



AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES A. I. D. MISSION TO COSTA RICA

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June 26 , 1992

Mr. Luis Gamboa
President
Board of Directors
Costa Rican Coalition for
Development Initiatives (CINDE)
P.O. Box 7170
1000 San Jose, Costa Rica

Cooperative Agreement No.:
515-0212-A-00-2210-00

Subject: Project No. 515-0212.01
Training for Private
Sector Development

Dear Mr. Gamboa:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to Costa Rican Coalition for Development Initiatives (hereby referred to as "CINDE" or "Recipient"), the sum of \$955,000 (Nine Hundred Fifty Five Thousand United States Dollars) to provide support for a program in Training for Private Sector Development as described in the Schedule of this Cooperative Agreement and the Attachment 2, entitled "Program Description".

This Cooperative Agreement ("Agreement") is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending September 28, 1994.

This Agreement is made with CINDE, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Cooperative Agreement Schedule", Attachment 2, entitled "Amplified Program Description", and Attachment 3 entitled "Standard Provisions", which have been agreed to by your organization.

BEST AVAILABLE COPY

PROJECT AUTHORIZATION
Amendment No. 2

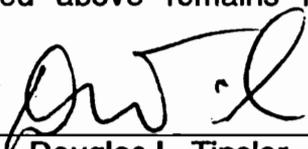
Name of the Country: Costa Rica
Name of the Project: Training for Private Sector Development
Number of Project: 515-0212

1. Pursuant to Section 105 of the Foreign Assistance Act of 1961, as amended, the Training for Private Sector Development Project (515-0212) for Costa Rica was authorized on August 28, 1984. That authorization is hereby amended as follows:

a. Paragraph 1 of the original Project Authorization is hereby amended to increase project funding by two million dollars, to add Section 106 PSEE account funds and extend the PACD by two years. Paragraph 1 is deleted in its entirety and the following substituted therefore:

"1. Pursuant to Section 105 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Training for Private Sector Development Project for Costa Rica involving planned obligations of not to exceed seven million United States dollars (\$7,000,000) in grant funds over a ten year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process and administrative approval, to help in financing foreign exchange and local currency costs for the Project. The planned life of project is ten years from the date of initial obligation, thus the Project Assistance Completion Date is September 28, 1994."

2. The authorization cited above remains in force except as hereby amended.



Douglas L. Tinsler
Acting Mission Director
USAID/Costa Rica

6/23/82

date

ATTACHMENT 1

COOPERATIVE AGREEMENT SCHEDULE

A. PURPOSE OF COOPERATIVE AGREEMENT ("Agreement")

The purpose of this Cooperative Agreement is to provide support for certain aspects of the Training for Private Sector Development Project, which is more specifically described in Attachment 2 to this Agreement entitled "Program Description".

B. PERIOD OF AGREEMENT

1. The effective date of this Agreement is June 26, 1992. The expiration date of this Agreement is September 28, 1994.

2. Funds obligated hereunder are available for Project expenditures for the estimated period June 26, 1992 to September 28, 1994 as shown in the Financial Plan in Attachment 2.

C. AMOUNT OF AGREEMENT AND PAYMENT

1. The total estimated amount of this Agreement for the period shown in B.1 above is \$1,800,000.

2. A.I.D. hereby obligates the amount of \$955,000 for program expenditures during the period set forth in B.2 above.

3. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3 entitled "Payment-Periodic Advance".

4. Additional funds up to the total amount of the Agreement shown in C.1 above may be obligated by A.I.D. subject to the availability of funds, and to the requirements of the Standard Provision of the Agreement, entitled "Revision of Grant Budget".

D. FINANCIAL PLAN

Attachment 2 to the Agreement contains the Financial Plan for the Project, including local cost financing.

Revisions to this Plan shall be made in accordance with the section of the Standard Provisions of the Agreement entitled "Revision of Grant Budget".

E. REPORTING AND EVALUATION

1. Reports

The CINDE implementation unit, in coordination with the A.I.D. Project Advisor, will establish a reporting system to track, follow up and make projections covering training activities, participants, participating institutions and program expenditures. Reports prepared by CINDE for this purpose will be forwarded to A.I.D. on a quarterly basis.

CINDE, with the A.I.D. Project Advisor, shall coordinate Project review and monitoring as under the Agreement, and ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. These reviews and monitoring shall be done for each program, function, or activity of the Agreement as set forth in Attachment 2 "Program Description", wherein CINDE has the responsibility for coordination and management. Besides these reviews CINDE, in coordination with the A.I.D. Project Advisor, shall submit performance reports (technical reports), on a quarterly basis, which briefly present the following information for each program, function, or activity involved:

- a. A comparison of actual accomplishments with the goals established for the period. If outputs can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.
- b. Reasons why established goals were not met.
- c. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

CINDE will also submit Fiscal Reports covering each month with projected expenditures for the following three month period. The format for the Fiscal Report and periodic advance is shown in Attachment 3. In addition, CINDE agrees to report annually in form and substance satisfactory to A.I.D. on their cash and in-kind contributions to the project.

2. Evaluation Plan

The Mission and CINDE will conduct semi-annual reviews, which may include outside assistance, to assess Project progress in achieving objectives, weigh methods to improve performance and consider possible changes to project implementation and design, as appropriate. In addition, CINDE will be required to submit quarterly reports on project achievements.

To assure that the training courses are meeting the most relevant and specific private sector needs, CINDE will maintain two evaluation systems and a participant follow-on activity system. First, information will be gathered from the participants regarding future training needs. This data will be complemented by spot-check training needs assessments, using small samples from the different sectors. Second, CINDE will establish an internal, continuous evaluation activity. This internal evaluation process will collect and maintain data to demonstrate the impact that the in-country training has had on satisfying training needs, as defined by the different companies, and increases in nontraditional exports.

CINDE will be responsible for establishing an internal follow-on system to maintain up-dated information on participants including their address and employment status. This system will also collect and up-date information in a data base which will include such detail as the number of participants and companies that have attended more than one course, the size of the companies that participate, the number of women participants, the current employment of returned participants and the relevance of training to current job activity, the number of public sector participants and the technical areas of their participation, the sectors where cost recovery is most effective, and other pertinent information.

An in-depth final evaluation will be financed with Project grant funds by A.I.D. The evaluation will examine the level of achievement of the project purpose and the institutional capacity of CINDE to carry out the various elements contained within the Project. It will also review and assess the ability of the U.S. long and short-term training participants to apply their acquired skills within their respective organizations, and the changes in levels of productivity and/or exports which have occurred as a result of the project training.

F. PAYMENT PROCEDURES

A.I.D. will make U.S. dollar payments by Dollar denominated U.S. treasury check and the local currency payments by Colon denominated U.S. treasury check. CINDE shall request payment separately for dollar and colon amounts. CINDE shall follow the payment provision cited in the "Payment-Periodic Advance" procedures of the Optional Standard Provision for non-U.S., non-governmental grantees illustrated in Attachment 3.

G. SPECIAL PROVISIONS

a. Within sixty (60) days of the signing of this Agreement, the Recipient will, except as the Parties may otherwise agree to in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D. the following, otherwise no further payments to CINDE may be made.

(1) A statement by the Board of Directors of the Recipient in which it accepts the conditions and provisions of the Agreement; names the person or persons empowered in the Recipient to receive the funds provided under the Agreement; names any additional representatives and their authority; and provides a specimen signature of each person so specified; and,

(2) Evidence that a CINDE Project Manager, acceptable to both Parties, has been named.

b. Prior to any disbursement under the Agreement for training activities, or to the issuance by A.I.D. of documentation pursuant to which disbursement for training activities will be made, will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(1) Evidence that CINDE has established separate, dollar and colon-denominated bank accounts to control the receipt and disbursement of Project funds.

(2) A copy of CINDE's participant training regulations as they will apply to long-term training financed under this Project, including selection criteria and other rules for training grants.

(3) Model agreements for Project-funded U.S. scholarships and training contracts.

(4) An implementation plan and budget for the first year of the U.S. training activities and in-country seminars to be financed under the Agreement.

c. The parties agree that in addition to CINDE's submission to A.I.D. of its initial implementation plan and budget through December 31, 1992, CINDE will submit subsequent calendar year implementation plans and budgets to A.I.D. for its approval no later than November 1 of each year during which the Agreement is in effect.

H. STANDARD PROVISIONS

All the mandatory Standard Provisions and Optional Standard Provisions (noted on the checklist of page 4D-7 in Attachment 3) apply to this Agreement.

I. AUTHORIZED GEOGRAPHIC CODE

The authorized A.I.D. geographic code for procurement of goods and services under this Agreement is 000 (United States).

J. TITLE TO PROPERTY

Title to all property financed under this grant shall vest in CINDE.

K. SUBSTANTIAL INVOLVEMENT

Attachment 2, "Amplified Program Description", sets out the roles and responsibilities of CINDE and A.I.D. as they apply to this Agreement. As described in detail in Attachment 2, A.I.D. will monitor the progress of the Activities financed under this Agreement.

PROGRAM DESCRIPTION

This Program Description describes the activities to be implemented by CINDE under the Training for Private Sector Development Project two-year extension. This is a second Cooperative Agreement granted to CINDE under this Project.

A. Program Goal and Purpose.

The goal of this program is to stimulate growth in the production and exportation of nontraditional goods and services, resulting in increased levels of employment and foreign exchange earnings for Costa Rica. Activities under the grant will bring about more frequent and numerous opportunities for the acquisition of skills needed by producers of nontraditional goods and services, thereby enhancing their capability to produce more efficiently and to export more effectively. The purpose of the program is to strengthen the human resources needed for Costa Rican private sector development, through a series of selected training activities. These activities are directed to Costa Rican professionals and technicians who are working in the private, nontraditional productive sector, the financial sector, and higher/industrial education programs.

B. Program Components

1. In-country training

The in-country training component will continue to focus on the original training objectives of the Project. Development of technicians and mid and upper-level managers of the private sector will comprise approximately 85% of the training courses. Training for the financial sector managers will continue at roughly 15% of the in-country training activity.

Under the previous Cooperative Agreement, CINDE is responsible for the implementation of the in-country training component and management of the corresponding grant funds. The only changes assumed in Project management under this grant are an increase in participant fees (i.e. cost recovery), and the establishment of an internal evaluation and follow-on system. The in-country training component will continue to be administered independently by CINDE, with the assistance of an A.I.D. contracted Project Advisor who will oversee the progress of the training component and provide technical assistance in the establishment of the evaluation/follow-on systems.

2. U.S. Short-term training

There are to be six different modules of U.S. short-term training: customized, packaged, observational travel, internships, self-designed and "marketing self-design" programs. The customized training will be from three to five weeks specifically designed for particular Costa Rican private sector needs. The training needs

are to be analyzed and training objectives defined by CINDE; the implementation of the training program will then be contracted to a U.S. training Institution. The packaged programs, generally one to two weeks, are to be currently available seminars, conferences or workshops in the U.S. and open to the international community. The observational travel program is to be a one week visit to different exhibitions or companies to observe the latest production techniques, manufacturing equipment, products, or materials. Internships are to be one to three weeks on-the-job training in an appropriate U.S. setting for entrepreneurs and financial officers. Self-designed programs are to be generally four to seven days, and focus on training objectives and visits to U.S. companies selected by the participant and negotiated with the company. Finally, the "marketing self-design" module will entail training whereby the participant will work with CINDE to set-up appointments with different companies that may be interested in their product. The participants will be oriented by the CINDE marketing branch on the techniques to use in approaching future buyers, and how to prepare for interviews. CINDE will arrange appointment agendas, and participants will organize their travel logistics.

The participant selection criteria under this follow-on cooperative agreement will remain the same as in the previous grant for the U.S. short-term training component. However, more specific information for selection will be used in a ranking sheet that specifies a point-system to be used for selection purposes (see Annex A).

The current practice of contractual agreements between CINDE and the participant's employer will continue. The agreement will be amplified to include a requirement that the participant complete evaluation forms and participate in evaluation and follow-on activities conducted by CINDE, if not complied with the participant's employer will be required to reimburse CINDE for the total cost of the U.S. training activity.

CINDE will be responsible for directly implementing the entire U.S. short-term component and managing the grant funds. This grant provides funds for hiring personnel necessary to implement this component. The A.I.D. Project Advisor will provide orientation to CINDE on these functions.

A significant difference between the current and this extended U.S. short-term training component is the monetary contribution expected on the part of the entrepreneurs. In the current Project, the participant's employer paid the round-trip airfare from Costa Rica to the U.S. point of entry. For the extended effort, the employer will be charged 20% of the U.S. training costs in addition to the roundtrip Costa Rica-U.S. airfare. This will provide a 20% cost recovery contribution which will be reinvested in the same component and will allow the participation of more managers in the training program.

3. U.S. Long-term Training

The U.S. long-term training under this cooperative agreement will not finance academic degrees, but will concentrate on increased industrial technological training for instructors of vocational programs, and/or supervisors of specialized technology in the private sector. Each participant's U.S. training program will be approximately nine months.

CINDE will be responsible for selecting/contracting the U.S. training institutions or training programs, selecting the participants, negotiating contracts with the participant's employers, complying with HB 10 participant training regulations, establishing a follow-on system, and the administration of the funds for this component.

Use of training institutions in the United States that provide technical or vocational programs, such as technical schools, community colleges, or similar institutions will be emphasized. The participants for the U.S. long-term training must be: instructors of technical higher education programs, vocational institutions, or industrial training programs in Costa Rica; or industrial production supervisors in the private sector who have the opportunity to instruct others. Selection will be competitively based on a point system. In addition to the criteria indicated in the Project Paper, the selection criteria will include the likelihood that the candidate can transfer new skills to others after the program, the candidate's functional English language level, and the demand for the candidate's technical specialty.

To assure full employer support and maximum training spread effect, a contractual agreement will be executed between the participant, the employer, and CINDE. The employer will be responsible for travel costs, the participants' salary, and assuring job security for 18 months upon the participant's return. The participant and employer will agree that the participant upon return will provide three weeks of instruction for the in-country training program organized by CINDE (See Annex B.)

C. Cost Recovery

While cost recovery was previously not a priority in the first few years of the Project, given the level of institutional development that CINDE has achieved, and the proven market driven demand for managerial and supervisory training, a cost recovery strategy is to be incorporated in the implementation of this effort. In the in-country program a cost recovery of 60% of the total training costs is anticipated. For the U.S. short-term training component, during the initial period, all the participants in the first five modules will be charged 20% of the U.S. dollar costs. Once implementation experience indicates the extent that larger companies are capable of paying more of the cost, the contribution may be increased. This differentiation between larger and smaller enterprises is designed to take advantage of the greater impact of smaller companies on employment, productivity and exports, as determined in the preliminary results of the most recent evaluation. The schedule of new cost recovery charges will not only take into account differences in the size of companies, but the types of training modules used as well. In cases where full scholarships are merited and justified by CINDE because of a company's situation or the degree of training risk, written approval of the USAID Project Officer will be required before awarding the scholarship. Finally, because of the likelihood that the "marketing self-design module" may provide a direct monetary outcome or eventual contract for the participant, the participant will cover 40% of the U.S. training costs and the round-trip airfare from Costa Rica to the U.S. port of entry. The U.S training costs include a training fee of \$200 for each self-design marketing module, to be paid to CINDE to cover the training agenda preparation and orientation costs.

D. End of Project Status

At the end of the grant term, some of the major human resource constraints to further private sector development will have been alleviated. The anticipated targets for the end of this follow-on grant are listed below. The number of participants shown correspond to the participation numbers, rather than numbers of actual persons, since it is anticipated that some persons will participate in more than one training opportunity. For in-country training in particular, experience has shown that approximately 25% of the participants take more than one course.

Estimated participant beneficiaries:

- a) 5,900 private sector entrepreneurs, managers, and technicians utilizing newly acquired skills and knowledge within their respective work place;
- b) 1,000 professionals employing new skills or knowledge in Costa Rican financial institutions;
- c) Twelve vocational technology educators or supervisors of industrial production/quality control, teaching new production skills to be applied in Costa Rican industries; and
- d) CINDE will have the capacity necessary to serve as Costa Rica's primary institutional system with the capability to identify, organize, coordinate, fund and monitor cost-effective and meaningful training programs for private sector development.

TABLE: 1
 TPSD FINANCIAL PLAN BY YEARS
 FOR THE TPSD/C
 EXTENSION 1992 - 1994

	1992-1993			1993-1994			TOTAL GRANT		
	DOLLAR	DOLLAR EQUIV.	AID FX TOTAL	DOLLAR	DOLLAR EQUIV.	AID FX TOTAL	DOLLAR	DOLLAR EQUIV.	AID FX TOTAL
I. In-Country Training									
P.S. Managers and Supervisors	104.0	16.0	120.0	112.9	8.1	121.0	216.9	24.1	241.0
Financial Services	20.0	3.0	23.0	21.4	1.6	23.0	41.4	4.6	46.0
Technicians	58.0	7.0	65.0	53.7	4.3	58.0	111.7	11.3	123.0
Institutional Assistance	15.0	5.0	20.0	15.0	5.0	20.0	30.0	10.0	40.0
TOTAL	197.0	31.0	228.0	203.0	19.0	222.0	400.0	50.0	450.0
II. U.S. Short-Term Training									
Private Sector Enterprise	470.0	0.0	470.0	360.0	0.0	360.0	830.0	0.0	830.0
Financial Sector	12.7	0.0	12.7	13.0	0.0	13.0	25.7	0.0	25.7
Follow-on	0.0	2.3	2.3	0.0	2.0	2.0	0.0	4.3	4.3
TOTAL	482.7	2.3	485.0	373.0	2.0	375.0	855.7	4.3	860.0
III. U.S. Long-Term Training									
Technicians	104.0	0.0	104.0	134.8	0.0	134.8	238.8	0.0	238.8
Follow-on	0.0	0.0	0.0	0.0	1.2	1.2	0.0	1.2	1.2
TOTAL	104.0	0.0	104.0	134.8	1.2	136.0	238.8	1.2	240.0
IV. Implementation Costs									
Salaries	60.0	50.0	110.0	41.5	46.9	88.4	101.5	96.9	198.4
Other Adm. Costs	9.0	11.0	20.0	8.0	8.6	16.6	17.0	19.6	36.6
Audits	0.0	5.0	5.0	0.0	5.0	5.0	0.0	10.0	10.0
Project Contingencies	0.0	3.0	3.0	0.0	2.0	2.0	0.0	5.0	5.0
TOTAL	69.0	69.0	138.0	49.5	62.5	112.0	118.5	131.5	250.0
TOTAL CINDE MANAGED	852.7	102.3	955.0	760.3	84.7	845.0	1613.0	187.0	1800.0