

Summary of Proceedings

From the Workshop



**THE ROLE OF U.S. TRADE ASSOCIATIONS
IN THE PROMOTION OF
SUSTAINABLE BUSINESS GROWTH
IN DEVELOPING COUNTRIES**

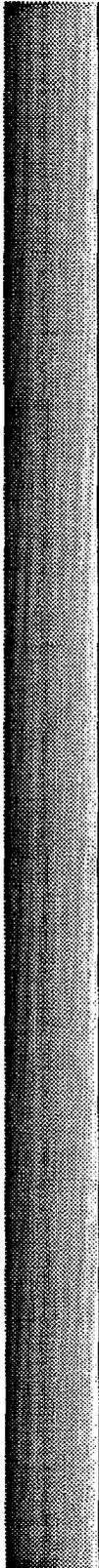
Developed By

The Interamerican Management Consulting Corporation

In Collaboration With

The U.S. Agency for International Development

September 13, 1993



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Proceedings Prepared By



**Coopers
& Lybrand**

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A PARTNERSHIP AGENDA FOR THE FUTURE

U.S. trade and business associations have a place in the promotion of sustainable business growth in developing countries through the programs of the U.S. Agency for International Development (USAID). This was the premise around which the September 13, 1993 workshop, "The Role of U.S. Trade Associations in the Promotion of Sustainable Business Growth in Developing Countries," was formulated by USAID and the Interamerican Management Consulting Corporation (IMCC).

Trade and business associations have a unique and invaluable contribution to make to international development because of their access to a breadth of independent businesses and business professionals. When their vast business resources are teamed with the development expertise of USAID, a powerful, mutually-beneficial partnership is created. If properly cultivated, this relationship could be an unmatched equation for success in generating *sustainable* business opportunities in developing countries.

For the past several years, USAID and trade and business associations have been involved in a loose, episodic working relationship. Most of the early work in this relationship was in the form of manufacturers, represented by traditional trade associations, interested in exporting technology, machinery, or products to developing countries. The work was concentrated primarily in advanced developing countries, and was less of a partnership than a resource exchange. While product exporting and new business development for members is still an important part of the associations' interest in such efforts, the realm of possibilities for benefit has been greatly expanded on both sides.

This seminal workshop brought together a microcosm of U.S. trade, business, professional, and specialty membership associations, many of which have had or are already engaged in working relations with government agencies. At the same time, most of these associations asserted that their memberships can contribute substantially to USAID sustainable development objectives in developing countries. USAID officials at the workshop confirmed this assertion by citing examples of how this relationship already operates in practice and, more importantly, how it could improve.

The workshop was designed to provide the most complete picture possible of how trade and business associations have worked with USAID, and to explore not only the positive aspects of such a marriage, but also the potential problems. Evident both in participation and presentation is the care taken to provide a comfortable balance of association professional experience and government perspective. The day was divided into five basic elements: an introduction of both the association and USAID outlook; a series of case study presentations, illustrating the past and current USAID projects involving trade associations; a working lunch including a presentation by one of the most successful examples of this relationship; break-out sessions to discuss the issues facing both parties; and a wrap-up panel discussion to determine how to proceed. Each piece of the day was an equally educational link in the chain toward mutual understanding.

Coinciding Objectives and Activities

A key link in this chain involved a synopsis of the goals and programs that USAID and associations have in common. As the workshop demonstrated, USAID and associations independently have formulated similar objectives and subsequently developed programs and activities to reach such goals. Accordingly, it seems a natural "next-step" to work together to achieve such aims, to coordinate existing programs and to develop new activities. For example, in the areas central to USAID's sustainable development objectives, associations possess complementary interests. The interplay of objectives in the areas of economic growth, democracy, and environment is summarized below (and depicted in more detail in Chart 1 on page 4). Likewise, at the program level, USAID's and trade and business associations' specific activities also intersect (as indicated in Chart 2 on page 5).

OBJECTIVES OF USAID AND ASSOCIATIONS	
<u>USAID</u>	<u>Associations</u>
<p><u>Economic Growth</u></p> <p>-- Improved access to markets and technology</p> <p>-- Policy and Regulatory Reform</p> <p>-- Industrial growth and employment</p>	<p><u>International Business Development</u></p> <p>-- Improving market access by influencing industrial standards</p> <p>-- Improving market access by influencing trade policies and regulations affecting members</p>
<p><u>Developing or Strengthening Democratic Institutions</u></p>	<ul style="list-style-type: none"> • <u>Membership Development</u> • <u>Improving International Linkages</u> • <u>Sister Association Linkages</u>
<p><u>Protecting the Environment</u></p>	<p><u>Addressing Areas of Global Concern</u></p>

Intersecting Sectoral Goals and Streamlining Operations

The case study presentations were particularly useful in bringing participants up-to-date on what USAID and associations already have undertaken collaboratively. Six case studies, involving fourteen associations, were presented and discussed. These trade and business associations encompassed a wide range of industries, sub-sectors and specializations, including (for example): associations in the food sector and sub-industries such as pizza, pasta, machinery and supplies; associations in the industrial sector, from manufacturing to printing; associations for service industries such as electric utilities; associations representing members brought together by interest in a particular issue, such as the environment; and associations devoted to highly specialized trades, such as artisanry; associations that service companies interested in a region

or country rather than a specific industry; and associations that represent people (such as retired people) rather than companies. What these pilot activities have demonstrated is that USAID and trade and business associations can achieve both sectoral and operational goals by working together, as demonstrated in the boxes below. These sectoral objectives -- agribusiness, energy, and human resources development -- are central to USAID's sustainable development objectives. Likewise, while not explicitly part of USAID's new directions, the operational innovations achieved through joint USAID-trade and business association activities reflect the spirit of streamlining and reinventing USAID that is necessary to fit the foreign assistance and budgetary requirements of the time.

SECTORAL OBJECTIVES

- ◆ **Agribusiness**
- ◆ **Energy**
- ◆ **Human Resources Development**

OPERATIONAL OBJECTIVES

- ◆ **"Wholesaling" U.S. Government Resources**
- ◆ **Serving as a Financial Catalyst**
- ◆ **Improving Cooperation**

Key Opportunities and Constraints

Through the presentation of the case studies and break-out sessions focused on industry and agribusiness, it became clear that there were distinct areas of opportunity for USAID-trade and business association interaction as well as constraints that need to be addressed. The areas of opportunities included:

- ◆ **Overlap of Objectives and Programs**
- ◆ **Diversity of Associations Interested in International Activities**
- ◆ **Ability of Associations to Serve as "Wholesalers"**
- ◆ **Ability to "Do More with Less"**

The case studies and the break-out sessions re-emphasized what had been posited before: that USAID and associations already work to achieve similar objectives and utilize comparable methods to achieve such aims. This *overlap of objectives* presents an opportunity for both to reach their goals more efficiently and learn from each other's programs how best such objectives can be achieved. Likewise, the *diversity of associations involved in international programs* yields the opportunity for USAID to find viable partners in nearly every sector in which the Agency works. From an operational perspective, *the ability of associations to serve as a channel (or "wholesaler")* of USAID information and resources has the following benefits: it allows USAID to work (indirectly) with U.S. companies without charges of favoritism; it gives

USAID access to the most up-to-date technical assistance resources available; and it improves USAID outreach and information sharing. Finally, *USAID-association interaction allows USAID to do more with its limited funds*, both by joint funding activities and by providing seed capital for trade and business association activities.

On the other hand, several constraints to USAID-trade and business association projects were evident. Among these were a lack of understanding and communication between USAID and associations, between other U.S. government agencies and associations, and among U.S. government agencies as a whole. A second strong concern of associations was the bureaucratic "hoops" that seem to characterize and increase the cost of interaction with USAID. Some of the bureaucratic entanglements mentioned included the cost of submitting proposals, the ceiling on daily rates, the reporting and monitoring requirements, and the time delays that often plague projects.

Next Steps

The opportunities and constraints mentioned above suggested a number of next steps that might be taken to build on and improve previous efforts. These next steps include:

- ◆ Improved Information Exchange between USAID and Associations
- ◆ Improved Coordination Among U.S. Government Agencies
- ◆ Examination of Past Models of Interaction
- ◆ Programmatic Options

To *improve information exchange*, a variety of options were suggested, such as development of an Association Council, better "marketing" of USAID's existing information facilities (such as the Center for Trade and Investment Services), and a directory of overseas associations in key development sectors. To *improve coordination among U.S. government agencies*, a first step would be to work closely with other members of the U.S. Government's Trade Promotion Coordinating Council to implement the recommendations of a recent report on trade-related activities and responsibilities¹.

A *closer examination of what already has transpired* was suggested in order to synthesize the "forms" that USAID-trade and business association interaction has taken (i.e., direct contracting relationships, working through existing centrally-funded programs, etc.) to identify what has worked in different circumstances and to ease the next generation of collaborative activities. Finally, a number of distinct *programmatic options* were identified: a workshop to encourage associations to share what they have learned from working with USAID; a series of sectorally-

¹ "Toward a National Export Strategy", by the Trade Promotion Coordinating Committee, Report to the United States Congress, September 30, 1993.

focused workshops to explore in greater detail what USAID and sectorally-focused associations might pursue jointly; and continuation of pilot efforts, possibly through centrally-funded programs, to maintain momentum and introduce this methodology to USAID missions around the world.

* * *

In short, this workshop offers much "food for thought" regarding the potential for future collaboration between USAID and associations. As USAID continues to refine the role it will play and the mechanisms it will employ to achieve sustainable development objectives, the dialogue begun at the workshop should prove useful.

FOREWORD

U.S. international affairs agencies that provide foreign assistance are changing to adjust to the new, post Cold War world. USAID is grappling with how these changes will affect our assistance programs in developing countries, and has formulated four new areas of program priority: economic growth, democratization, environment, and population and health. In the area of economic growth, the Agency has worked for more than ten years to promote long term development of indigenous private sectors, so that local businesses and industries form the engine that propels sustainable growth.

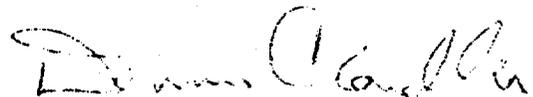
USAID has explored several new mechanisms for achieving this aim. We want to access the best technical expertise and find creative, cost-containing means of achieving foreign assistance goals in a time of domestic budget shortfalls. One mechanism the Agency has identified is working with U.S. trade and business associations, which provide extensive services to their members and which exhibit a growing interest in working with local businesses and trade and business associations in the countries USAID assists.

The purpose of the workshop was to spotlight the collaborative experience of USAID and trade and business associations. This workshop, entitled "The Role of U.S. Trade Associations in the Promotion of Sustainable Business Growth in Developing Countries," was held in Rosslyn, Virginia on September 13, 1993. As described in the summary of proceedings that follows, the workshop suggested that the initial experience of USAID and associations has revealed both opportunities and constraints. As a result, the workshop holds important lessons and suggests critical next steps to expand public/private cooperation.

We look forward to building on the results of the workshop and continuing to work with U.S. trade and business associations.



John Wilkinson
Acting Chief for Economic Growth
Global Bureau



Dennis Chandler
Special Coordinator for the
Middle East Peace Process
Near East Bureau

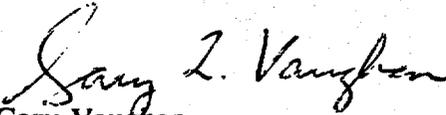
PREFACE AND ACKNOWLEDGEMENTS

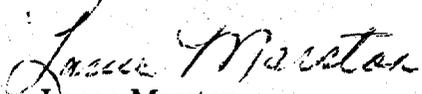
This workshop, "The Role of U.S. Trade Associations in the Promotion of Sustainable Business Growth in Developing Countries", highlighted a small but growing component of USAID's private sector development efforts, namely collaborative ventures between USAID and U.S. trade and business associations. In doing so, the workshop brought together key actors in this area: members of highly diverse associations interested in pursuing development and business opportunities in USAID-assisted countries; U.S. government officials who work with trade and business associations; and other members of the development assistance community who have been integral to increasing USAID-association interaction.

The workshop would not have been possible without the active involvement of these various groups. In particular, we would like to thank the many speakers and moderators who donated the time and energy to analyze and present examples of joint USAID-Association activities to date, to examine the problems and prospects for future collaborative work, and to begin to develop a structure for where USAID and trade and business associations go from here. From the association community, we particularly appreciate the input of: Edwin R. Anthony, Vice President, Corporate Affairs and Member Relations, Edison Electric Institute; Andy Benson, Director, Marketing Department, Packaging Machinery Manufacturers Institute; Lynn Christensen, Director, International Programs, Food Processing Machinery & Supplies Association; Angelo Iasiello, Director, International Affairs, American Consulting Engineers Association; Chet Maccio, International Marketing Director, Association of Manufacturing Technology; Bill Pflaum, Executive Director, Institute of Packaging Professionals; and Richard Sullivan, President, Association of Food Industries.

We also appreciate the involvement of many USAID personnel, including: Dennis Chandler, Special Coordinator for the Middle East Peace Process, Bureau for Near East; Tom Mehen, Division Chief, Office of Economic and Institutional Development, Bureau for Research and Development; Ken Prussner, Deputy Chief, Production and Investment Division, Office of Development Resources, Bureau for Near East; James Sullivan, Director, Office of Energy and Infrastructure, Bureau for Research and Development; and John Wilkinson, Acting Chief for Economic Growth, Global Bureau. From the development consulting community, we appreciate the efforts of the staff of the Interamerican Management Consulting Corporation, particularly Cliff Barton, Steve Graubart, John Secondari and Melissa Skelton.

We look forward to enlarging the role of trade and business associations in achieving development and business objectives.


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Private Sector Officer
Office of Development Resources
Bureau for Private Enterprise


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Director of Trade and Investment
Interamerican Management Consulting
Corporation

I. CONTEXT OF THE WORKSHOP

A. CHANGES IN FOREIGN ASSISTANCE AND IN USAID

The confirmation of a new Administrator for the U.S. Agency for International Development has coincided with a period of immense change in the environment for foreign assistance. These changes -- the end of the Cold War, U.S. budget deficits, and other factors -- have combined with the change of administrations to prompt a review of the fundamental workings of USAID.

The focus of the review has been two-fold: analyzing which priorities are most appropriate given overall U.S. foreign policy goals and given the Agency's broad goal of promoting sustainable development; and determining how, in a functional and operational sense, the Agency can best utilize its limited and probably declining resources to promote sustainable development. Working from the broader Agency goal of sustainable development to specific substantive and operational objectives depends on defining sustainable development. While definitions of this term are numerous, in this workshop John Wilkinson, Acting Chief for Economic Growth, Global Bureau, offered this simple delineation: development which continues to spur economic growth after donor assistance ceases.

According to Wilkinson, an integral part of sustainable development is private sector growth, which, as a basic engine of economic growth, forms the core of one of the four new goals of the Agency. The focus on economic growth -- in concert with the other three central issues, namely human resources development, environment and democracy -- reflects the Administration's view that assistance in these interlinked areas are primary contributors to sustainable development. Some of the means the Agency currently uses to promote economic growth include, for instance, credit for development of housing in developing countries, programs to promote the development of small- and micro-enterprises, and (through the Center for Trade and Investment Services, CTIS, and the West Coast Business Outreach Program, WCBOP) outreach to the U.S. business community in order to involve this key resource in the Agency's activities. Through its Economic Growth Directorate within the new Global Bureau, the Agency continually seeks to identify and employ alternative means of promoting sustainable development, particularly given the limitations that the Agency can be expected to face in the future.

One promising area in the Agency's economic development strategy involves work in international business development with U.S. trade and business associations. Today, U.S. associations perform a wide variety of functions and services. However, there are three basic categories of associations. *Trade associations* draw members from firms of a particular industry segment; the mission of trade associations is usually to promote the collective interest of their members through lobbying efforts, promotion of international business opportunities, development of industry standards, and promotion of research and training, among other activities. *Professional associations* attract members who are professionals within particular industry segments of functional categories, such as the Society of Manufacturing Engineers. *Special interest associations* are comprised of members (either individuals or companies) that

share a common interest or objective, such as the American Association of Retired Persons. Despite this diversity of types of associations, a basic rationale for interaction between USAID and associations is that in general their interests in some areas are mutual:

- U.S. associations are effective intermediaries between the U.S. companies they represent and the needs of companies in developing countries for improved technology and market information;
- Associations can work with USAID to provide specialized, hands-on technical and material assistance; and
- USAID (particularly CTIS) can serve as a source of information for associations interested in the growing market potential of developing countries.

B. U.S. GOVERNMENT - ASSOCIATION INTERACTION TO DATE

To date, USAID-association collaboration has been limited. However, because of its potential benefits, the Agency, in ways such as this workshop, is exploring how to interact with associations. This workshop was designed to highlight and examine the changing relations between associations and government agencies, particularly USAID. Traditionally, and in contrast to other countries, the relationship between associations and government agencies has been characterized by mutual suspicion and, consequently, little interaction. As a result of the increasing competitiveness of the world economy, however, associations as well as

"There are many industries in which American industry has a preponderant capability. Many of these areas are precisely those in which LDCs are most deficient, such as telecommunications, infrastructure, environment and agribusiness. A key development priority is long term sustainable development in these very areas. The fact that these are high growth areas in LDCs -- this is what they need to grow -- means that the involvement of your associations and your members would seem to make good business sense."

*John Wilkinson, Acting Chief for Economic Growth,
Global Bureau*

government agencies have begun to rethink this generally limited interaction. Simultaneously, many U.S. businesses, and the associations that represent them, have become more interested in entering the global market, including high-growth developing countries. The combination of these factors has led associations to alter and "internationalize" programs and services.

Government agencies have responded by developing several new programs dedicated to helping associations and their members to reach opportunities overseas. The Department of Commerce has developed the Market Development Cooperator Program, which is devoted specifically to this aim, and the U.S. Trade and Development Agency has sponsored reverse trade missions involving more than forty members of associations. Within USAID, several bureaus work with associations to conduct development projects. For instance, the Global Bureau is launching a project to work with associations in the food industry and already has developed a grant program with the U.S. Energy Association; the Bureau for Europe and the NIS Task Force fund grant

programs (managed by the Department of Commerce) that are implemented by associations; and the Bureau for Private Enterprise, through its Market Technology and Access Project (MTAP), has developed pilot projects involving associations as integral participants and planners.

These programs are based on the fact that, even though USAID and associations have not worked together extensively in the past, their international objectives and programs in many areas coincide. That is, USAID and associations independently have identified key objectives in developing countries and begun to work towards them. Accordingly it seems a natural "next-step" to work together to achieve such aims, to coordinate existing programs and to develop new activities. For example, in the areas central to USAID's sustainable development objectives, trade and business associations possess complementary interests. The interplay of objectives in the areas of economic growth, democracy, and environment is depicted in Chart 1 (page 4).

As can be seen in Chart 1, for three of the key USAID objectives, associations have a corresponding and complementary objective. For instance, while associations' objectives in the area of economic growth assumes the terminology of supporting their members' business development objectives, the sub-objectives they pursue correspond clearly with USAID sub-objectives, namely improved market and technology access and policy and regulatory reform.

Likewise, at the program level, USAID's and trade and business associations' specific activities also intersect, as indicated in Chart 2 (page 5). Of particular note regarding program activities is the importance that both place on training. As Chart 2 demonstrates, however, there are also many other areas where association and USAID activities parallel each other. This complementarity between both objectives and current programs has spurred USAID's and associations' initial interaction. As this interaction continues, however, there are certain to be opportunities as well as obstacles. Intended as a forum to identify and perhaps begin to remedy such events, this workshop was designed to raise four questions:

- ◆ Why use U.S. associations to promote sustainable development in developing countries?
- ◆ What are the minimum requirements or conditions to establish and maintain working relationships between USAID and trade and business associations?
- ◆ What are the ways in which USAID and trade and business associations work together?
- ◆ Do the benefits and impact of working together justify the cost to both parties?

"Trade associations are in somewhat of an enviable position to take a longer term perspective than individual companies. It's our responsibility to act in the majority interest of our members. The individual member companies are really concerned about making the next month's payroll, [and] where they're going to be two to three months down the road. Our prime concern is where the U.S. industry is going to be ten years down the road ... and how we're going to compete internationally at that time. I think some of our longer term objectives are very much in parallel with AID objectives in that respect."

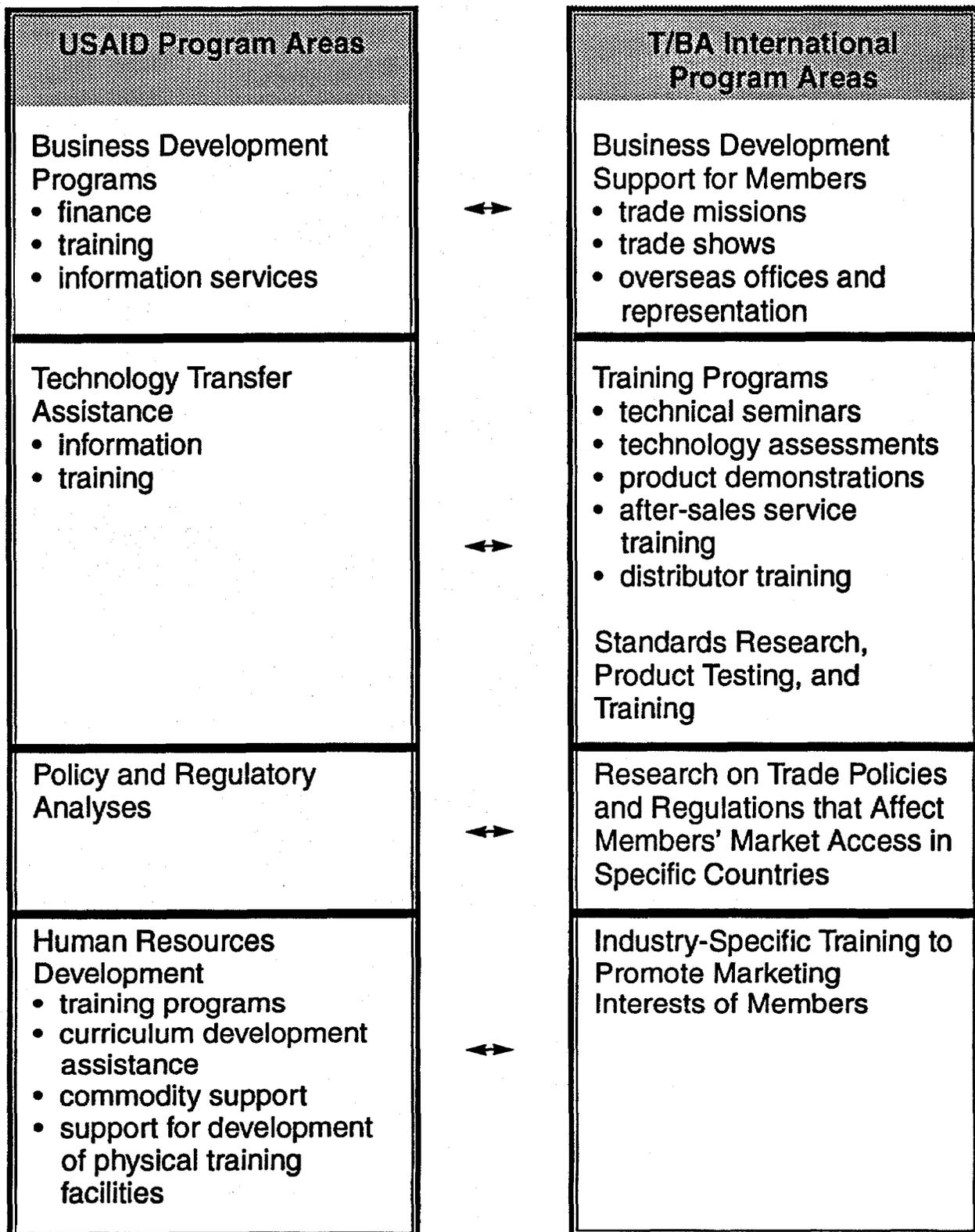
Andy Benson, Packaging Machinery Manufacturing Institute

Chart 1: Objectives of USAID and US Trade and Business Associations

USAID Objectives	T/BA Objectives
Economic Growth – strengthening sustainable private sector development in developing countries	Supporting international business development interests of members
<ul style="list-style-type: none"> Improved access to markets and technology 	<ul style="list-style-type: none"> Improving market access by influencing industrial standards
<ul style="list-style-type: none"> Policy and regulatory reform 	<ul style="list-style-type: none"> Improving market access by influencing trade policies and regulations affecting members
<ul style="list-style-type: none"> Industrial growth and employment 	
Developing or Strengthening Democratic Institutions (including trade associations, chambers of commerce, and other business organizations)	Membership Development Improving International Linkages Developing Sister Association Linkages
Protecting the Environment	Contributing to Areas of Common Concern to World Citizens (conserving natural resources, protecting the environment, population growth)
Human Resources Development	

Note: Please see page 3 for further discussion of USAID and T/BA objectives

Chart 2: Program Areas of USAID and US Trade and Business Associations



Note: Please see page 3 for further discussion of USAID and T/BA program activities.

II. SAMPLE ACTIVITIES TO DATE

In trying to answer the questions mentioned above, participants in the workshop analyzed case studies of programs undertaken to date. This analysis revealed a number of important lessons already learned through the fledgling interaction between associations and USAID. In particular, the workshop revealed that joint USAID-association projects have not only targeted key USAID substantive objectives (as incorporated in the four "pillars" of economic growth, democracy, environment and human resources development), but also provided examples of new methods of achieving such aims, in ways that exemplify the spirit of reinventing government and, more specifically, doing more with less through public-private cooperation. These lessons learned are described below.

A. USAID'S PROGRAM GOALS: SAMPLE ASSOCIATION ACTIVITIES IN AGRIBUSINESS, ENERGY, AND HUMAN RESOURCES DEVELOPMENT

The case studies presented at the workshop demonstrated that, in terms of substance and sectoral focus, USAID and association programs complement one another. Utilizing the examples of the cases described below, this complementarity may provide a foundation to build upon for future joint activities.

<p><i>THE SUB-SECTORAL FOCUSES OF AGRIBUSINESS ASSOCIATIONS: PROVIDING PIECES OF EXPERTISE TO REACH USAID SECTORAL GOALS</i></p>

► *Objectives*

USAID Morocco and USAID Tunisia hold the common goal of improving and expanding the agribusiness sectors of their host countries. While both countries possess rich agricultural lands, neither country possesses the facilities to enable agricultural producers to preserve their agricultural products *en route* to either domestic or foreign markets. Moreover, agricultural producers in both countries are unfamiliar with potential export markets, and lack the institutional support (such as trade associations) that might guide the search for such markets and assist more generally in achieving operational or managerial improvements. Indeed, the few trade associations that exist in Morocco and Tunisia are organized similarly to cartels. Facing limited budgets, the two USAID missions were interested in pursuing cost saving mechanisms to address these issues in the agribusiness sector. Accordingly, USAID objectives in exploring joint programs with associations were:

- To access and establish a vehicle for sophisticated managerial and technical assistance;
- To encourage the development of local associations that address members' concerns;

- To initiate linkages between local and U.S. trade and business associations and thereby promote long-term sustainable development; and
- To receive "more bang" for each development assistance dollar spent by cost-sharing or linking with existing or potential association programs.

In response to USAID inquiries, a number of U.S. associations expressed interest in pursuing opportunities in Morocco and Tunisia. These associations exemplify the wide range of associations present in the United States. One of the associations that participated in the mission was the National Pizza and Pasta Association (NPPA), an association that represents members from the U.S. food service industry, industrial suppliers and producers, and the restaurant/market sector. NPPA's members are primarily importers of pasta and related supplies, producers of finished products, and distributors. The second member of the mission was the International Association of Refrigerated Warehouses (IARW), which represents 85% of the public refrigerated warehouse industry including 1,000 member warehouses in twenty-seven countries on four continents. IARW's central goals are to advance the interests and welfare of the industry, improve industry standards, and promote better understanding of the industry.

The Food Processing Machinery and Supplies Association (FPM&SA), which represents companies that produce machinery, equipment, supplies, and services used in producing beverages and processed foods, also participated in the mission. The fourth member of the mission was the National Chamber of the U.S.-Arab Chamber of Commerce, which is a trade association that promotes commercial ties between the United States and the Arab world. Paralleling this wide variety of participating trade and business associations, the associations' objectives ranged considerably from, for example, trade-related aims to membership enhancement goals. The table of the next page illustrates this variety.

► *Collaborative Programs*

In order to address these objectives, the Bureau for Private Enterprise, through the Market Technology and Access Project (MTAP), arranged an exploratory trip for the four U.S. associations to Morocco and Tunisia. During this trip, the trade and business associations met with local businesses to ascertain their technical assistance needs, met with local trade and business associations to establish initial linkages and determine receptivity to and potential for further interaction, and worked with USAID to conceptualize possible vehicles for U.S. association assistance in the agribusiness sector.

The variety of trade and business associations interested in pursuing opportunities in Morocco and Tunisia points to the potential for joining these diverse, sub-sectoral interests to reach a coordinated sectoral objective. In theory, by establishing relationships with associations willing to "attack" discrete pieces of Morocco's and Tunisia's agribusiness needs, USAID may be able to devote its own resources to related but distinct aspects of these needs. Each of these pieces then would combine to achieve a sectoral goal.

U.S. Trade/Business Association	Trade and Business Association Objectives	USAID's Development Objectives
National Pizza and Pasta Association (NPPA)	To identify additional sources of inputs (e.g., tomato paste, pasta) for their members' products.	To identify potential markets for agricultural products already produced in Morocco and Tunisia.
	To establish reliable business relationships.	
	To increase the range of services (i.e., international) that the association offers its members.	
International Association of Refrigerated Warehouses (IARW)	To increase membership on a worldwide basis.	To develop private sector solutions to address the lack of refrigeration and refrigerated facilities in Morocco and Tunisia, and thereby reduce spoilage of agricultural products.
	To establish business relationships on behalf of U.S. member companies.	
Food Processors Machinery and Suppliers Association (FPM&SA)	To increase equipment sales in new markets.	To identify sources of technical services and equipment to modernize the Moroccan and Tunisian agribusiness industry.
U.S.-Arab Chamber of Commerce	To increase U.S.-based membership based on stronger linkages with Tunisian and Moroccan associations.	To foster institutional development, particularly to institutions that provide training, information-sharing and other services to their members.

► **Results**

Initial results from this trip indicate that it may be feasible for USAID to work with associations to attack "pieces" of sectoral problems. For example: three Tunisians have undergone IARW training in the United States in methods of establishing and operating a refrigeration association; trade has increased between Tunisian and Moroccan companies and the member companies of the National Pizza and Pasta Association; an FDA-style team has assessed current standards in both Morocco and Tunisia to improve the quality standards of agricultural products sold both domestically and abroad; and negotiations are on-going to establish a refrigerated warehouse with Tunisian joint venture partners.

**ASSISTING ELECTRICITY PRODUCERS WORLDWIDE:
USAID AND ASSOCIATION OBJECTIVES IN THE ENERGY SECTOR**

▶ ***USAID Objectives***

Developing countries face immense energy needs in order to spur the growth of their economies and raise the standards of living of their societies. According to Dr. James Sullivan, Director of the Office of Energy and Infrastructure in USAID's Bureau for Research and Development, the average citizen in a developing country has only fifty watts of power per day, versus approximately 3,000 watts for a citizen in the United States. This lack of available energy in developing countries indicates that \$145 billion will be needed over the next decade to address energy needs. These energy requirements have dual developmental implications -- both on the energy side and the environmental side. For instance, Sullivan stated that 50% of greenhouse gas emissions are derived from combustion of fossil fuels. Accordingly, cleaning up existing energy sources represents an additional cost to be considered when examining the financing necessary to begin to address energy needs in developing countries.

Clearly, USAID and other international donors can fulfill but a small portion of these needs. Instead, donors increasingly are turning to the private sector, while private energy companies in turn are recognizing the staggering needs, and opportunities, of developing countries. This combination of need and opportunity has led to exploration of collaborative efforts between donors such as USAID and private energy organizations. An example of such coordination involves USAID and the Edison Electric Institute (EEI).

▶ ***Trade and Business Association Objectives***

In the past, EEI focused mainly on local and state energy issues, in response to the needs of its 180 members. Recently, however, EEI and its members have begun to realize the importance of events in the international energy industry on EEI's members and their customers. There are several reasons behind this reorientation. First, as mentioned above, the international market for energy, including electric power, is enormous; this market represents not only a development need but also a commercial opportunity for U.S. electric utilities and electric equipment manufacturers. Second, many local customers of U.S. utilities have the potential to establish or expand their export sales; however, these local producers need growing economies and markets in order to sell their goods overseas.

Third, based on both developmental and business rationales, U.S. electric utilities such as EEI's members have begun to realize the importance of becoming involved with setting electrical standards in developing countries; as indicated by such phenomena as global warming, policy issues in the energy industry now necessarily are debated at a worldwide level. By assisting in developing such energy standards, electric utilities establish sound policy and regulatory structures, access the best technical resources in doing so, and promote standards that are in accordance with the products U.S. companies manufacture. Finally, EEI is well-placed to serve

both its members and organizations such as USAID in acting as a "funnel" for channeling and coordinating information, technical assistance and other activities. Overall, the experience of U.S. electric utilities is in high demand (with particular interest in U.S. experience with public policy issues, expanding competition, advanced technologies, conservation, and pollution control) but the ability to reach individual utilities is small, necessitating a coordinator such as EEI.

▶ ***Collaborative Programs***

Based on the four reasons listed above, EEI has begun to work with USAID. In the Newly Independent States of the former Soviet Union and in Eastern Europe, for instance, EEI (through its members) has provided advisors to on-going USAID privatization activities. Another larger-scale effort EEI participates in is the Utility Partnership Program, which is funded by USAID and administered by the U.S. Energy Association. The main goal of this program is to develop utility-to-utility relationships between U.S. and Eastern European energy companies; so far, approximately ten U.S. utilities are working with counterparts in Eastern Europe.

Central mechanisms of assistance include: management training; privatization expertise; exchange visits between utilities; topical programs at the regional level (e.g., plant maintenance for four Polish energy plants); and special seminars (regarding, for instance, U.S. regulations as a model for Eastern European countries, and environmental issues related to energy use and development). More recently, EEI has become involved with the Energy Industry Partnership, which is a similar program aimed at the Newly Independent States.

▶ ***Results***

In 1992 alone, the Utility Partnership Program brought more than ninety-five Eastern European utility representatives to the United States and sent more than sixty U.S. executives to Europe to exchange information.¹ In addition, EEI and USAID worked together on an EEI-initiated program, the International Power Forum, which was designed by EEI to bring forty representatives of overseas power utilities to the United States to explain their needs to sixty U.S. utilities interested in pursuing international opportunities and interaction. With regard to the Energy Industry Partnership, several important activities already have taken place although this initiative has only just begun. For instance, the Russian electricity commission participated in a study tour of U.S. utilities and decided to follow the U.S. model. As a follow-on to the study tour, the commission specifically requested EEI's assistance in privatizing the existing Russian facilities.

¹ Edwin R. Anthony, "Toward a Global Paradigm", Electric Perspectives, July/August 1993.

In a separate cooperative effort, the Department of Energy, USAID and EEI hosted leaders in the energy industry from across the NIS. During this two week seminar, which focused on private utility operations in a regulated environment, NIS leaders also had the opportunity to meet with representatives of U.S. utility companies. These meetings have produced great interest from EEI's members, and EEI is now serving as an intermediary to build individual partnerships between utilities in the United States and NIS.

**TECHNICAL TRAINING NEEDS AND A PRACTITIONER'S RESPONSE:
HUMAN RESOURCES DEVELOPMENT IN THAILAND**

► ***Objectives***

Like other trade associations, the Association of Manufacturing Technology² (AMT) tailors its services to the interests and needs of its members. Some of the services AMT offers include economics, planning, marketing, product liability, trade shows, technical seminars, risk management, technology and education. In response to its members, AMT has become more interested in international activities in recent years. As its 344 members seek to restructure and withstand the wrenching changes in the U.S. manufacturing industry, AMT and its member companies have examined more closely international markets, particularly ASEAN countries. In doing so, AMT has begun to collaborate with or seek access to various U.S. government programs, including, for example, the U.S. & Foreign Commercial Service (US&FCS) of the Department of Commerce and USAID.

► ***Collaborative Programs***

From its experience, AMT has found that one of the most fruitful means of working with the U.S. government is through an existing project that can take some of the administrative and reporting burdens off an association while at the same time permitting hands-on, technical involvement in a developing country. In particular, AMT has worked with USAID through the IMCC-managed Market Technology and Access Project (MTAP) to develop a pilot project in Thailand. The idea for the project began when, following its orientation toward services and training, AMT and five of its members decided to donate manufacturing equipment to a technical school in Thailand. Subsequently, a four point pilot program was designed, including the following components: investigation (by AMT members) of technical schools in Thailand; study tours of U.S. facilities for Thai school leaders; training of Thai teachers (in Thailand); and evaluation of activities undertaken.

The school that was selected, the Metalworking Machinery and Industrial Development Institute, educates and trains employees of small- and medium-sized enterprises that manufacture tools;

² Formerly the National Machinery and Tool Builders Association (NMTBA).

its students also may serve as a source of future teachers and trainers in this technical area. In completing the training, AMT translated all written documents (some of which are used in U.S. training) into Thai, and one AMT member translated into Thai all of the necessary computer software. AMT is currently in the evaluation stage of the pilot project and will focus on the employment benefits engendered by this education and training.

▶ **Results**

Building on this preparation and local involvement of the five members that conducted training at the metalworking machinery institute, another AMT member later was able to establish in Thailand a "greenfield site" (i.e., a piece of land where a company conducts all of its operations) using the inputs and technology locally developed by those five U.S. companies.

In a separate activity, one of AMT's members has taken the lead in developing an educational program for Indonesian manufacturers. In this program, seven Indonesian engineers (including three academics, two industry representatives, and two government ministry officials) received four months of training in gear manufacturing technology (in Rochester, NY), visited other AMT member facilities, and participated in a major technology trade fair in Chicago. Following this training, a gear center located in Surabaya is being established to produce gears for sugar mills, power facilities, conveyors, and the agricultural and petrochemical industries. AMT and USAID now are exploring means of providing coordinated follow-up assistance for this gear center.

In addition, on its own AMT has assisted the Indonesian engineers in establishing a local chapter of the Society for Manufacturing Engineers (a professional society of individual engineers with which AMT works closely). AMT and its members also have found that the close interaction encompassed in these training efforts has helped to establish greater knowledge of U.S. manufactured goods and services and has helped several members to establish a presence in the Thai and Indonesian markets.

* * *

In these three different sectors -- agribusiness, energy and human resources development -- USAID and associations have found ways to work together to reach substantive objectives important to each party. As indicated in the next section, USAID-association interaction may also have functional benefits that serve to improve the operations of both.

B. FUNCTIONAL GOALS: DOING MORE WITH LESS THROUGH PUBLIC/PRIVATE COOPERATION IN DEVELOPING COUNTRIES

As mentioned earlier, one rationale for USAID's interaction with trade and business associations is to increase the overall development impact of its scarce development resources. As demonstrated in the case studies below, working with associations: has channeled U.S. government resources through highly qualified private sector experts (without problems of favoritism toward any given companies); has prompted independent association projects with only seed funds from the government; and has achieved collaboration among normally disparate entities. These collaborative USAID-association activities are described below.

***"WHOLESALE" U.S. GOVERNMENT RESOURCES:
AGRIBUSINESS IN EASTERN EUROPE AND THE NIS***

► ***Background***

Beginning its international activities in the late 1980s, the Food Processing Machinery and Supplies Association (FPM&SA) is dedicated to helping suppliers to the food industry to market their products and services in ways that individual members could not do as effectively or efficiently on their own. In the international arena, FPM&SA's main goal is to help members export their products, a goal which FPM&SA pursues in close coordination with its 110-member International Marketing Council. On behalf of its 525 members, FPM&SA sponsors pavilions in trade shows in countries around the world, establishes working agreements with similar associations overseas in markets targeted by U.S. members, and hosts an international exposition of food processors. Over the years, FPM&SA has worked extensively and positively with various U.S. government agencies and programs, including the Department of Commerce's Foreign Buyer Program and trade shows and reverse trade missions funded by U.S. Trade and Development Agency grants.

► ***Collaborative Programs***

Recent work with the Department of Commerce includes an award to conduct the CABEE (Consortia of American Businesses in Eastern Europe) grant program, which is funded by USAID. This grant program is a three year matching funds program designed to assist U.S. companies in exporting to Eastern Europe. Through CABEE, FPM&SA has brought several delegations from numerous Eastern European countries to the United States, has opened

"AID's goal is not to help U.S. companies with their export potential but to help countries achieve sustainable development. Our own programs, while [focusing] on exports, have contributed greatly to sustainable growth. We feel that exporting [food processing] machinery is what can allow or ensure the growth of these countries, rather than keeping them on a grain pipeline from now until the year 2000 and [keeping them] continually reliant on our assistance. The machinery and supplies and products that our members manufacture give them the ability to grow on their own and develop their own technology."

*Lynn Christensen, Director of International Programs,
Food Processing Machinery & Supplies Association*

an office in Warsaw to serve U.S. food processing machinery and supplies companies, has exhibited at Poland's leading agricultural fair, and has published a directory of the Hungarian food industry. FPM&SA is also taking the lead in the Consortia of American Business in the NIS (CABNIS) grant program, which operates similarly to CABEE in that it is funded by USAID through the Department of Commerce.

FPM&SA has also participated in USAID sponsored activities, such as the recent study tour of North Africa conducted under MTAP, a Bureau for Private Enterprise project. Through this mission, FPM&SA, on behalf of its members, explored a relatively new market for the association. In three cities, Tunis, Casablanca and Rabat, FPM&SA (and the other association participants in the mission) met with private businesses, local U.S. government agency offices, and other agencies that promote business ties between U.S. and Tunisian or Moroccan companies in the food industry. Through its participation in the mission, FPM&SA has become convinced that there are considerable possibilities for interaction between its members and the members of the Tunisian and Moroccan agricultural sectors, which make up 35% and 15%, respectively, of the countries' GDPs.

► ***Results***

In working with these various government agencies, FPM&SA has defined a very clear role for itself: "wholesaling" (i.e., channeling) the informational and financial resources of government programs to its members and, vice versa, "wholesaling" the technical expertise and experience of its members to be employed in government programs. In other words, as a non-profit umbrella organization providing equal opportunity for all of its members, FPM&SA can act as an "honest broker" between government agencies, which cannot work directly with U.S. companies except on a competitive basis, and its members, which want information regarding programs and opportunities but cannot always access it on their own. With particular respect to USAID, because FPM&SA works in a key development area (i.e., machinery and services for the food industry), FPM&SA and USAID objectives blend naturally. Consequently, the association's ability to act as an intermediary between the Agency and its 525 extremely varied members may serve to establish a new, more efficient mechanism for future work in this area.

***USAID SEED MONEY SPURS QUICK ASSOCIATION ACTION:
THE PRINTING INDUSTRY IN EASTERN EUROPE***

► ***Background***

Founded in 1933, the Association for Suppliers of Printing and Publishing Technologies (NPES) is active primarily in international activities, educational programs and lobbying efforts on behalf of its 300 members. Among its international activities are: export trade promotion seminars; export marketing information tools (such as statistics, directories, distributor lists, market studies

trade leads, etc.); foreign trade exhibitions; trade missions; overseas offices and alliances; cooperative funding of trade promotion programs with U.S. government agencies; and participation in international trade policy groups.

► ***Collaborative Programs***

A recent example of interaction between NPES and a U.S. government agency, in this case USAID, occurred in May 1993, when NPES representatives travelled to the Czech and Slovak Republics, Hungary and Poland to explore the possibility of establishing a Central European Program. Through this jointly designed activity, NPES wanted to expand U.S. members' presence and exports, while USAID's objectives were to examine the potential for training and technical cooperation through NPES to the printing and publishing industries of these four countries. The specific strategic issues both organizations wanted to address during and immediately following the trip were:

- To justify and develop the scope of a potential NPES program;
- To examine what services, such as training, information and business development, might be offered;
- To develop organizational options for an NPES program (for instance, should NPES open offices in one country, in all countries, or in no countries?);
- To evaluate which members might wish to participate in the potential NPES program and how NPES might finance the program; and
- To develop an action plan for implementing the program.

Through the trip, which was closely coordinated by local trade associations, NPES discovered several facts that were crucial to the development of its own program. Namely, the association found that: because it had served the "propaganda arm" of the previous governments, the printing industry in all countries was fairly sophisticated; German and Japanese companies had already established a strong foothold, but limited niche markets for American firms still existed; and the industries needed longer-term technical cooperation. From the trip, NPES also was able to delineate more clearly the services it might provide. In the area of training, NPES anticipated needs for training in new technology, reverse training missions, internship programs, and inter-educational relationships. In the area of information, NPES wanted to pursue seminars and publications, while it saw business development opportunities in terms of providing information on U.S. companies and potential distributors.

► ***Results***

As a result of this visit, the association took quick, decisive action. Specifically, NPES decided to manage the program from the United States, using Hungary as a regional hub and working

closely with local associations; to pursue an incremental program of a series of exchanges to encourage direct linkages between companies; and to work with educational institutions. Independently, NPES then began implementation of its program. To date, NPES has: hired a Hungarian to manage activities from the United States; conducted a two day workshop in Hungary (for participants from Hungary, Poland, the Czech Republic, the Slovak Republic, Bulgaria and Romania); developed a detailed action plan; organized a visit to a trade show (with a TDA grant); established new relationships with associations, industry, technical and educational institutions; identified potential agents and distributors and specific trade leads; and identified opportunities for cooperation with other U.S. institutions.

In other words, a NPES-led program has "taken off" with only minimal financial support from USAID at the conceptual stage (i.e., the trip). Following the trip, NPES pursued the opportunities it viewed as greatest within a very short time frame -- one which few if any U.S. government agencies could match given the bureaucratic processes that often circumscribe program development. This sort of quick action demonstrates the multiplier effect that a small

U.S. government investment can have, both in furthering development of industry overseas and in assisting U.S. associations and their members to pursue opportunities around the world. Accordingly, it presents a potential new role, namely that of a financial catalyst, for USAID's work with associations.

"One of the keys for LDC development is to establish linkages to U.S. companies is to gain access to U.S. technology. Our survey research (AID-funded) has convinced us that the main way LDC companies learn is by contact with other companies, and that's really where the technology transfer takes place."

Jennifer Bremer, Director, Center for Emerging Markets, Kenan Institute for Private Enterprise

COOPERATION AMONG DIVERSE ASSOCIATIONS: ECOTOURISM IN THE SOUTH PACIFIC

► Background

One of the major objectives of USAID's Regional Office for the South Pacific is to promote long-term indigenous business development in the ten countries in which it works. A principal channel for achieving this objective is the Market Access and Regional Competitiveness (MARC) project, which focuses on developing four non-traditional sectors: wood products; processed and specialty foods; giftware, accessories and cosmetics; and ecotourism. In all of the activities, a key underlying philosophy has been promoting linkages between indigenous micro- and small-enterprises and U.S. companies or associations. In promoting ecotourism activities, USAID's specific objectives include:

- Growth and diversification of indigenous businesses such as: locally owned hotels in areas with special ecotourism attractions (often rural areas); tour operators to provide, for instance, trained local guides and transportation; restaurants and other food services; and artifact/handicraft businesses.
- Creation of a local tourism or hotel association to guide standards development, management and technology transfer, and training.
- Developing a strong constituency (i.e., ecotourism-related businesses) to ensure the preservation and enhancement of the fragile natural and cultural attractions of the South Pacific countries.
- Clearly defining the countries' ecotourism "products" in order to identify and target niche markets overseas.

► ***Collaborative Programs***

With these objectives in mind, USAID South Pacific embarked upon a trial project to ascertain the interest of U.S. trade and business associations and their members in pursuing ecotourism opportunities in the region. Through a visit to several South Pacific countries, six U.S. associations provided critical input in developing this pilot project. These associations, their primary objectives, and the assistance provided to the ecotourism project are described in the table on the next page.

► ***Results***

USAID South Pacific and the six associations derived a number of significant short- and long-term benefits from the exploratory visit sponsored by USAID. In the short-term, USAID and U.S. associations, working together, evaluated and defined potential ecotourism activities in the region, promoted hands-on interaction (including technical resources and information sharing) between local and U.S. associations, and identified developmentally sound and potentially profitable business opportunities in the ecotourism market. Continuing these collaborative efforts, USAID and associations expect long-term benefits such as: increased local employment, foreign exchange earnings and business development as local ecotourism companies work with U.S. trade and business associations to improve their operations; and institutional development as local tourism associations flourish and expand with the assistance of U.S. trade and business associations. Underlying these expected short- and long-term benefits is one unforeseen result: the benefit of having established functioning, coordinated relationships with a half dozen very different associations. Pulling together such discrete entities to work on one pilot development project may be precedential for USAID.

Trade/Business Association	Background	Assistance/Role in South Pacific Ecotourism Project
The Ecotourism Society	The Ecotourism Society is a non-profit organization dedicated to finding the resources and building the expertise to make tourism a viable tool for conservation and sustainable development.	Provided access to membership list of U.S. wholesalers of ecotourism activities; this list provided the basis for a survey of members' interest in ecotourism opportunities in the South Pacific.
Environmental Council for Renewable Energy (ECRE)	ECRE is a group of eight trade associations and groups that represent biomass, energy efficiency industries, geothermal, hydro, renewable fuels, solar and wind working together to promote international markets for renewable energy technologies.	Identified U.S. energy technology that can be utilized economically to support the development of small, suitably equipped, locally-owned hotels in remote areas with ecotourism attractions.
American Association of Retired Persons (AARP)	AARP maintains extensive relations with the U.S. travel industry in order to satisfy member requests for information on travel destinations suitable for older tourists.	Assisted in evaluating the suitability of the region as a destination for older tourists and in identifying areas for improvement of existing facilities and attractions.
Pacific Asia Travel Association (PATA)	Founded 42 years ago, PATA's objective is to develop and promote travel to and within the Pacific-Asia region by expanding the skills, opportunities, policies and conservation efforts of its members, which include all sectors of the travel industry.	Coordinated the work of local chapters and chapters in the United States to improve South Pacific ecotourism destinations and to market the region in niche markets in the United States.
Aid to Artisans (ATA)	In operation since 1976, Aid to Artisans helps artisans in developing countries to design, manufacture and sell handicrafts and giftware in the United States.	Through MARC, ATA is working with PATA to link local arts, handicraft and giftware production with ecotourism facilities.
Earthwatch	Earthwatch mobilizes paying volunteers to work with prominent international scientists on in-country team projects to conserve and enhance local cultural and natural environments.	Identified several new opportunities for conservation missions in the South Pacific.

III. OPPORTUNITIES, CONSTRAINTS AND NEXT STEPS

Through the presentation of the case studies described above and through sectorally-focused break-out sessions, workshop participants explored the key opportunities and constraints that circumscribe increased interaction between USAID and trade and business associations. These prospects and problems, which are outlined below, in turn indicate critical next steps that USAID and associations can take to further their growing relationships.

A. OPPORTUNITIES FOR USAID - ASSOCIATION INTERACTION

The descriptions of previous collaborative work and the comments of workshop participants indicate that several areas of opportunity for future coordination exist. These areas of opportunity are reflected mainly into four closely linked categories: overlap of objectives and programs; diversity of associations interested in international opportunities; associations' potential to serve as "wholesalers"; and USAID's ability to "do more with less" by coordinating with trade and business associations.

◆ *Overlap of Objectives and Programs*

This workshop has underscored a key fact: USAID and association objectives (and the programs implemented to achieve them) are in accordance to a significant degree. Associations are interested in sectors critical to USAID's development goals, including agribusiness, energy, environment, human resources development, and industrial development. Moreover, trade and business associations are interested in and already provide services through programs that mirror principal tools of USAID development projects. For example, associations develop and implement:

- Training programs;
- Research and development of appropriate standards, policies and regulations;
- Development of "twinning" relationships to further the institutional development of local associations; and
- Technical assistance programs to improve company-level operations in such areas as quality control, financial management, packaging, etc.

Not every trade and business association offers this full range of programs and, of course, on individual bases associations' sectoral focuses vary significantly. However, in the United States, there are trade and business associations that represent nearly the entire range of sectoral and sub-sectoral focuses of USAID programs. Accordingly, in planning activities for a given sector or sub-sector, USAID could work with the relevant associations to determine what services they already provide, thereby maximizing the complementarity between these independent, on-going association activities.

◆ ***Diversity of Trade and Business Associations Interested in International Activities***

As just mentioned, the variety of associations interested in international activities is enormous, and each trade and business association develops services and programs designed to be responsive to its members' needs. This diversity presents a significant new pool of resources and partners that USAID might tap. However, in attempting to take advantage of this opportunity, USAID must recognize that associations are a heterogenous community of philosophically similar but programmatically diverse organizations. Accordingly, a format for interaction with one association may not work well with another because of differences in membership, objectives or orientation of services. As indicated in the box below (which highlights the trade and business associations that participated in the workshop's agribusiness break-out session), there is a great diversity of focuses and international interests. As also indicated in the box, associations of all types -- professional associations, "traditional" trade associations, and special interest associations -- have objectives compatible with USAID aims.

A Sample of U.S. Associations and Their International Interests (from the workshop's agribusiness break-out session)	
<u>Trade/Business Association (and Type of Association)</u>	<u>Key International Interests/Programs</u>
Association of Food Industries (Trade Association)	→ Developing and assisting complementary associations overseas.
National Food Processors Association (Trade Association)	→ Developing appropriate policies, standards and regulations; implementing training programs; and conducting research.
Citizens Network for Foreign Affairs (Special Interest Association)	→ Acting as a facilitator, or "wholesaler" for the international activities of other associations.
U.S.-Arab Chamber of Commerce (Trade/Special Interest Association)	→ Promotion of two-way trade in a specific region (the Near East).
Institute of Packaging Professionals (Professional Association)	→ Promotion of trade and training in packaging technologies.

◆ ***Ability of Trade and Business Associations to Serve as "Wholesalers"***

A central advantage of working with associations is the fact that most associations represent dozens or hundreds of U.S. companies. This fact means USAID "inherits" several advantages when working with trade and business associations. These advantages include:

- ***Alleviation of Competitiveness Issues*** -- It is difficult for USAID to work directly with individual U.S. companies on any other basis besides free and open competition. When USAID works through an association, which normally are

bound by their mission statements to provide equal opportunities and services to all members, USAID itself does not have to choose among individual companies and instead relies on a neutral source to choose appropriate organizations.

- Access to Up-to-date, Hands-on Technical Assistance Resources -- In collaborating with associations, USAID can avail itself of technical experts (from both the association and member companies) who are well-versed in today's technology and operational procedures in a wide variety of sectors and sub-sectors. These experts can assist USAID in designing appropriate strategies for activities in various sectors and provide direct technical advice to organizations in developing countries.
- Improved Outreach and Information Sharing -- When USAID works with one trade and business association, it is really working with all of the associations' members, because a central function of trade and business associations is to inform all members of potential opportunities and programs. Accordingly, USAID can reach a large network of small-, medium- and large-scale firms interested in expanding developmentally-oriented activities in USAID-assisted countries but still work directly with only one organization.

◆ *The Ability to "Do More with Less"*

A clear example of how associations allow USAID to do more with less was offered by the NPES-USAID interaction described earlier. In that example, USAID sponsorship of a study tour of four countries spawned an independent NPES project with clear development benefits in terms of expansion of the private sector, technology transfer, employment, training for host country nationals, and increased trade. In other words, a very small investment was multiplied significantly when a U.S. association recognized the potential to be reaped from devoting investment of its own in key sector of a USAID-assisted country. There are several other ways in which USAID-association interaction can help the Agency maximize the use of its scarce resources. For instance, as described above, many associations already have designed programs and services that can be applied overseas. In working with associations, USAID gains access to these specialized services and eliminates the need to devise services of its own.

B. CONSTRAINTS TO USAID - ASSOCIATION INTERACTION

In addition to the opportunities outlined above, the workshop also revealed several important constraints that affect future interaction between USAID and associations. These constraints include: a lack of mutual understanding between USAID and trade and business associations; lack of coordination among U.S. government agencies; and the "opportunity costs" that associations incur in working with USAID.

◆ ***Lack of Mutual Understanding between USAID and Trade and Business Associations***

One of the most prominent and clear messages sent by participants in this workshop is that USAID and associations lack information about each other and therefore do not fully understand each other's objectives and programs in the developing world. For instance, many trade and business associations lack basic information regarding USAID: what are USAID's primary activities?; is USAID funding available for collaborative efforts?; and how can associations access such funding? While sources of information on these subjects, such as the Center for Trade and Investment Services, do exist, many trade and business associations are unaware of such resources. On the other hand, USAID lacks knowledge of the full range of associations and their programs relevant to development efforts in USAID-assisted countries; as a result, USAID may not perceive the many differences within the association community. Even the terminology employed can cause confusion, as USAID and associations may define the same terms in entirely different ways. Moreover, this lack of understanding leads to lingering distrust between USAID and associations resulting in, for example, trade and business associations often feeling that they are the "junior partners" when working with USAID. While the workshop served to increase mutual understanding, there remain significant information gaps to be tackled.

◆ ***Lack of Coordination Among U.S. Government Agencies***

Beyond misunderstanding in USAID-association relations, there is a larger issue that affects the potential for greater association involvement in developing countries. This issue is the lack of coordination among U.S. government agencies. Trade and business associations that want to develop joint or shared activities with government agencies find that it is difficult to identify the "right" partner for a given activity. Most importantly, associations have found that various government agencies lack knowledge of each other's resources and programs. Thus if a trade and business association approaches one agency, and that agency is not the appropriate agency, they may face a "dead end" unless they expend the effort to research the programs available at each potentially appropriate agency. The lack of shared information or coordinated programs among U.S. government agencies thus makes it more difficult -- and more expensive -- for associations to access the very programs that are intended to assist them.

◆ ***The "Opportunity Costs" of Interacting with a Bureaucracy***

The workshop also highlighted a number of logistical and administrative difficulties that arise when two types of organizations, such as associations and USAID, begin to work together. For instance, many trade and business associations are not used to the paperwork involved in working with government agencies. USAID's contracting procedures appear to associations to require significant amounts of money and time; likewise, reporting and monitoring requirements also consume considerable time, energy and money. The cost of such activities are serious considerations for associations.

In providing technical assistance to USAID-assisted countries, trade and business associations face an additional opportunity cost: it is often difficult to take technical experts away from

member companies or the association due to their other responsibilities. Moreover, if the USAID time frame for such an activity changes, a trade and business association expert may be unable to change his/her schedule accordingly because, unlike a traditional USAID consultant, the association expert's primary responsibility is to the association or member company rather than USAID. Issues such as these may impose logistical difficulties to conducting collaborative USAID-association efforts.

C. NEXT STEPS

Together with the case examples of activities to date, the opportunities and constraints described above suggest a number of steps that could be taken to improve future USAID-trade and business association activities. These steps include: developing mechanisms for better information exchange, both between USAID and trade and business associations as well as between USAID and other government agencies; examination of models of past USAID-association interaction; and a number of programmatic options for future interaction. Potential components of these next steps are highlighted below.

◆ *Improved Information Exchange between USAID and Trade and Business Associations*

A number of mechanisms for improving information exchange between associations and USAID were mentioned during the workshop. A key suggestion was the creation of an Association Council that would serve to coordinate interaction with USAID. Similar to the tactics employed by U.S. cooperatives when they decided to increase their collaboration with USAID, this group approach was heralded as one of the best ways to get USAID's attention. A second recommendation for improved information exchange was better "marketing" of USAID's existing information facilities, such as CTIS; in fact, such marketing is central to the planned next phase of CTIS activities, which includes a more proactive, rather than reactive, role in reaching the U.S. business community. Yet a third suggestion was to develop a directory that catalogues overseas associations in key development sectors, so that both USAID and trade and business associations have easier access to potential partners and counterparts overseas.

◆ *Improved Coordination Among U.S. Government Agencies*

Improving coordination among U.S. government agencies is clearly a longer term goal that involves many organizations besides associations and USAID. However, the interaction to date between USAID and associations (as well as trade and business associations' separate involvement with other U.S. government programs) has highlighted the need for serious and sustained efforts to improve such coordination. A recent report on trade-related activities by the Trade Promotion Coordination Council (TPCC) may outline specific steps which might help to enhance inter-agency coordination in dealing with the association community.

◆ *Examination of Past Models of Interaction*

The activities already jointly undertaken by USAID and associations have occurred in a variety of forms. Trade and business associations have developed unsolicited proposals that have resulted in grants for specific activities; associations have prepared proposals for competitively-bid contracts and served as "prime contractors"; and associations have collaborated with consulting firms on competitively-bid proposals and worked with consulting firms through existing contracts. All of these mechanisms have advantages and disadvantages. For instance, unsolicited proposals target specialized areas of mutual interest, but may be difficult for USAID to evaluate and fund. Competitive bidding for proposals by associations ensures maximum association involvement in technical assistance activities but encumbers associations with the sometimes onerous and time consuming reporting and monitoring requirements. Bidding with or working through consulting firms alleviates some of these "opportunity costs" but places distance between the trade and business association and USAID. Nevertheless, because these past methods of interaction point to models that might be employed, it may be useful to examine them further.

◆ *Programmatic Options*

As indicated by the comments related in the box to the right, it is clear that this workshop piqued the interest of both associations and USAID in how they might coordinate activities in the future. One option for such future work is a follow-up workshop designed to investigate some of the "nuts-and-bolts" of how and in what specific areas USAID and associations might work together. A key area to be encouraged in such a workshop is interaction between trade and business associations themselves so that they can learn from one another.

"I came here hoping that AID was going to give me a silver bullet to make it very easy [to work with agricultural associations overseas], but I found out that today was just the beginning ... [through the workshop] I've come to understand AID and how it operates a little better, and I hope AID understands trade and business associations a little better."

Richard Sullivan, Association of Food Industries

For example, in this workshop such exchange of experiences began as Andy Benson of the Packaging Machinery Manufacturers Institute asked Lynn Christensen of FPM&SA to expand on what FPM&SA had learned about working with the U.S. government, particularly as to what government agencies require in terms of reporting activities, accounting for funds, demonstrating and enumerating results, as well as in terms of how to elicit critical information from associations' own members. However, because each trade and business association has had a different experience, the lessons they can learn from each other, through such means as future workshops, are significant.

Another option that USAID and associations might pursue is a series of sectorally-focused workshops in such key development areas as agriculture/agribusiness or manufacturing. Through a workshop focused on one sector, USAID would acquire knowledge of the breadth of sub-

sectoral, private sector expertise available in important development areas and be able to begin to incorporate such expertise in its future programs. Likewise, trade and business associations in these sectors or sub-sectors would develop a better idea of how they can work with USAID.

A third option for action is establishment of an Association Council, as mentioned earlier. Such a council would serve both USAID and associations as it would provide a central organizational body through which information about resources and needs requirements could be channeled as well as an entity to lead the way in defining new means for working together. Another way for USAID to improve communication is for the Agency to make special presentations on programs of material interest to key umbrella organizations such as the American Society of Association Executives, the Council of Engineering and Scientific Society Executives, or the National Association of Manufacturers.

Finally, USAID may wish to continue to sponsor pilot efforts involving associations through centrally-funded projects such as MTAP. Continuing such pilot efforts will serve not only to refine the methodology and processes for working together, but also introduce missions around the world to the possibility of working with this relatively new actor.

* * *

This workshop's presentation of past interaction between USAID and associations, as well as the opportunities, constraints and next steps derived from these case studies, offers much "food for thought" regarding the potential for future collaboration. As USAID continues to refine the role it will play and the mechanisms it will employ to achieve sustainable development objectives, the dialogue begun at this seminar should prove useful.

ANNEXES

ANNEX 1

WORKSHOP AGENDA

"Industrial Development: The Experience of NPES, The Association for Supplies of Printing and Publishing Technologies (Central Europe)"-- Steve Graubart, Consultant, IMCC

"Environment, Natural Resources, & Ecotourism (South Pacific)"-- Lance Marston, Director of Trade and Investment, IMCC

12:00 - 12:15 pm

Question & Answer period

12:15 - 1:15 pm

Working Lunch

Speaker:

"A Model for Success: AMT Experiences in Thailand"-- Chet Maccio, International Marketing Director, Association of Manufacturing Technology

1:15 - 1:30 pm

Charge to Workshop Sessions

"Lessons Learned from Past and Current Programs: Matching Association Interests and AID Development Goals"-- Gary Vaughan, A.I.D., and Lance Marston, IMCC

1:30 - 1:45 pm

Move to breakout locations (Rooms: Ravensworth East, Center, & the Tidal Basin)

1:45 - 2:45 pm

Breakout Workshop Sessions

Group I: Agribusiness:

Group II: Industry Development and Infrastructure

Group III: Environment, Natural Resources, & Ecotourism

2:45 - 3:00 pm

Coffee Break and Return to Plenary Session

3:00 - 3:30 pm

*Workshop Moderator Presentations
(Prospects and Conditions for Future Collaboration)*

3:30 - 4:15 pm

Commentator Response (including Q & A)

Commentators:

2 presenters from trade associations

2 reactors from USAID (John Wilkinson, Acting Assistant Administrator of the Private Enterprise Bureau, A.I.D. and Dennis Chandler, Acting Assistant Administrator of the Near East Bureau, A.I.D.)

4:15 - 4:30 pm

Closing Comments

4:45 - 6:00 pm

Cash Bar Reception

ANNEX 2

LIST OF SEMINAR ATTENDEES

Workshop Participants

Bassam Abushakra *U.S.-Arab Chamber of Commerce*
Edwin Anthony *Edison Electric Institute*
Bill Arey *Pacific Asia Travel Association*
Bill Baroody *U.S.-Saudi Arabian Joint Commission*
Cliff Barton *Interamerican Management Consulting Corporation*
Andy Benson *Packaging Machinery Manufacturers Institute*
Dyanne Branand *Robert Branand International*
Jennifer Bremer *Kenan Institute for Private Enterprise*
John Callebaut *Philippines-U.S. Business Committee*
Alex Carpenter *Citizens' Network for Foreign Affairs*
Dennis Chandler *Near East Bureau, A.I.D.*
Lynn Christensen *Food Processing Machinery and Supplies Association*
Katie Dold *U.S.-Russia Business Council*
Ghaleb Faidi *U.S.-Arab Chamber of Commerce*
Swarupa Ganguli *World Environment Center*
John Godden *OSDBU, A.I.D.*
Steve Graubart *Interamerican Management Consulting Corporation*
Jim Grossman *Europe Bureau, A.I.D.*
Tom Hall *U.S. Department of Energy*
Eric Hanson *U.S.-Saudi Arabian Joint Commission*
Valerie Herzfeld *Office of External Affairs, A.I.D.*
Angelo Iasiello *American Consulting Engineers Association*
Jill Bezek Jones *Trade Development Agency*
Susan Kunz *Edison Electric Institute*
Chet Maccio *Association of Manufacturing Technology*
Lance Marston *Interamerican Management Consulting Corporation*
Ron Maxim *Sea Land Service, Inc.*
Cressida McKean *Center for Development Information and Evaluation, A.I.D.*
Barbara McMurray *Kenan Institute for Private Enterprise*

Tom Mehen Research and Development Bureau, A.I.D.
Tim Miller Asia Bureau, A.I.D.
Jerry Morse U.S. Department of Commerce
Bill Pflaum *Institute of Packaging Professionals*
Eric Price *Bankers' Association for Foreign Trade*
Kenneth Prussner Near East Bureau, A.I.D.
Shirley Pryor Research and Development Bureau, A.I.D.
Amy Relyea *National Food Processors Association*
Bob Richardson Office of Procurement, A.I.D.
Anne Riederer *RCG/Hagler Bailley, Inc.*
Laurie Root *Institute of Packaging Professionals*
John Ryan *U.S. Export Council for Renewable Energy*
Colleen Schmidt *NPES, The Association for Supplies of Printing and Publishing Technologies*
John Secondari *Interamerican Management Consulting Corporation*
Robert Sherman *Sherman Associates*
Peggy Shriver *Pacific Asia Travel Association*
Melissa Skelton *Interamerican Management Consulting Corporation*
Jennifer Snyder *American-Turkish Friendship Council*
Jim Sullivan Research and Development Bureau, A.I.D.
Ralph Sullivan *Water and Wastewater Equipment Manufacturers Association*
Richard Sullivan *Association of Food Industries*
Gary Vaughan Near East Bureau, A.I.D.
Paul Vinogradov *Citizen's Network for Foreign Affairs*
John Wilkinson Private Enterprise Bureau, A.I.D.
Jack Williamson *Air and Waste Management Association*
Marc Winter Near East Bureau, A.I.D.

ANNEX 3

BIOGRAPHIES OF SPEAKERS AND MODERATORS

WORKSHOP PRESENTERS

Edwin Anthony

Mr. Anthony is Vice President for Corporate Affairs and Member Services at the Edison Electric Institute (EEI), the association of investor-owned electric companies. His responsibilities include oversight of EEI's member relations program, international affairs, annual convention and other major meetings, as well as EEI's board and committee organization. The Institute develops and manages studies and training programs in engineering, fuel supply, the environment, management, customer service, marketing, and other areas to help member companies improve operations, manage costs, and enhance employee resources.

Cliff Barton

Dr. Barton serves as the Executive Director for the Trade and Technology Services Group of the Interamerican Management Consulting Corporation (IMCC), co-sponsor of today's workshop. IMCC provides consulting, project management and business development services to both corporate and governmental clients. IMCC manages a variety of publicly-funded economic development projects around the world, many of which have included activities involving trade associations. Dr. Barton is currently serving as the project director for the USAID-funded Market and Technology Access Project (MTAP), which has played a pioneering role in exploring ways in which USAID and U.S. trade associations could collaborate in undertaking business development and technology cooperation programs in key developing country markets.

Dennis Chandler

Mr. Chandler is presently Special Coordinator for the Middle East Peace Process and former Deputy Assistant Administrator for the Near East Bureau at the U.S. Agency for International Development. He has held a number of senior foreign service positions in the Agency, including Missions director positions around the world, most recently in Morocco. The Near East Bureau includes programs in Tunisia, Morocco, Jordan, Yemen, Oman, Lebanon, West Bank-Gaza, and the Agency's largest programs in Israel and Egypt.

Lynn Christensen

Ms. Christensen, Director of International Programs for the Food Processing Machinery and Supplies Association (FPM&SA), has become a veteran of government-sponsored programs abroad. The FPM&SA has been operating internationally for several years, and most recently participated in a trade development project to Morocco and Tunisia with representatives of several other associations. Among them were the National Pizza and Pasta Association, the International Association of Refrigerated Warehouses, and the U.S.-Arab Chamber of

Commerce. The case studies presented by both Ms. Christensen, and John Secondari of IMCC, will expand upon the experience of this particular trip, as well as the many other international programs which Ms. Christensen supervises at FPM&SA.

Steve Graubart

Mr. Graubart is an international business development specialist who has served as a senior consultant on many of IMCC's international trade and technology projects. Most recently, he helped organize an assessment mission to Central Europe composed of representatives of NPES, the Association for Supplies of Printing and Publishing Technologies. This mission was responsible for developing a strategy and action plan for NPES to establish a Center for Printing and Graphics Communications in Budapest, that would support the efforts of NPES and its members to speed the introduction of new U.S. printing technologies to Eastern and Central Europe.

Chet Maccio

Mr. Maccio serves as the International Marketing Director for Asia for the Association for Manufacturing Technology (AMT). AMT represents U.S. manufacturers of machine tools and related equipment, including computers and software. Over the past several years, AMT has led the U.S. trade association community in developing aggressive and innovative international programs. AMT conducted the first industry-organized, government-approved trade missions to China and the former Soviet Union and was the first trade association to gain for its members an Export Trading Certificate. AMT is currently collaborating with USAID and the Trade and Development Agency (TDA) to undertake trade development and technology cooperation programs in the ASEAN region.

Lance Marston

Also a member of the IMCC team, Mr. Marston has extensive experience both in government and private sector business. He served as a Vice President for Harbridge House/Sears World Trade and later the Hay Group. In 1988, Mr. Marston was appointed Director of the Private Sector Office for A.I.D.'s Bureau for Asia, Near East, and Europe. Since 1991, he has been managing IMCC's trade and investment program, and specifically the Market Access and Regional Competitiveness (MARC) project, and USAID-sponsored program in the South Pacific which has worked closely with several trade and business associations.

John Secondari

Mr. Secondari, an international business development and training specialist, has served as a senior consultant on a number of IMCC's trade development projects. He formerly served as a senior management consultant with Ernst and Young, in both their Singapore and Washington offices. Recently, in conjunction with IMCC's activities under MTAP, Mr. Secondari was responsible for organizing and managing the Market Technology and Access Project's trade

development program for Tunisia and Morocco involving several associations, including FPM&SA, the National Pizza and Pasta Association, the International Association of Refrigerated Warehouses, and the U.S.-Arab Chamber of Commerce.

Gary Vaughan

As a Private Enterprise Officer for USAID's Near East Bureau, Mr. Vaughan manages programs in trade and investment promotion and financial markets. He has coordinated or helped develop a variety of conferences for USAID, including a March 1993 program on "State-Federal Cooperation in Promoting Business and Development in Emerging Markets" and an inter-agency seminar series in 1992 entitled "Trade and Investment Strategies for Emerging Markets." Mr. Vaughan has served as a Foreign Service Officer for fourteen years, and in that capacity, managed projects in agribusiness and trade association development in Latin America.

John Wilkinson

Mr. Wilkinson is the Acting Chief for Economic Growth in USAID's new Global Bureau. In this position, he directs outreach to the U.S. business community, oversees the activities of the Center for Trade and Investment Services, and is responsible for new initiatives supporting the development of private sector activities in less-developed countries. His USAID career has also included service with several international programs and policy bureaus. Mr. Wilkinson has twice received the Agency's Superior Honor Award, as well as several military decorations for service in the U.S. Air Force.

ANNEX 4

EXAMPLES OF PREVIOUS EXPERIENCE WITH TRADE ASSOCIATIONS:

The Market Technology and Access Project
1993 MTAP Survey of Trade and Business Associations
The CNA-AID Trade Association Partnership Conference

Trade Association Programs under the Market and Technology Access Project (MTAP)

One of the principal R&D activities under the PRE-funded Market and Technology Access Project (MTAP) has been an effort to identify ways in which USAID could collaborate with U.S. trade associations to undertake mutually beneficially business development programs in selected developing countries.

During the initial phase of this program, in November 1990, IMCC -- the Research and Technical Services Contractor under MTAP -- surveyed approximately 30 trade associations to assess the nature of their international programs and to identify potential areas in which they might be interested in collaborating with USAID programs. This survey¹ helped to identify a number of areas in which there was a potential for collaboration, including: the development of in-country training programs that help acquaint developing country firms with the characteristics and benefits of U.S. equipment and technologies in selected industries; study tours and other training efforts in the U.S. that expose developing country entrepreneurs to U.S. technologies and help foster closer business relationships; the promotion of sister-association programs that strengthen the capacity of associations and their member firms in developing countries to interact with their U.S. counterparts; and various types of information dissemination programs to help U.S. businesses identify new trade and investment opportunities in developing country markets.

The second part of the MTAP program involved developing model technology cooperation and trade development programs with selected U.S. associations interested in undertaking business development activities in Southeast Asia, the Middle East, and Central Europe.

The development of model programs involved two steps. The first step consisted of IMCC staff and U.S. association representatives conducting field assessments of new program opportunities in selected countries or regions. The second step was to conduct field tests of particular model programs with trade associations, using MTAP core funds and/or USAID mission or regional bureau funds.

The following assessments were carried out under this phase of the MTAP activities:

ASEAN Region:

1. Opportunities for technology cooperation and trade development programs in the area of manufacturing technology (particularly for Thailand and Indonesia). (Conducted jointly with the Association for Manufacturing Technologies (AMT))
2. Technology cooperation and trade development prospects for the printing, publishing, and information technologies industry in Thailand and Indonesia. (Conducted jointly with NPES)

¹ "Survey of Representative Industry and Trade Associations: Opportunities for Collaborative Business Development Efforts with USAID", by R. Williams, F. Thomas and C. Barton, IMCC, November 1990.

3. Program opportunities for U.S. plastics equipment manufacturers in Thailand and Indonesia. (In conjunction with the Society for the Plastics Industry -- SPI)
4. Technology cooperation and training opportunities in Thailand and mainland Southeast Asia for asphalt road construction and road construction testing equipment (International Road Federation and the Asphalt Institute).

Central Europe:

1. Assessment of program opportunities for establishing a U.S.-Central European Center for Printing, Publishing, and Information technologies (with NPES).

Middle East:

1. Opportunities for engaging U.S. food industry associations in agribusiness development programs in Morocco and Tunisia. (Assessment conducted in cooperation with the Food Processing Machinery and Supplies Association (FPM&SA), the International Association of Refrigerated Warehouses (IARW), the National Pizza and Pasta Association (NPPA), and the National US-Arab Chamber of Commerce.)

As a result of these assessments, the participating associations were able to identify a number of program opportunities in these various countries and were able to formulate strategies to implement particular sets of activities.

Due to time and funding constraints, MTAP was able to support only one complete field test of a pilot association program. However, this program, carried out in Thailand by the Association for Manufacturing Technology, has produced some very positive initial results, including significant new sales for participating AMT member companies (in excess of \$3 million), and new training opportunities for Thai metal working companies. AMT plans to carry out a similar program in Indonesia with funding support from USAID/Jakarta.

In the Middle East program, MTAP provided funding support for one follow-up visit after the initial assessment. During this trip, association representatives and their member firms were able to conclude sales agreements with Tunisian and Moroccan firms in excess of \$15 million. The participating U.S. industry associations and their local counterparts in the two countries are planning additional activities to promote ongoing institutional and business relationships to capitalize on the opportunities that were identified in the initial assessment mission.

As a consequence of its work with U.S. trade associations in developing technology cooperation and trade promotion programs, MTAP has helped to establish the foundation for a new thrust for the U.S. foreign assistance program, demonstrating ways in which AID collaboration with the U.S. private sector can directly assist U.S. exports and international competitiveness in ways that are consistent with AID's traditional concerns with supporting developing country interests in improving their access to new technologies and developing their human resources.

1993 MTAP Survey of Trade and Business Associations

The following survey was sent to approximately 50 associations to assist in the development of today's program. Approximately 30 % of those associations took the time to answer, and their responses are summarized below:

1. *The role of associations in sustainable development*

a. Has your association worked in a developing country(ies)? (If so, please name.)

ASEAN region (Thailand, Malaysia, Indonesia)

Belize

Brazil

**Caribbean Region (inc. Bahamas, Barbados, Dominican Republic
Jamaica, Trinidad/Tobago)**

China

Costa Rica

Czech & Slovak Republics

El Salvador

Guatemala

Honduras

Hungary

India

Japan

Korea

Madagascar

Mediterranean Europe

Mexico

NIS/Russia

Panama

Philippines

Poland

South Pacific Region (Fiji, Tonga, Cook Islands, Western Samoa)

Taiwan

Venezuela

b. If yes, in what context? (Business development, institutional strengthening, trade shows, etc.)

Business development, particularly for members

Marketing

Product development

Research

Seminars and conventions abroad

Technology transfer

Trade shows & trade missions

Training and institutional strengthening

c. In your judgement, was this (or were these) experience[s] valuable to both your association and to the country involved? (Please explain briefly.)

Yes - 10 No - 0

Specifically, some of the reasons you considered the experience valuable:

"We have developed growing export business..."

"Increased business activities by our membership; the opening of an office in China..."

"New key contacts for future trade development providing information in the marketplace and its potential to our members"

"Exposure"

"Meetings have led to business ties between our members and overseas suppliers..."

"[We] were able to assess market potential, competition, and opportunity, and were able to develop a marketing strategy for the countries visited."

2. *Requirements for participation in sustainable development programs*

In order for the government and associations to establish and maintain a working relationship for business development programs in developing countries, certain minimum requirements and objectives must be met by both parties.

a. Would you agree that the following are the *minimum* requirements for your participation in such ventures?

- i. Some form of government funding support is required for our association to participate in or conduct work in developing countries.
- ii. Any participation must provide direct and near-term benefits for members.
- iii. Any participation should look toward the development of longer-term business networking that would aid members of our association.
- iv. A twinning relationship with an indigenous trade association enhances our market position in the host country.

Most respondents agreed to these requirements, particularly i. and iii.

b. What other requirements or objectives would you add and why?

"Develop a means for associations to guide/counsel their membership in acquiring a thorough working knowledge of how to access EX-IM, OPIC, UNIDO funding."

"Market research information on potential for our industry..."

"That the developing country have the capacity to meet the quality and quantity requirements of the U.S. market..."

"Government support be timely, well-programmed, prompt, and fully committed over life of project"

"That activities be industry-led, government-approved"

3. *Government experience and relationship*

If your association has previous experience with government contracting or grant work...

a. Was your government engagement a U.S. export-oriented project? Yes - 7

or

b. Was it designed to facilitate indigenous business or association growth or export to the U.S./North America? Yes - 4

or

c. Was your engagement designed to build co-ventures with indigenous businesses? Yes - 3

[Note: The associations responding positively to this question spanned the spectrum of environmental, manufacturing, wood products, and professional associations.]

4. *Evaluation criteria for government experience*

Did your engagement with AID require a formal evaluation to determine benefits:

a. to your membership? Yes - 5

b. to USAID (or whatever government agency was involved)? Yes - 4

c. to the developing country? Yes - 4

5. *Value of government experience*

Has your government work in developing countries resulted in sustainable developmental and commercial benefits to:

a. Your membership? Yes - 6

b. The indigenous business and/or association(s)? Yes - 7

6. *Your response*

Are there other issues [pertaining to the possible relationship between government donor organizations and trade associations in sustainable development] that you think need to be addressed by this workshop? Please explain.

"Define and explain government donor organizations."

"Objective priorities of potential market opportunities, not a 'scattergum' approval"

"[We] lost credibility with industry associations in developing countries when we had scheduled business development activities under USAID-funded projects, which had to be delayed or canceled when USAID-final approvals in Washington or in missions weren't given."

"Cultural differences--situations must be viewed through the eyes of the people the activity is seeking to help and not seen as if they were located in the U.S..."

[*Please note that all direct quotes are a representative sampling of responses. This is not a comprehensive list of comments from respondents.]

THE CITIZENS NETWORK AGRIBUSINESS ALLIANCE-USAID TRADE ASSOCIATION PARTNERSHIP CONFERENCE

On July 21, 1992, the Citizens Network Agribusiness Alliance (CNAA) in conjunction with the Near East Bureau of the U.S. Agency for International Development (USAID) co-sponsored the CNAA-AID Trade Association Partnership Conference. The conference was developed under the premise that U.S. agribusiness trade associations and their members can be a vital resource in the development process. Under this hypothesis, U.S. agribusiness trade associations can provide assistance that encompasses both the economic and political spheres. In the economic sphere, U.S. agribusiness trade associations and their members can: provide technical assistance in management and economics; further trade and investment; and identify business opportunities. In the political arena, U.S. agribusiness trade associations can assist in developing pluralistic, representative, and democratic principles by establishing local trade associations or helping existing trade associations to serve their members' needs and as a voice for those needs.

The specific purpose of the CNAA-AID Trade Association Partnership Conference was to foster a constructive and open dialogue between USAID and U.S. agribusiness trade associations on the opportunities and challenges of working together in genuine public-private sector collaboration in U.S. development programs. Participants included nineteen USAID officials, twenty-one representatives of agribusiness trade associations, and one official each from the U.S. Department of Agriculture and the Trade and Development Program.

The discussion at the conference centered on some of the key considerations that agribusiness trade associations follow in working with USAID. First, agribusiness trade associations emphasized that their primary responsibility is to their members and, thus, any collaborative program must provide clear benefits to the membership. Second, although many are non-profit organizations, agribusiness trade associations are faced with limited budgets and therefore expect to be reimbursed for the services they provide. Third, because their resources are limited, agribusiness trade associations would like to be involved only in projects that are well-defined, focused and "do-able". Fourth, agribusiness trade associations are action-, rather than study-, oriented and expect collaborative programs to follow this guideline. Fifth, agribusiness trade associations hypothesized that working together as a group may be a promising avenue.

A number of options for working with USAID were presented. The number one response given at the conference was training. Training is a very focused function which is attractive to both USAID and trade association memberships. The trade associations' established technical curricula can, with minimal effort, be tailored to fit the specific country in question. Moreover, training serves a key development need as it is an important first step in the long term process of forming indigenous trade associations. Trade associations also can help to open in-country training centers and hold educational meetings and seminars.

The conference participants concluded that U.S. agribusiness trade associations possess abilities and capabilities which can contribute to USAID's development efforts. However, participants also noted that there are many issues which need to be addressed as agribusiness trade associations and USAID begin to work together. Participants at the conference hoped that the meeting would serve as a predecessor to launching pilot projects aimed at achieving mutual USAID and agribusiness trade associations objectives.

ANNEX 5

THE MARKET DEVELOPMENT COOPERATOR PROGRAM
(Department of Commerce)

MARKET DEVELOPMENT COOPERATOR PROGRAM

During the election campaign, President Clinton repeatedly called for a partnership between the private sector and the Federal Government to cure the nation's economic ills. At his news conference nominating Ronald Brown to be Secretary of Commerce, then President-elect Clinton said that "there must be a national economic strategy with Government as a partner with industry...only with such a partnership can we ensure success."

In a recent speech, Secretary Brown reiterated the same theme by calling for "...a new partnership between the public and private sectors, whose centerpiece is a broad, concerted effort to break down barriers American exporters face overseas so that [businesses] really have an opportunity to compete."

The *Market Development Cooperator Program (MDCP)* is one of the first, if not the first, new programmatic embodiments of this policy shift toward real public/private partnership in the manufacturing sector of the economy.

As stated in authorizing legislation, the objective of the MDCP is

- to develop, maintain and expand foreign markets for nonagricultural goods and services produced in the United States.

As part of the conceptual development of the program, however, we have tried to be more ambitious. The MDCP also seeks to achieve the following additional objectives designed to meet national goals outlined by President Clinton in speeches during and after the Presidential campaign:

- to underwrite innovative private sector market development ideas leading toward a productive pooling of Federal and non-Federal market development resources and the creation of new and lasting Commerce Department/private sector market development partnerships;
- to maximize outreach to those small and medium size companies capable of expanding into new markets or capable of increasing market share in present markets;
- to leverage scarce Federal Government export promotion resources on states and private sector organizations to create a network of private or quasi-private service providers.

Operationally, the MDCP builds partnerships by first recognizing that U.S. industry knows best what needs to be done to achieve success in particular foreign markets. Using this information as a starting point, an industry trade association or other eligible entity then develops a strategic plan encompassing a one-to-three

year program of activities designed to increase or maintain market share in a selected overseas market or markets. Also included in each strategic plan is a description of the role the Federal Government must play to help ensure the ultimate success of the industry's strategy and tactics.

This strategic plan becomes the centerpiece of the organization's application for Federal assistance under the MDCP. The Department of Commerce conducts a competitive review of applications to select proposals that both have the best opportunity to achieve significant export sales within the three year timeframe and beyond and that will result in permanent, productive public/private partnerships.

Once a cooperative agreement is concluded between each eventual award winner and the Department of Commerce, the International Trade Administration assembles a project team to carry out the Federal Government's defined role in each project.

To test the viability of the program concept, the Department of Commerce conducted a pilot program in FY 1993 with only trade associations and nonprofit industry organizations eligible to apply for cooperative agreements. In future competitions, we hope to include all eligible entities mentioned in the authorizing legislation (state departments of trade and other state-related organizations, world trade centers, universities, etc.).

Organizations representing any industry or industry subsector were invited to submit applications. Organizations were permitted to target any market in the world. While it was expected that proposed projects would entail an overseas presence, program guidelines made allowance for activities to take place in the United States if it was deemed necessary for the project's success.

Each applicant for the pilot program was required to supply 2/3 of total project costs, with the Federal share set at 1/3. For applications targeting the Newly Independent States (NIS), the Department of Commerce was willing to consider raising the Federal portion of funding up to 50% of proposed eligible project costs. Prior to the next round of cooperative agreements, we plan to review the appropriateness of the matching requirements used in the pilot program.

In response to the Federal Register notice announcing the MDCP, we have received to date nearly 400 requests for the MDCP application kit. Although eligible organizations had less than four weeks to develop proposals, we received 36 formal applications for Federal assistance under the MDCP totalling nearly \$14 million. Competitive review of applications has been completed, and we expect to make the first MDCP awards shortly.

As evidence of the acceptance of the MDCP as an important new means to create public/private partnerships, several Department of Commerce units have expressed enthusiasm about the possibilities the MDCP presents in developing new initiatives, such as demonstration projects employing new technologies, training centers, etc. The MDCP is also under consideration to be featured prominently in a proposal to help leading edge small companies commercialize the end products of new technologies and market them internationally.

In a time of extreme budget austerity, the President's budget includes an additional \$2.5 million to underwrite additional public/private partnerships in FY 1994. Directed uses of MDCP authority are also included as program elements in several FY 1995 budget investment initiatives.

1993 MARKET DEVELOPMENT COOPERATOR PROGRAM PARTICIPANTS

Participant:

American Electronics Association (AEA)
Santa Clara, California

Federal Award:

\$425,000

Product(s) to be Marketed:

Electronic Equipment

Market(s) to be Developed:

Japan, European Community

Summary of Project:

AEA will expand the operations of its offices in Tokyo and Brussels. To increase penetration of the Japanese market, AEA will undertake an outreach campaign including conferences, mentoring, consultative services, etc. to encourage small- and medium-size firms to explore the Japanese market or increase their investment. For Europe, AEA will develop a program to enlist companies knowledgeable about doing business in the European Community to assist small- and medium-size companies new to the European Community market.

Participant:

Association of Manufacturing Technology (AMT)
McLean, Virginia

Federal Award:

\$425,000

Product(s) to be Marketed:

Machine tools, metalworking equipment

Market(s) to be Developed:

China, Korea, Mexico

Summary of Project:

AMT will open three new, full-service, marketing assistance programs and/or liaison offices located in the People's Republic of China, South Korea, and Mexico to enable the U.S. machine tool industry to take easier advantage of new market opportunities and expand its markets. Since AMT represents companies producing approximately 80 percent of the value of metalworking machinery in the United States (and 95 percent of the membership is "small business"), these export marketing and promotion projects are expected to have a high multiplier effect within this industry.

Participant:

Automotive Parts & Accessories Association (APAA)
Bethesda, Maryland

Federal Award:

\$248,767

Product(s) to be Marketed:

Aftermarket automotive parts

Market(s) to be Developed:

Mexico, Latin America

Summary of Project:

APAA will develop a comprehensive marketing assistance program for the industry: an office in Mexico; market research support; outreach to industry, host country associations, and end-users; newsletters; studies of market technical specifications and other potential nontariff barriers; and expanded trade promotion activities.

Participant:

Massachusetts Port Authority (MASSPORT)
Boston, Massachusetts

Federal Award:

\$402,000

Product(s) to be Marketed:

Consumer goods

Market(s) to be Developed:

France, Germany, Italy,
Japan, Singapore

Summary of Project:

MASSPORT will undertake a major expansion of a recently initiated in-store promotion program. Major promotions are planned in France, Japan, Singapore, Italy and Germany. To support these efforts, MASSPORT will employ domestic trade shows, reverse trade missions, and overseas exhibitions. Plans also include an education program for New England companies, and the development of an electronic database.

Participant:

Packaging Machinery Manufacturers Institute (PMMI)
Washington, D.C.

Federal Award:

\$342,000

Product(s) to be Marketed:

Packaging Machinery

Market(s) to be Developed:

Mexico

Summary of Project:

PMMI will develop a comprehensive trade promotion program for the industry designed exclusively for the market development needs of U.S. business in the Mexican market, including: opening a Mexican office; trade fair participation; individual company marketing assistance; institutional advertising and direct marketing; market research; technical training; and translation services.

Participant:

Institute of the Americas and the Environmental
Technology Export Council (co-participants)
La Jolla, California

Federal Award:

\$349,497

Product(s) to be Marketed:

Energy/environmental technologies
and equipment

Market(s) to be Developed:

Latin America/Caribbean with
focus on Mexico and Brazil

Summary of Project:

The combined Institute of the Americas and Environmental Technology Export Council project will entail a comprehensive export education and market introduction campaign including major trade conferences, project briefings, reverse trade missions, site visits, and training sessions featuring International Trade Administration Senior Commercial Officers. The export of environmental technologies represents a large growth market for U.S. business, particularly in the Latin America/Caribbean region.

ANNEX 6

USAID'S CENTER FOR TRADE AND INVESTMENT SERVICES

8



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

CENTER FOR TRADE AND INVESTMENT SERVICES

CTIS is the Agency's new central information and referral service for U.S. businesses interested in opportunities abroad.

CTIS promotes linkages between the private sectors in the United States and the developing countries of Asia, Africa, Latin America, the Middle East, the emerging democracies in Eastern Europe and the Newly Independent States of the former Soviet Union.

CTIS provides detailed information about business opportunities and A.I.D. activities in support of international private enterprise in more than eighty A.I.D. assisted countries.

CTIS' goal is to promote greater business activity and stimulate economic development abroad through the establishment of increased commercial ties between the U.S. and indigenous private sectors.

SERVICES AVAILABLE

- ◆ **Tailored Information:** Supplies country profiles, detailed information about USAID's private sector activities abroad, and interprets international trade and investment trends;
- ◆ **Trade and Investment Clearinghouse:** Analyzes clients' needs and identifies specific information requirements; makes referrals, as appropriate, to other organizations;
- ◆ **Business Transactions:** Identifies and facilitates firm-neutral marketing of business opportunities in A.I.D. assisted countries;
- ◆ **Seminars:** Sponsors periodic industry-specific seminars where international transaction opportunities are presented.

For information and assistance, please contact **CTIS** staff between 9:00 a.m. and 5:30 p.m., Eastern Time, Monday through Friday.

Telephone:..... **Local:** (202) 663-2660
Nationwide, Toll Free: 1-800-USAID-4-U
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