Although the majority of the implementation will occur during phase III, it is important to note that organizational change will begin in phase I as the plan is developed and processes become clear to the staff. In fact, the transition may already be underway as the concept paper is shared and discussed. During phase I, the EXITOS team will not come in to the Gremial, do a series of studies and assessments and then produce a report. The process that will take place as the assessments are being conducted is highly interactive and will involve the Gremial staff directly. By participating in the assessment process, the staff will be initiating increased communication with their constituencies and, as a result, the implementation of change will begin immediately.

The following preliminary outline of the proposed workplan for Phase I is intended to serve as a basis for discussion between the EXITOS team and the Gremial and AID staff. Based on the results of those discussions, the EXITOS team will prepare a more detailed workplan of tasks and activities required during the next 6-12 months for development of the Gremial's self sufficiency.

This preliminary workplan focuses primarily on activities in phase I. Any additional services desired from the EXITOS team for phases II and III should be identified only after the Gremial has selected those strategies it wishes to implement.

WORKPLAN FOR GREMIAL SELF-SUFFICIENCY PLANNING

1. **Revise Workplan**
 - a) Integrated plan developed with Gremial staff (May 5-6)
 - b) Self-sufficiency team prepares a final report and workplan to submit to the Gremial and AID (May 15)
 - c) Review/Analysis/Approval of the report and workplan by the Gremial Committee on Institutional Development (May 18-19)
 - d) Board approval (May 20)

2. **Internal Communications with full staff**; clarification of the vision/mission/goals including the target self-sufficiency rate and date. (First self-sufficiency team visit in early July.)
 - a) Development of three-panel chart which illustrates current status of organization (1st panel), activities to facilitate change (2nd panel), and desired status (3rd panel). Note: This visual will be continually updated throughout the process and used as a barometer of progress. Also work (via telephone and fax) with Gremial executive staff to prepare trip agenda and materials for the meetings/workshops. (Trip preparation in late June.)
 - b) Meeting with the full Gremial staff to discuss the project and the potential changes ahead for the organization. The specific process to be employed will be described in as much detail as possible. Also, meetings with the various commissions and departments within the organization to discuss the impact of the project on them and their role in its implementation. (First self-sufficiency team visit in early July.)
 - c) Revise the three-panel chart to reflect the goals, objectives and targets agreed upon during the series of meetings. (First self-sufficiency team visit in early July.)

3. **Constituency mapping** and development of objectives for each constituency group. (First self-sufficiency team visit in early July during the same meetings identified in item 2.)
 - a) Meetings with the full staff followed by meetings with departments and commissions. (First self-sufficiency team visit in early July.)

- b) Preparation of a report with profiles on each target constituency group. (Mid-July)
4. **The Assessments:** In-depth organization/communications assessment, plus service, market and financial assessments. All of these are initiated on the second site visit in early August and will be concluded at various intervals due to varying complexity.
- A) **Organizational Analysis and Communications Assessment**
 - 1) Prior to the July site visit the Organization/Communications specialist (OCS) will review all materials collected to date on the Gremial and will participate in the design of the three-panel chart which illustrates the change process. (Late June)
 - 2) During the July site visit, the OCS will participate in the series of staff meetings to gather information on organizational structure, dynamics and operation and to clarify the impact of the change on the organization and its components. (First self-sufficiency team visit in early July.)
 - 3) Also during July site visit, OCS will collect information on internal and external communications activity as a preliminary to the development of the communications assessment in August.
 - 4) A communications assessment form will be prepared and submitted to the Gremial staff along with an itinerary of meetings to be held during the August visit. (Late July)
 - 5) The communications assessment will be conducted during the August site visit with a special focus on communications with the various constituencies to be surveyed in the market study. (Second self-sufficiency visit in early August.)
 - 6) Meetings will be held with the Gremial staff and Board to begin organizational analysis and discussion of possible reorganization plans. (Second self-sufficiency team visit in early August.)
 - 7) A report will be prepared which provides a comprehensive analysis of the organizational structure and dynamics and how the organization interacts, both internally and with its various constituency groups. The analysis will lead to statements which link organizational structure and communications to the self-sufficiency planning process. (Mid August)

B. Services Assessment: In-depth analysis to determine the current status of the Gremial's services and how they may be adapted to enhance cost recovery. (Second self-sufficiency team visit in early August.)

- 1) The service assessment team meets prior to site visit to prepare for the assessment - set itinerary, develop assessment materials. (Early August before second self-sufficiency team visit.)
- 2) Gremial service providers are apprised of itinerary and given preliminary information regarding the objectives and nature of the assessment. The types of information needed will be clarified. (Early August before second self-sufficiency team visit.)
- 3) Service assessments take place during site visit with a focus on who uses the services, what is the frequency of use, what is the potential market, how is the service delivered, what is the cost and income for the service - its current level of cost recovery, what marketing efforts are underway, etc. Industry and trade association experts will also be consulted to advise how the services and activities of the Gremial might be expanded or enhanced. (Second self-sufficiency team visit in early August.)
- 4) After the site visit, data is analyzed and a report is prepared which synthesizes the data and makes preliminary recommendations on service adaptations to improve cost recovery with special focus on improved marketing of services. The service specialists will also look at the impact of a separate cost center for services/projects on the current service menu.
- 5) Following the preliminary assessment of the agribusiness services, the Ag specialist will identify additional assistance designed to provide specific recommendations on new services or service improvements which could significantly increase service income. It is anticipated that 12 days will be used for site visits from the Produce Marketing Association (PMA) and the United Fresh Fruit and Vegetable Association (UFFVA). Ten days are set aside for other service specialists. In addition, 15 days of service assistance will be provided through the EXITOS core contract. (Late October - Early February)

C. Financial Analysis and Development of Scenario Spread Sheets

- 1) Prior to August site visit, the finance specialist will review general finance data collected during the preliminary financial assessment in April and prepare/format spread sheets. (Late July)
- 2) Meetings with various members of the staff to collect data for the charts

on income and expenses by specific service, project and/or activity.
(Second self-sufficiency team visit in early August.)

- 3) Adapt and install spread sheets on Gremial computer and train a staff member to manipulate and update the charts as the process progresses.
(Second self-sufficiency team visit in early August.)
 - 4) Work with the staff to develop a time table for remaining data to be collected and inserted in the charts. (Second self-sufficiency team visit in early August.)
 - 5) Review current financial accounting systems to determine what improvements, if any, may be required to conduct the level of financial accountability required to sustain the self-sufficiency implementation and monitoring process. (Second self-sufficiency team visit in early August.)
5. Market Research: In-depth analysis of the Gremial's various constituencies, their view of the organization and their service needs. Design phase to begin in August; implementation in September through October; report development in November.
- a) Survey designer will review all existing materials including data gathered on constituency group profiles during the first site visit and will do a preliminary outline of the survey process. (Late July)
 - b) Survey designer will meet with self-sufficiency members immediately following the August assessment visit to gather information on the organization and its market groups. Team members will identify information they require through the survey. (Mid- August)
 - c) Multiple survey instruments are prepared, appropriately tailored to the various market segments to be surveyed. Also developed is the plan for implementing the survey and a training design to prepare the Gremial staff to implement the survey. (Mid - late August)
 - d) The survey instruments are reviewed by the self-sufficiency team. (Late August)
 - e) During the third site visit, the survey instruments are presented to the Gremial for review. Revisions are made and the staff is trained to implement. (Early September)
 - f) The surveys are implemented through September and the first half of October.
 - g) Results are tabulated and analyzed in late October.

- h) A report is prepared on the survey results and disseminated for review and recommendations. The final report is to be completed by mid November.

6. **The Re-organization Process:** steps to restructure the organization in a manner that supports the self-sufficiency goals. Initial planning to begin in early August. Final plans for the new structure to be completed by late November.

- a) First meetings on restructuring to occur during second site visit in early August will focus on preliminary recommendations made to restructure around new cost centers which separate core operations from project activity. (Early August)
- b) Second meetings scheduled for September (third self-sufficiency team visit) after the OCS has submitted the report on the organization/communications assessment and the Service assessment report has been reviewed. In addition, the finance report submitted in late August will have provided financial projections based on the restructuring plan.
- c) Additional meetings during the fourth self-sufficiency team visit in October will result in a report submitted by the self-sufficiency team which will provide guidelines and recommendations for a revised organizational structure for the Gremial and will describe the effects of restructuring on current organizational dynamics. (Late October)
- d) This report will be submitted to the Gremial prior to the November site visit so that meetings can be scheduled during that visit to review the recommendations. (Fifth self-sufficiency team visit in early November.)
- e) By the end of November a revised restructuring plan will be submitted to the Gremial for their review and approval.
- f) Once the plan has been approved, the OCS will work with the Gremial staff to develop a plan for implementation that facilitates the process and makes the transition as easy as possible for all concerned. Part of the plan will include a communications component which deals with both internal and external communication of the changes ahead. (December - January)
- g) It is anticipated that the Gremial will begin to implement the reorganization in January to extend into 1993.

7. **Development of the Self-Sufficiency Plan**

- a) The preliminary drafts of financial spread sheets demonstrating the impact of various scenarios will be presented to the Gremial Board and staff for their initial

review and discussion. (Second self-sufficiency team visit in early August.)

- b) Once all data on existing financial status is available, the various spreadsheets will be developed into an inter-active simulation model. Using this model, projections will be developed for several different "what if" scenarios in order to assist the Gremial's decision-making process. The financial report submitted should provide insights into the impact of the proposed re-organization around separate cost centers for core operation and project activities. It should also include recommendations for improvements in the cost accounting system. (Late August)
- c) During a series of strategic planning workshops from September through December, the staff and Board will work with the "what if" scenarios to make key decisions relative to alternative strategies to achieve mission goals and objectives. As new data is acquired through the market survey and various assessments, the information will be used to assist in the decision-making process.
- d) The first draft of the self-sufficiency plan will be prepared in late November.
- e) The Gremial will review the draft and respond. A revised version will be submitted for their review in early January.
- f) The approved draft will be submitted to USAID for input and recommendations in late January.
- g) The final site visit of the self-sufficiency team will focus on the approved plan and recommendations for its implementation. (Early February)

Note: The workplan outlined is based on significant participation by the Gremial staff and Board. They have a major role in the gathering of organizational and financial data, the implementation of the market survey and the series of decision-making meetings to shape the long-range self-sufficiency plan. Time frames have been established which, in many cases, will depend upon timely actions from the Gremial staff and Board. Periodic meetings will be held throughout the project to assess progress and to review time frames.

ACTIVITIES	'92							'93						
	M/J	J	A	S	O	N	D	J	F	M	A	M	J	J
1. Revise Workplan	=													
2. Internal Communications on Mission/Transition														
a) prepare for first self-suff team visit	=													
b) 1st self-suff team visit-present chart and start communication		=												
c) revise chart		=												
3. Constituency Mapping														
a) meetings with Gremial staff and members (1st site visit)		=												
b) prepare report/profiles on target constituencies		=												
4. The Assessments														
a) organizational analysis and comm. asst.		=----	----											
b) services assessment		=----	----	----	--									
c) financial analysis and development of scenario spread sheets		=----	----											
5. Market Research														
a) preliminary outline of survey process		=												
b) input from assessments			=											
c) draft survey/design plan			=											
d) Self-suff team reviews draft survey design plan			=											

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ACTIVITIES	'92							'93						
	M/J	J	A	S	O	N	D	J	F	M	A	M	J	J
e) review with Gremial staff and training for implementation of surveys				=										
f) implementation of surveys				=----	---									
g) tabulation/analysis of survey results				=----	---									
h) prepare and review survey report/recommendations--prep final rpt					=	---								
6. The Re-Organization Process														
a) initial discussions w/Gremial staff and board committee			=											
b) review report of org/comm assessment				=										
c) prepare guidelines and recommendations														
d) review report of self-suff team						=								
e) revise restructuring plan						=								
f) prepare plans for transition							=	--						
g) initial transition								--	--	--	--	--	--	--
7. Development of Self-Sufficiency Plan														
a) preiiminary draft of fin. spread sheets			=											
b) develop simulation model and "what-if" scenarios			=											
c) strategic planning workshops			=----	---	---	---								
d) draft self-sufficiency plan						=								

Handwritten initials/signature

ACTIVITIES	'92							'93						
	M/J	J	A	S	O	N	D	J	F	M	A	M	J	J
e) review/revise self-suff. plan							=	--						
f) submit plan to AID								=						
g) final self suff team site visit-- review recomm. for implementation									=					

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ANNEX A

ANNEX A

FRAMEWORK FOR FINANCIAL ANALYSIS AND PROJECTIONS FOR DEVELOPMENT OF A SELF-SUFFICIENCY PLAN

The following summary report includes a series of model worksheets that have been developed for the Gremial to begin to use to develop various financial scenarios based on "what-if" analysis. For example, the Board may wish to know what level of a self-sustainability fund is necessary to cover the Gremial's activity costs if donor project funds are not available and if there is an operating gap between anticipated revenues and expenses. If the financial projections demonstrate that the self-sustainability fund would not generate sufficient earnings to support the operating gap, decisions would have to be made to 1) raise the goals of fund-raising for the self-sustainability fund; 2) begin a campaign to develop additional multi-donor support for projects; 3) seek to increase operating revenue by a membership drive or higher cost recovery fees for special activities; 4) make cost reduction efforts or reduce the level of activities or 5) by any combination of the above.

These model worksheets can be manipulated easily with the use of Lotus or some similar computer spreadsheet software program to facilitate a process of discussion and decision-making. The application of this proposed methodology provides a systematic structure for an ongoing long-term (i.e. 3-5 years) strategic planning process which evolves continually. This contrasts with the present system which has been focused primarily on a year-to-year budget process driven principally by the availability of donor funds.

This report also suggests the need for an on-going, integrated budget and decision-making process for budget preparation, budget monitoring and revision. This would compliment the long-term strategic planning process by structuring an annual budgeting cycle that is integrated with a management reporting system to facilitate ongoing refinement and adjustments in the strategic plan.

The worksheets presented below contain preliminary estimates on the rate of expenditure of AID project funds based on the present level of activity and anticipated needs. A straight line projection is made for the needs of the Gremial for the next seven years based on the present level of expenditures. A chart is included which shows the possible coverage of projected operating shortfalls by transferring funds from an endowment at a given level. This chart is presented for illustrative purposes only. No conclusions can be reached until the models are worked on by the Gremial in detail. The worksheets were prepared to present a methodology and not to reach conclusions with preliminary figures which were developed during a short field trip.

The several charts presented below can be used as a framework for analysis and projection of the financial needs of the Gremial.

1. Income and Expense Projections (PROJ.WQ! CHART)

The chart proj.wq! contains the basic model for projections. It compares the actual fiscal year 90/91 with the estimated 91/92 (the first eight months are actual figures and the final four months are estimates). The chart proj.wk1 should be accurately completed during the 92/93 budgeting process in the next couple of months.

As an illustration only, the total expenses for the years 92/93 through 2001/02 include a 10% inflation rate per year (this figure derives from discussion between the long term advisor of the Gremial and the economist of AID). Non-project income was also straight-line projected. The HAD and PED I projects fund the difference between the expenses and the non-project income. PED II continues the funding once the HAD and PED projects end. The projections base ARF project expenditures only on the present level of activity. The AID estimated expenditures reflected in aidbal.wq1 must be reviewed and corrected by the Gremial according to the budget process and discussions with AID.

The chart proj.wq! suggests that project funding will end in about March, 1996 and there would be an operating deficit of Q 4.7 million at the end of fy 95/96. The deficit would increase to Q. 14.89 million and higher in the following years.

2. Self Sustainability Fund (ENDOW.WQ1)

GOG/AID Endowment only with no counterpart contribution.

Another chart, endow.wq!, includes the operating deficits shown in proj.wq!. This chart assumes that an endowment established by GOG/AID for Q 15.5 million in July, 1992 accumulates interest of 13% p.a. (below present non-market driven rates) until fiscal year 95/96 when funds are withdrawn to cover the operating deficit. There is not counterpart contribution by the Gremial. The chart illustrates that a fund of \$15.5 million is not sufficient as it will last only two years, until November, 1997, after project funds run out.

3. Self Sustainability Fund (ENDOW1.WQ!)

GOG/AID Endowment up front and an equal counterpart contribution over the course of the following three years.

Same as endow.wq!, except a Gremial counterpart contribution is included to match the GOG/AID endowment. An endowment of \$3 million plus a counterpart contribution will allow that self-sustainability fund to last until April, 1999.

4. Self Sustainability Fund (ENDOW3.WQ!)

Same as Endow1.wq! except withdrawals are made to cover operating deficits of the Gremial only up to the amount of the interest earned after capitalizing sufficient interest earnings to maintain value of the capital in the fund adjusted for inflation.

This chart demonstrates that an endowment of Q 15.5 million and an equal counterpart contribution will produce only 16-20% of operating expense needs.

5. Gremial's projections of AID Project Expenses (AIDBAL.WQ!)

An attempt to project the expenditures of the four AID projects based on the present level of expenditures. This will have to be revised carefully after the 92/93 budget is developed and reviewed to assure that the budget is realistic. One of the elements to consider is the possibility of accelerating the expenditures of AID funds to support both core and project activities and allow the Gremial to transfer income to the self-sustainability fund. This would assure that AID project funds are spent prior to the PACD and would allow the self-sustainability fund to be nurtured at a faster rate.

6. Comparison of original budget and estimated results for year 91/92 (BUDCOMP.WQ!)

A comparison of the original budget for 91/92 and the estimated results for 91/92 using the first 8 months as actual and estimating the final four months. This chart demonstrates the need to review the budgeting process and/or the data provided to the Exitos consultants, given the differential of over 33%.

7. Source of Financing of Income and Expenses for FY 91/92 (SOURCE.WQ!)

This chart illustrates the source of income and expense by line item between the Gremial and the various AID projects. This chart could be used for budgeting 92/93 and beyond to determine the effect of reducing the Gremial's contribution, increasing the project's contribution, and transferring Gremial income to the self-sustainability fund.

Comments on the Present Budgeting Process

1. Under the current budgeting process, the Board approves the fiscal year budget a month or two after the year has already begun.
2. The actual estimated expense figure for 1991/92 is only 66% of the original budget. The process of committee budgeting has to be revised to ensure that budgeting is part of long term planning, is accurate, and reflects the current austerity policy of the Board. A method to prioritize activities according to available resources is necessary.
3. There is no routine process for review and comparison of actual with budgeted figures. There is no tracking system with which to monitor the budget performance during the year. There is no process to revise the budget periodically.
4. The actual monthly performance figures take a couple of months to prepare. Monthly figures should be available a week after closing.

Recommendations and Resources Needed

1. A Management Information System should be developed. This includes cost billing by project, consolidated financial statements, and a monitoring system to compare actual figures with budget figures monthly.
2. The Gremial staff and Board should institute reform of the budgeting process that will result in a budget that is realistic and approved before the beginning of the fiscal year. The new budgeting process should include a methodology to prioritize activities according to resources available.
3. The Gremial staff should also develop detailed line by line projections according to the model chart and use the interrelated spreadsheets as a planning tool to facilitate the discussion and decision-making process with the Board.

CHARTS

Gremial de Exportadores de Productos No Tradicionales

Income and Expense Projections

Quetzales 000's - Fiscal Year July 1-June 30

	Actual 90/91	Actual 7/91-2/92	Proj. 3/92/6/92	Proj. 91/92	Proj. 92/93	Proj. 93/94	Proj. 94/95	Proj. 95/96	Proj. 96/97	Proj. 97/98	Proj. 98/99	Proj. 99/2000	Proj. 01/02
Income													
A. New Inscriptions	23	18	7	25									
B. Member Dues	672	667	222	639									
C. Income from Event Activities													
1. Trade Promotion Events	61	47	62	69									
2. Training Events	207	138	46	172									
3. Technical Assistance Events	67	38	8	40									
4. Promotion of Investment Events	61	0	18	10									
5. Commercial Information Events	47	58	37	72									
D. Specific Promotional Events-Income													
1. Furniture Showroom & EXPO/MAE/BL	224	538	5	336									
2. AGOTRADE	613	788	0	788									
3. APPAREL SOURCING SHOW	721	848	0	848									
4. ENCUENTRO		178	0	178									
5. Investigation Applied Agriculture		34.00	34.00	634									
E. Other Income	236												
TOTAL NON-PROJECT SOURCES	3,021	2,888	408	3,977	4,378	4,812	5,293	5,823	6,405	7,045	7,780	8,526	9,378
F. Donor Income													
1. Project AID/HAD	1,918	1,177	478	1,898	2,541	486							
2. Project AID/PED	2,438	3,088	738	4,300	7,161	3,111							
3. Project AID/APP	247	228	128	367	393	72							
4. Project AID/PEDI						7,466	12,216	6,743					
5. EC Project													
TOTAL AID PROJECT SOURCES	4,300	4,970	1,348	6,312	10,085	11,106	12,216	6,743	0	0	0	0	0
TOTAL INCOME	7,321	7,858	1,756	10,289	14,470	15,917	17,509	14,566	6,405	7,045	7,780	8,526	9,378
Expenses													
A. Core Expenses													
1. Personnel Expenses	1,482	1,210	689	1,918									
2. Non Personnel Expenses	768	647	678	617									
3. Purchases and Office Supplies	214	180	69	223									
4. Other Core Expenses	614	0	60	60									
B. Expenses of Event Activities													
1. Trade Promotion Activity Expenses	658	388	938	1,291									
2. Training Activity Expenses	269	138	50	188									
3. Technical Assistance Activity Expenses	1,328	2,828	148	2,471									
4. Investment Promotion Activity Expenses	6		45	43									
5. Commercial Information Events		68.00	0.00	36.00									
C. Specific Promotional Event Expenses													
1. Furniture Showroom & EXPO/MAE/BL		288.00	0.00	288									
2. AGOTRADE		878.00	15.00	894									
3. APPAREL SOURCING SHOW		378.00	15.00	790									
4. ENCUENTRO		188.00	0.00	188									
5. INVESTIGATION APPLIED AGRICULT		68.00	34.00	329									
D. Other Variable Uses													
1. Acquisition of Fixed Assets	110	39	380	363									
2. Other Expenses	91	690	162	902									
Total Expenses	6,348	7,459	2,868	10,441	14,470	15,917	17,509	18,260	21,186	23,304	25,636	28,188	31,018
Net Sources	1,973.00	4,082.00	(1,254.00)	(162.00)	0	0	0	(4,694)	(14,781)	(16,269)	(17,869)	(18,673)	(21,641)

AF

Gremial de Exportadores de Productos No Tradicionales

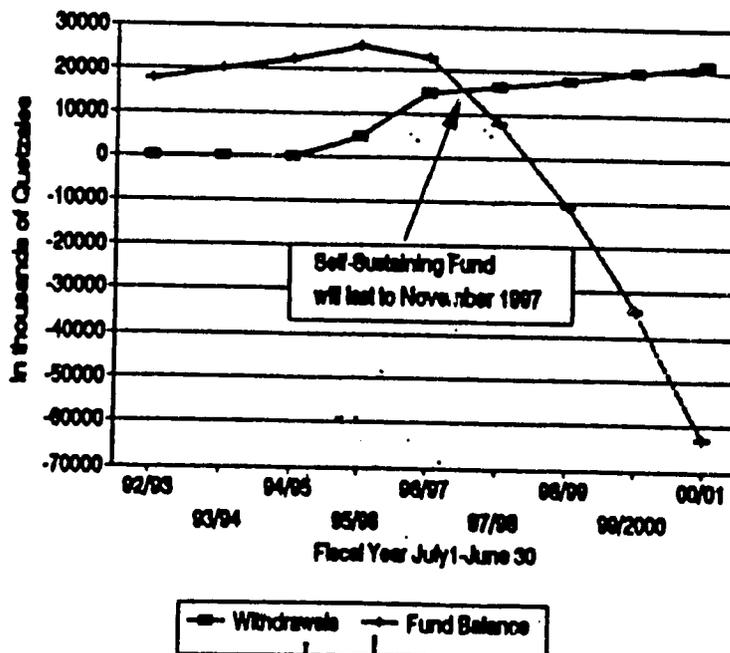
Self Sustainability Fund

Assuming endowment up front and no counterpart contribution by the GREMIAL

Fiscal Year July 1 - June 30 (Quetzales 000's)

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/2000	00/01
Net Operating Sources	0	0	0	(4,994)	(14,781)	(18,259)	(17,885)	(19,673)	(21,841)
Beginning Balance	0	17,580	19,843	22,423	20,282	8,914	(9,787)	(30,375)	(55,595)
GOG/AID Endowment	15,540	0	0	0	0	0	0	0	0
Counterpart Contributions	0	0	0	0	0	0	0	0	0
Interests earned	2,020	2,283	2,580	2,915	2,634	800	(1,270)	(3,946)	(7,227)
Total of balance	17,580	19,843	22,423	25,338	22,898	7,813	(11,037)	(34,323)	(82,822)
Withdrawals	0	0	0	(4,994)	(14,781)	(18,259)	(17,885)	(19,673)	(21,841)
Loss of interest from withdrawal	0	0	0	(381)	(1,201)	(1,321)	(1,453)	(1,588)	(1,758)
Ending Balance	17,580	19,843	22,423	20,282	8,914	(9,787)	(30,375)	(55,595)	(88,222)

Assumptions: Self sustainability fund is established July 1, 1992 with a GOG/AID Endowment of Q. 15,540,000 (equivalent of \$3 million at Q.5.18.). Assume no counterpart contribution by the GREMIAL. Inflation rate is 10% a year and the Quetzal is devalued vis a vis the dollar at 6% a year. The Self sustainability fund is legally separate from the GREMIAL. Assume withdrawals are made to cover the operating cash flow deficit of the GREMIAL as shown in chart Proj.wk1. Interest income is calculated at 3% above the annual inflation rate (13%). This is lower than the current 18-22% interest on government bonds and reflects realistic anticipated market rates. Loss of interest on withdrawals is calculated assuming equal quarterly withdrawals. Sourced by an endowment only, the Fund will last only to about November, 1997.



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Gremial de Exportadores de Productos No Tradicionales

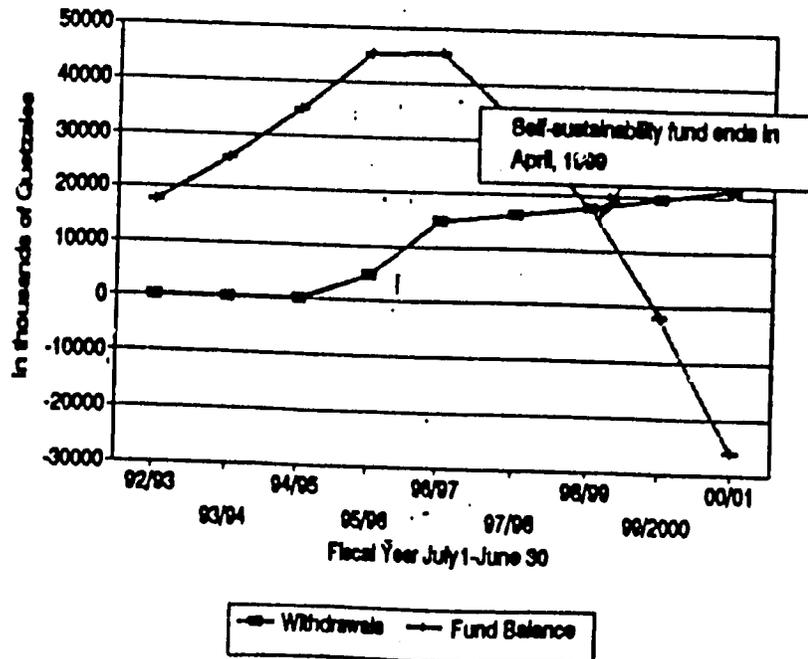
Self Sustainability Fund

Assuming endowment up front and counterpart contribution over 3 years

Fiscal Year July 1 - June 30 (Quetzales 000's)

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/2000	00/01
Net Operating Sources	0	0	0	(4,004)	(14,781)	(16,256)	(17,885)	(19,673)	(21,641)
Beginning Balance	0	17,500	25,096	34,890	40,204	29,449	15,697	(1,801)	(23,080)
GOG/AID Endowment	15,540	0	0	0	0	0	0	0	0
Counterpart Contributions	0	5,180	5,180	5,180	0	0	0	0	0
Interests earned	2,020	2,956	4,014	5,208	5,227	3,828	2,041	(206)	(3,000)
Total of balance	17,500	25,096	34,890	48,280	45,431	33,277	17,738	(1,809)	(28,080)
Withdrawals	0	0	0	(4,004)	(14,781)	(16,256)	(17,885)	(19,673)	(21,641)
Loss of interest from withdrawal	0	0	0	(381)	(1,201)	(1,321)	(1,453)	(1,566)	(1,758)
Ending Balance	17,500	25,096	34,890	40,204	29,449	15,697	(1,801)	(23,080)	(48,480)

Assumptions: Self sustainability fund is established July 1, 1992 with a GOG/AID Endowment of Q. 15,540,000 (equivalent of \$3 million at Q.5.18). Counterpart contribution by GREMAL made over a three year period. Inflation rate is 10% a year and the Quetzal is devalued vis a vis the dollar at 6% a year. The Self sustainability fund is legally separate from the GREMAL. Assume withdrawals are made to cover the operating cash flow deficit of the GREMAL as shown in chart Proj.wk1. Interest income is calculated at 3% above the annual inflation rate (13%). This is lower than the current 18-22% interests on government bonds and reflects realistic anticipated market rates. Loss of interest on withdrawals is calculated assuming equal quarterly withdrawals. A combination of an endowment for Q.15.5 million and a equal counterpart contribution by the GREMAL over three years will allow funding only to April, 1999.



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Gremial de Exportadores de Productos No Tradicionales

Self Sustainability Fund

Assuming endowment up front and counterpart contribution over 3 years. Assuming withdrawals can only be interests earned after adjustment for maintenance of value of GOG/AID endowment and GREMAL counterpart contribution.

Fiscal Year July 1 - June 30 (Quetzales 000's)

A. Net Operating Source

Net Operating Source

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/2000	00/01
Net Operating Source	0	0	0	(4,004)	(14,781)	(16,259)	(17,885)	(19,673)	(21,641)

B. Self-Sustaining Fund prior to withdrawals

Beginning Balance

Plus GOG/AID Endowment

Plus Counterpart Contributions

Plus Interests earned

Ending Balance prior to withdrawals

Withdrawal for operating deficit per A & C

Loss of Interests for withdrawal

Ending Fund balance

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/2000	00/01
Beginning Balance	0	17,500	25,000	34,000	40,404	43,512	46,620	49,728	52,836
Plus GOG/AID Endowment	15,540	0	0	0	0	0	0	0	0
Plus Counterpart Contributions	0	5,180	5,180	5,180	0	0	0	0	0
Plus Interests earned	2,020	2,956	4,014	5,209	5,252	5,657	6,061	6,465	6,869
Ending Balance prior to withdrawals	17,560	25,636	34,900	45,289	45,656	49,169	52,680	56,193	59,704
Withdrawal for operating deficit per A & C	0	0	0	(4,636)	(2,041)	(2,425)	(2,808)	(3,193)	(3,577)
Loss of Interests for withdrawal	0	0	0	(239)	(103)	(124)	(144)	(164)	(183)
Ending Fund balance	17,560	25,636	34,900	40,404	43,512	46,620	49,728	52,836	55,944

C. Capital Amount In Self-Sustaining Fund adjusted for Inflation

Total GOG/AID Endowment

Total GREMAL Counterpart Contribution

TOTAL

Plus adj. for inflation 10% compounded

Balance not eligible for withdrawal

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/2000	00/01
Total GOG/AID Endowment	15,540	15,540	15,540	15,540	15,540	15,540	15,540	15,540	15,540
Total GREMAL Counterpart Contribution	0	5,180	10,360	15,540	15,540	15,540	15,540	15,540	15,540
TOTAL	15,540	20,720	25,900	31,080	31,080	31,080	31,080	31,080	31,080
Plus adj. for inflation 10% compounded	1,554	3,628	6,216	9,324	12,432	15,540	18,648	21,756	24,864
Balance not eligible for withdrawal	17,094	24,348	32,116	40,404	43,512	46,620	49,728	52,836	55,944

D. Annual operating deficit

Annual operating deficit

Less covered by Self-sustaining fund

Balance not covered by self-sustaining fund

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/2000	00/01
Annual operating deficit	0	0	0	(4,004)	(14,781)	(16,259)	(17,885)	(19,673)	(21,641)
Less covered by Self-sustaining fund	0	0	0	(4,636)	(2,041)	(2,425)	(2,808)	(3,193)	(3,577)
Balance not covered by self-sustaining fund	0	0	0	(66)	(12,740)	(13,834)	(15,077)	(16,480)	(18,064)

Assumptions: Self sustainability fund is established July 1, 1992 with a GOG/AID Endowment of Q. 15,540,000 (equivalent of \$3 million at Q.R.18.). Counterpart contribution by GREMAL made over a three year period.

Inflation rate is 10% a year and the Quetzal is devalued vis a vis the dollar at 6% a year. The Self

sustainability fund is legally separate from the GREMAL.

Withdrawals are made up to interests earned after the adjustment of 10% a year on the capital amount. The estimated 13% return on investments less the 10% inflation, will only allow 3% of the capital amount available for withdrawal to cover operating deficits.

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GREMIAL/AID Project Expense Projections

A. GREMIAL's Projections of AID/HAD Project Expenses

	Actual as of 2/29/92	Estimated 3/92-6/92	Estimated 7/92-6/93	Estimated 7/93-8/93
Beginning balance in dollars		\$1,061,000	\$894,465	\$405,952
Expenses in Quetzales		841,000	2,541,000	465,850
Expenses dollar equivalent		\$166,535	\$488,513	\$86,952
Ending project fund balance	\$1,061,000	\$894,465	\$405,952	\$319,000
Average Exchange rate used - Q per \$		5.05	5.20	5.36
Unexpended Balance as of PACD 8/30/93 is \$319,000				

Total Spent
 939,000 (2/92)
 166,535 (6/92)
 488,513 (6/93)
 86,952 (8/93)
 # 1,681,000

B. GREMIAL's Projections of AID/PED Project Expenses

	Actual as of 2/29/92	Estimated 3/92-6/92	Estimated 7/92-6/93	Estimated 7/93-8/93
Beginning balance in dollars		\$2,103,000	\$1,957,455	\$580,737
Expenses in Quetzales		735,000	7,161,000	3,111,325
Expenses dollar equivalent		\$145,545	\$1,376,718	\$580,737
Ending project fund balance	\$2,103,000	\$1,957,455	\$580,737	\$0
Average Exchange rate used - Q per \$		5.05	5.20	5.36
Unexpended balance as of PACD 8/30/93 is 0.				

Total Spent
 1,380,500 (2/92)
 145,545 (6/92)
 1,376,718 (6/93)
 580,737 (8/93)
 3,483,500

C. GREMIAL's Projections of AID/ARF Project Expenses

	Actual as of 2/29/92	Estimated 3/92-6/92	Estimated 7/92-6/93	Estimated 7/93-8/93
Beginning balance in dollars		\$929,000	\$903,455	\$827,900
Expenses in Quetzales		129,000	393,000	72,050
Expenses dollar equivalent		\$25,545	\$75,555	\$13,448
Ending project fund balance	\$929,000	\$903,455	\$827,900	\$814,452
Average Exchange rate used - Q per \$		5.05	5.20	5.36
Unexpended balance as of PACD 8/30/93 is \$814,452.				

Total spent.
 71,000 (2/92)
 25,545 (6/92)
 75,555 (6/93)
 13,448 (8/93)
 # 185,548

D. Projections of AID/PEDII Project Expenses

(Projected to fill income deficit assuming present level of activities (expenses) continue adjusted for inflation)

	Estimated as of 6/30/93	Estimated 7/93-6/94	Estimated 7/94-6/95	Estimated 7/95-6/96
Beginning balance in dollars		\$5,000,000	\$3,646,947	\$1,494,461
Expenses in Quetzales		7,456,000	12,216,000	8,743,197
Expenses dollar equivalent		\$1,353,053	\$2,152,485	\$1,494,461
Ending project fund balance	\$5,000,000	\$3,646,947	\$1,494,461	\$0
Average Exchange rate used - Q p	5.35	5.51	5.68	5.85
Unexpended balance as of 6/30/96 is \$0.				

Assumptions used: 10% per annum inflation in Guatemala and 6% devaluation of Quetzal to the dollar (10% domestic inflation in Guatemala less 4% U.S. inflation rate.)

Average exchange rate devaluation estimated to be 0.5% per month.

Gremial de Exportadores Productos No Tradicionales

Comparison of Original Budget and Estimated Results based on actual 8 months and estimated final four months of fiscal year July 1, 1991 to June 30, 1992 and percent variance.

	Estimated Result	Original Budget	Percent of Original
Income			
A. New Inscriptions	25	22	113.6%
B. Member Dues	809	662	122.2%
C. Income from Event Activities			
1. Trade Promotion Events	99	262	37.8%
2. Training Events	172	500	34.4%
3. Technical Assistance Events	40	50	80.0%
4. Promotion of Investment Events	10	20	50.0%
5. Commercial Information Events	72	74	97.3%
D. Specific Promotional Events			
1. Furniture Showroom & EXPOMUE	335	498	67.3%
2. AGRITRADE	755	1,053	71.7%
3. APPAREL SOURCING SHOW	848	1,086	78.1%
4. ENCUENTRO	178	339	52.5%
5. Investigation Applied Ariculture	634	0	
E. Other Income			
F. Donor Income			
1. Project AID/HAD	1,655	2,767	59.8%
2. Project AID/PED	4,300	7,133	60.3%
3. Project AID/ARF	357	1,701	21.0%
Total Income	10,289	16,167	63.6%
Expenses			
A. Core Expenses			
1. Personnel Expenses	1,918	2,160	88.8%
2. Non Personnel Expenses	617	1,156	54.3%
3. Purchases and Office Supplies	223	380	58.7%
4. Other Core Expenses	50	0	
B. Expenses of Event Activities			
1. Trade Promotion Activity Expenses			
2. Training Activity Expenses			
3. Technical Assistance Activity Expenses			
4. Investment Promotion Activity Expenses			
5. Commercial Information Events			
C. Specific Promotional Event Expenses			
1. Furniture Showroom & EXPOMUE	288	429	67.1%
2. AGRITRADE	894	940	95.1%
3. APPAREL SOURCING SHOW	790	1,068	74.0%
4. ENCUENTRO	189	281	67.3%
5. INVESTIGATION APPLIED AGRI	329	1,956	16.8%
D. Other Variable Uses			
1. Acquisition of Fixed Assets	353	171	206.4%
2. Other Expenses	802	24	3341.7%
Total Expenses	10,441	15,880	65.7%
Net Sources	(152)	287	

7/91-6/92
Estimated

\$333,000 HAD
\$860,000 PEL
\$7,410 ARF

860
4,355

7/92-6/93
Estimated

\$488,513 HAD
\$1,376,718 PEL
\$75,555 ARF

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Gremial de Exportadores de Productos No Tradicionales

Source of financing of income and expenses - Quetzales 000's - Fiscal Year 7/1/91-6/30/92

	Total Est. 91/92	GREMIAL	HAD	ARF	PED
Income					
A. New Inscriptions	25	25			
B. Member Dues	809	809			
C. Income from Event Activities					
1. Trade Promotion Events	99	99			
2. Training Events	172	172			
3. Technical Assistance Events	40	40			
4. Promotion of Investment Events	10	10			
5. Commercial Information Events	72	72			
D. Specific Promotional Events Income					
1. Furniture Showroom & EXPOMUEBL	335	335			
2. AGRITRADE	755	755			
3. APPAREL SOURCING SHOW	848	848			
4. ENCUESTRO	178	178			
5. Investigation Applied Ariculture	634	634			
E. Other Income					
F. Donor Income					
1. Project AID/HAD	1,655		1,655		
2. Project AID/PED	4,300				4,300
3. Project AID/ARF	357			357	
Total Income	10,289	3,977	1,655	357	4,300
Expenses					
A. Core Expenses					
1. Personnel Expenses	1,918	566	669	172	511
2. Non Personnel Expenses	617	153	309	24	131
3. Purchases and Office Supplies	223	41	111	3	68
4. Other Core Expenses	50				50
B. Expenses of Event Activities					
1. Trade Promotion Activity Expenses	1,251	39	156		1,056
2. Training Activity Expenses	188	29	72	0	87
3. Technical Assistance Activity Expenses	2,471	13	12	0	2,446
4. Investment Promotion Activity Expense	43	3			40
5. Commercial Information Events	35	1	24	0	10
C. Specific Promotional Event Expenses					
1. Furniture Showroom & EXPOMUEBL	225	288			
2. AGRITRADE	894	857	35		2
3. APPAREL SOURCING SHOW	790	762			28
4. ENCUESTRO	189	73			116
5. INVESTIGATION APPLIED AGRIC	329	171		158	
D. Other Variable Uses					
1. Acquisition of Fixed Assets	353	133	20		200
2. Other Expenses	802	72	234		496
Total Expenses	10,441	3,201	1,642	357	5,241
Net Sources	(152)	776	13	0	(941)