

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

JAN 7 1988

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, ANE

FROM: ANE/PD, Ronald F. Venezia *Ronald Venezia*
SUBJECT: Regional Private Enterprise Development Project
(398-0050) *File*

Problem: To amend the Regional Private Enterprise Development Project to (a) include Asia Missions (including the ASEAN and South Pacific Regional programs) and Egypt, and (b) increase to \$100,000 the delegation of subproject approval to Director, ANE/PD.

Background: The Regional Private Enterprise Development Project was authorized by the Near East Bureau in FY 1984 to foster private sector development through institution building, technical and managerial assistance, human resource development, and transfer of US technology. The Life of Project funding level is \$2,975,000 with all obligation of funds to be completed by April 5, 1990, deriving from both DA and ESF accounts although no ESF funding has been used to date. The Project Authorization currently restricts outreach of the project to the following ANE countries: Jordan, Lebanon, Morocco, Oman, Portugal, Tunisia, Turkey, and Yemen.

The project directly supports US efforts to encourage the private sector to take an expanded role in economic development, especially in those sectors of high-priority interest to Missions. The project is set up to finance activities which (a) are new and discrete, (b) supplement on-going Mission private sector initiatives, (c) support other USG private sector initiatives, e.g., TDP, OPIC, ExIm, USTR, (d) support PRE initiatives, and (e) complement other domestic, regional, or international donor private sector efforts. Examples of activities are:

- (1) studies of economic and sector policies and business environment;
- (2) technical and managerial assistance to small and medium scale private companies and support to business/trade associations;
- (3) investment promotion including sector surveys, feasibility studies and investor conferences; and

(4) training including vocational, entrepreneurial, and management training and assistance/training to financial institutions.

A summary of FY 1984-1987 subproject activities is attached to this Action Memorandum.

Individual Missions, host governments, private sector entities and AID/W can initiate subprojects lasting one year or less. Proposals are reviewed by the originating entity, e.g., the Mission, for conformity to subproject eligibility and selection criteria and then forwarded by the Mission to ANE/PD with a subproject financing request. ANE/PD then prepares a short approval memorandum. Subprojects under \$75,000 are approved by the ANE/PD Office Director, while those in excess of \$75,000 are approved by the AA/ANE.

Procurement of goods and services is generally on an AID direct contracting basis. For services, IQC, PSC, or Section 8(a) small business contract modes are used; also, PASAs can be obtained. The project can buy-in to other projects, such as the PRE PEDS II Project, and the Missions may buy into the regional project if it does not conflict with bilateral agreements. In cases where direct AID contracts are not appropriate, e.g., IESC services, PVO services, or feasibility studies by potential investors, grants or other contracting modes are used.

Discussion:

(a) Expansion of geographical coverage.

Extension of project activities to Asia Missions (including the two regional programs--ASEAN and South Pacific) will clearly supplement ongoing Mission trade and investment support activities to the private sector. Typical examples are joint USTR/ASEAN country trade information development; IESC support activities; and development of private sector strategies in all ANE Missions. The accessibility of funding for trade and investment support actions in Missions, which currently lack bilateral flexibility, is expected to result in a widening of A.I.D. Mission ability to foster private sector growth.

The project should be extended in the Near East to include Egypt in order to increase support and provide discretionary funding for direct U.S. private sector investment promotion, for example the U.S. Investment Promotion Office. It is believed that this project can serve as a vehicle for rapid investor support, and that the expansion of the project to Egypt could allow the Mission to provide as-needed support to the Egypt-US Business council to investigate and advocate specific avenues of investment.

Participation in this project by USAID/Egypt and other Missions with high earmarks will be on a buy-in basis, except in unusual circumstances which will be handled on a case-by-case basis.

(b) Subproject Approvals.

The original project design delegated to the Director, ANE/PD, subproject approvals up to \$75,000; subprojects with a cost in excess of that amount, or with cumulative funding in excess of \$75,000, are approved by the Assistant Administrator, ANE.

Increasing the delegation of subproject approval to the Director, ANE/PD, from \$75,000 to \$100,000 is expected to reduce paperwork and administrative burdens on the Assistant Administrator's Office without altering the subproject review process. There do not appear to be cases where subprojects forwarded to the AA/ANE for approval have been rejected, nor is there a rationale in the original project paper design for the \$75,000 subproject approval cap for the ANE/PD Director.

Notification to Congress: A Congressional notification has been prepared and has been sent to LEG for forwarding to the Congress.

Recommendations: (a) That you approve extending the project to Asia Missions (including the ASEAN and South Pacific Regional Programs) and Egypt by signing the attached authorization.

(b) That you approve an increase in the delegation of subproject approval authority to the Director, ANE/PD, from \$75,000 to \$100,000.

APPROVED: _____

Julie C. [Signature]

DISAPPROVED: _____

DATE: _____

1/8/88 Job

Attachments:

**Project Amendment Authorization.
Project 398-0050 Subproject Obligations FY 1984-1987.**

Clearances:

**ANE/PD/SA, TRishoi (draft)
ANE/GC, HMorris (draft)
ANE/PD/EA, JTennant (draft)
ANE/EGYPT, RBrown (draft)
ANE/PD/ME, JSilver (draft)
ANE/DP/, LRogers (draft)**

**ANE/PD/PE:DHagen/GRAndersen: 12/08/87:0563g
Revised:ANE/PD/PE:DLCahn:1/4/88:0578g**