

UNCLASSIFIED

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

CARIBBEAN REGIONAL

PROJECT PAPER

INVESTMENT PROMOTION AND EXPORT DEVELOPMENT

AID/LAC/P-193

Project Number:538-0119

UNCLASSIFIED

PROJECT DATA SHEET

A = Add
C = Change
D = Delete

2. COUNTRY/ENTITY
REGIONAL DEVELOPMENT OFFICE/CARIBBEAN

3. PROJECT NUMBER
538-0119

4. BUREAU/OFFICE
LAC

5. PROJECT TITLE (maximum 40 characters)
INVESTMENT PROMOTION AND EXPORT DEVELOPMENT

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
MM DD YY
09 30 87

7. ESTIMATED DATE OF OBLIGATION
(Under "B." below, enter 1, 2, 3, or 4)
A. Initial FY 84 B. Quarter 1 C. Final FY 86

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	B. FX	A. L/C	C. Total
AID Appropriated Total						
(Grant)	(1324)	()	(1324)	(8000)	()	(8000)
(Loan)	()	()	()	()	()	()
Other U.S.						
Host Country						
Other Donor(s)						
TOTALS	1324		1324	8000		8000

9. SCHEDULE OF AID FUNDING (\$000)

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) SDA	719	840				1324		8000	
(2)									
(3)									
(4)									
TOTALS						1324		8000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

830 150 720

11. SECONDARY PURPOSE CODE

739

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code
B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

TO IDENTIFY AND PROMOTE PRIVATE INVESTMENT IN PRODUCTIVE, EXPORT-ORIENTED BUSINESSES IN THE EASTERN CARIBBEAN LDCs, BELIZE AND BARBADOS.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
01 85 02 87 09 89

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

17. APPROVED BY

Signature: *William B. Wheeler*
Title: WILLIAM B. WHEELER
DIRECTOR

Date Signed MM DD YY
08 30 84

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID DOCUMENTS, DATE OF DISTRIBUTION
MM DD YY

PROJECT AUTHORIZATION

NAME OF COUNTRY : Caribbean Regional
NAME OF PROJECT : Investment Promotion and Export Development
NUMBER OF PROJECT : 538-0119

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a regional project for Investment Promotion and Export Development in the Eastern Caribbean, involving Antigua, Dominica, Grenada, Montserrat, St. Christopher/Nevis, St. Lucia, St. Vincent and the Grenadines, Belize and Barbados ("Cooperating Countries"). Planned obligations for the Project shall not exceed \$8,000,000 (Eight Million United States Dollars) in grant funds ("Grant") over a three year period from date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local costs for the Project.

2. The Project consists of assistance to the public and private sectors in the Eastern Caribbean and Belize to identify and promote private investment in productive, export-oriented business.

3. The Project, which may be implemented by the officers to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority, shall be subject to the following essential terms, together with such other terms, conditions and covenants as A.I.D. may deem appropriate.

A. Source and Origin of Goods and Services

Commodities financed by A.I.D. under the Project shall have their source and origin in countries included in A.I.D. Geographic Code 000, or in the Cooperating Countries, except as A.I.D. may otherwise agree in writing.

Except for ocean shipping, the suppliers of commodities or services shall have A.I.D. Geographic Code 000 or the Cooperating Countries as their place of nationality, except as A.I.D. may otherwise agree in writing.

Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

B. Waiver

Based upon the justification set forth in Part V of the Project Paper, I hereby approve a Nationality of Service waiver from A.I.D. Code 000 to A.I.D. Code 941, in an amount not to exceed \$700,000.


William B. Wheeler

30 Aug 1984

Date

TABLE OF CONTENTS

Page

I.	SUMMARY AND RECOMMENDATIONS	1
A.	Recommendations	1
B.	Project Summary	1
C.	Issues	3
II.	BACKGROUND AND RATIONALE	6
A.	Background	6
1.	Economic Overview	6
2.	The Project Development Assistance Program, 1981-84	8
B.	Rationale	15
1.	Problem Statement	15
2.	AID Strategy	17
3.	Alternative Solutions	17
III.	PROJECT DESCRIPTION	19
A.	Goal and Purpose	19
B.	Expected Achievements	19
C.	Project Elements	19
1.	PDAP II Level of Effort	19
2.	Investment Project Development	19
3.	International Investor Search	27
4.	Institutional Development	28
5.	Technical Assistance for IPIP	28
6.	Project Term	29
7.	Evaluation	29
IV.	FINANCIAL PLAN	32
V.	IMPLEMENTATION PLAN	33
A.	The PDAP II Contract	33
B.	The IPIP Support Contracts	36
C.	Project Monitoring	37
D.	Evaluation	37
VI.	SUMMARY PROJECT ANALYSES	38
A.	Economic Analysis	38
B.	Institutional Analysis	43
C.	Social Analysis	44
<u>ANNEXES:</u>		
A.	Logframe	
B.	Statutory Checklist	
C.	Draft Authorization	
D.	DAEC Cable - PID Approval	
E.	RDO/C Cable - Congressional Notification	
F.	1983 Evaluation of PDAP (Unattached)	
G.	IPED RFP (Unattached)	

1-

I. SUMMARY AND RECOMMENDATIONS

A. Recommendations

The Regional Development Office (RDO/C) recommends authorization of an \$8 million Grant to finance the Investment Promotion and Export Development Project (IPED).

B. Project Summary

The Caribbean Basin Initiative opens new market opportunities for the Eastern Caribbean (EC) in labor-intensive light manufacturing, creating the promise of new jobs in economies facing rising unemployment. To fulfill this promise, the public and private sectors of the EC must expand local private sector production; to do this, they must attract new industry, and look for new products and markets.

Since 1981, RDO/C has supported investment promotion through the Project Development Assistance Program (PDAP) being implemented by the firm of Coopers and Lybrand, in association with Louis Berger International, under an AID-direct contract which will conclude in October, 1984. As of May 31, 1984, PDAP assisted with the establishment or expansion of some 19 manufacturing enterprises expected to employ nearly 7,000 people.

IPED is a three to five-year Technical Assistance effort to increase private investment in manufacturing in the English-speaking Eastern Caribbean Less-Developed Countries,^{1/} Belize, and Barbados through local investment project development and international investment promotion. IPED consists of three components: a three-year PDAP follow-on contract (PDAP-II) continuing efforts in support of investment and export development, and adding an emphasis on the institutionalization in each participating country of the investment promotion process; Technical Assistance in support of the FY 1984 \$12 million AID Loan-funded Infrastructure for Productive Investment Project (IPIP); and a comprehensive Evaluation of the private sector strategy and related projects undertaken by RDO/C.

Under the PDAP-II contract on-site Advisors in the six^{2/} participating LDC islands and Belize, with a Resident Manager in Barbados, will identify and promote export-oriented, private sector industrial development opportunities. A U.S.-based international investor search will seek out local and foreign investors and entrepreneurs to carry out the manufacturing opportunities developed in the field. PDAP-II also will assist the public-sector offices charged

^{1/} Antigua, Dominica, Grenada (recently included in PDAP), Montserrat, St. Christopher/Nevis, St. Lucia, St. Vincent and the Grenadines.

^{2/} Montserrat will not have a Resident Advisor.

with industrial development in these countries to institutionalize the investment promotion and management process, with attention to public policy relating to foreign investment and trade, investment attraction and retention, and the planning and management of industrial estates and related infrastructure.

The E.C. islands display a significant degree of variety. Tourism is important to Antigua, St. Kitts/Nevis, St. Lucia and Grenada; but has only a minor contribution to make in St. Vincent and the Grenadines. Dominica has few natural attractions for tourism, and is unlikely to benefit significantly from emphasis in that sector. The comparative natural resources of the islands also vary widely. Dominica, Grenada, and St. Vincent have significant hydro-electric resources. By contrast, Antigua has very little water and certainly no hydroelectric resource. St. Lucia appears to have significant geothermal energy reserves which are not found in other Eastern Caribbean countries. There are also differences in regard to basic infrastructure and population bases. The needs and priorities of each of the participating countries are unique, and the activities to be carried out in each country in addition to investment promotion will vary.

It should be noted that assistance to Barbados will be limited to investment promotion information and support as requested by the Barbados Industrial Development Corporation, as was the case under the PDAP project. Illustrative of the activities to be undertaken are the following:

- . Antigua - Private sector technical and managerial training through the Chamber of Commerce and Manufacturers Association; joint promotional efforts with the public and private sectors; and encouragement of new tourism investment, especially in the yachting industry.
- . Belize - Investment promotion assistance to local public and private sector institutions, and an effort to upgrade the skills of the local Chamber of Commerce staff.
- . Dominica - Promotion of employment-generating projects based on the utilization of Dominica's natural resources; training for the local private sector in export marketing.
- . Grenada - The PDAP Country Action Program recently approved by RDO/C includes assistance to the tourism industry and the local manufacturing sector, as well as assistance in the structuring of a new public sector investment promotion institution.
- . St. Kitts-Nevis - Management advice to local private sector organizations in media access and negotiations, and management and technical training to small hotel operators.
- . St. Lucia - Promotion of further investment in light manufacturing and agro-industry; technical assistance to the National Development Corporation.

. St. Vincent - Promotion of agri-business and linkages of local companies with foreign businesses.

In anticipation of this funding, and to avoid a break in services at the completion of PDAP this October, a Request for Proposals For Technical Services (Annex G) under IPED was issued June 25, 1984, with a response deadline of July 27. The Mission intends to review all Proposals and award and execute a Contract by the end of August. PDAP-II will run for three years, with AID having the option to extend the Contract for another two years. This Grant will finance the first three years.

RDO/C is developing concurrently with IPED the Infrastructure for Productive Investment Project (IPIP) which will provide financing through the Eastern Caribbean Central Bank (ECCB) and participating commercial banks for the construction of over 600,000 sq. ft. of privately owned industrial floor space and related infrastructure in the Eastern Caribbean LDCs and Belize. PDAP-II will be instrumental in promoting the demand and developing the subprojects to be financed under IPIP, and IPED also will finance three Technical Assistance contracts in support of IPIP: two years of a full-time personal services contractor IPIP Project Manager to be stationed at the ECCB; Advisory Assistance from a firm experienced in industrial estate planning, development, and management; and short-term architect/engineer consultancies to assist RDO/C in the monitoring of procurement under IPIP.

C. Issues

1. The Relationship of the Project to Other Investment Factors.

IPED is an essential link in the private sector trade and investment system being supported by AID at critical points: public/private sector policy (Caribbean Association of Industry and Commerce - CAIC, and a Public Policy Management Project); training for labor and management (Regional Development Training II); and private sector project financing (the Caribbean Financial Services Corporation - CFSC). The CAIC's primary mission is to create a unified private sector voice throughout the region, working to influence public policy in favor of private enterprise, market oriented economies, and increased private productivity. The success of PDAP and PDAP-II will be influenced by the effectiveness of CAIC in improving the overall investment climate, and the feedback received by local government authorities from PDAP-II Resident Advisors will offer them tangible evidence of the effects of favorable and unfavorable policies on investment attraction, employment, and exports.

A critical element in investment attraction will be the availability of financing. PDAP-II Resident Advisors will be able to direct entrepreneurs to the industrial estate financing to be offered private investors under IPIP; and to the long term industrial development financing offered by the CFSC.

The use of Project funds in each country will be determined by a Country Action Plan, approved by AID, to be developed jointly by the Resident Advisor, local industrial development authorities, and representatives of the local private sector. A major consideration in each Action Plan will be the development of industrial policy. The circumstances of each country suggest these plans will be idiosyncratic; nevertheless, all will touch upon interest rate policies, credit availability, government ownership or control of production and marketing, and the country's incentives to and constraints on trade, investment, and exports.

2. Continuation of the PDAP Model

PDAP may be seen as having undergone an organic shift in emphasis during its first year of operation. The original Project contained country action programs which had a strong orientation toward infrastructure, and by inference toward the public sector. At the same time the program had the expressed goal of job creation, which the sample projects in the initial country action programs could only achieve indirectly and over a longer term. PDAP evolved into a program emphasizing the immediate and direct creation of employment through the private sector. By mid-1984, PDAP had identified and assisted in the establishment of 19 private sector projects involving local and foreign investors and servicing CARICOM and export markets. On the basis of the current plans of the entrepreneurs concerned these will provide more than 4,000 new jobs in the region by the end of 1985. In addition, many of these companies are known to have long-term corporate development plans which are expected to add at least 3,000 additional job opportunities in the foreseeable future.

The electronics industry has grown noticeably as a result of PDAP, both in terms of foreign investment and locally-owned enterprises. In St. Kitts PDAP brought in substantial foreign investment and expanded the labor force employed by local electronics firms. In Antigua a U.S. electronic firm will employ up to 250 workers, and a local manufacturer has begun to assemble electronic components for U.S. companies. The lines of sporting goods produced by a major U.S. manufacturer are new to the region as are the plastics products now being made in St. Lucia. The plastics project represents a step towards broadening the industrial base of the LDCs in the Eastern Caribbean, with possibility of this plant fabricating inputs to the electronics assembly plants now located in the region. This would represent the beginnings of the sourcing linkages which must be present in order to permit the development of the industrial sector beyond the simple enclave model.

PDAP also made progress towards diversifying the agricultural sector in the region and lessening its dependence upon traditional crops. The production and processing of Aloe vera in Dominica and elsewhere will become a permanent addition to the agricultural sector in the region. Cut flowers and shrimp farming in St. Kitts, and fresh produce, lobster trap assembly, and crabmeat projects in Belize represent further examples of diversification.

The feasibility and effectiveness of the PDAP model is demonstrated. We see no equally effective alternative to the PDAP approach for investment promotion in these countries. Neither the IFC Caribbean Project Development Fund nor the UNIDO Caribbean Investment Promotion Service have the regional focus, field presence, international network, and performance record of PDAP in bringing investment into the Eastern Caribbean. The process of investments actually taking place in the EC and Belize, however, has barely begun. Continuation of the PDAP model for long enough to realize the investments now at an early stage, to build a pipeline of nascent investments in each country, and to institutionalize the investment promotion process so it can continue without further AID involvement would closely support the CBI, our regional strategy, and the economic growth of these countries.

3. Cost Effectiveness

The PDAP cost per job created is less than \$1,500 according to the actual commitments of investors, and less than \$900 based on investors' plans by December, 1985. This compares favorably to the costs of similar services of other international investment promotion programs. The Irish Industrial Development Authority expends approximately \$5,000 per job created; Puerto Rico's Fomento, approximately \$3,500; and the Jamaica Investment Corporation Ltd, approximately \$3,000.

4. Attention to Grenada.

PDAP has a Resident Advisor in Grenada, and for the rest of 1984 will, in the words of the Contractor's Country Action Plan, "devote its resources to activities of a tangible nature relating to the implementation of actions which are able to establish employment opportunities in Grenada as rapidly as possible." The PDAP effort will concentrate on a relatively narrow range of activities to achieve early results in the area of employment generation, and to lay some positive foundation for more sustained efforts over the next few years.

The activity areas are:

- (a) employment creation - local private sector and joint ventures;
- (b) employment creation - foreign enclave industries;
- (c) preparation of appropriate investment promotion material;
- (d) assistance as necessary with new investment proposals;
- (e) divestiture of selected public enterprises;
- (f) establishment of an Industrial Development Corporation;
and
- (g) comments on the draft Investment code.

We expect this Country Action Plan to be followed without interruption during the PDAP-IPED transition, and the subsequent PDAP-II Action Plan to continue to focus on these areas of activity.

II. BACKGROUND AND RATIONALE

A. Background

1. Economic Overview

Antigua, Belize, Dominica, Grenada, St. Kitts, St. Lucia and St. Vincent comprise the majority of the Less Developed Countries of the Eastern Caribbean. They have recently been grouped into a political association, the Organization of Eastern Caribbean States (OECS), along with Montserrat and Anguilla but not including Belize. The islands that form the OECS share many problems in common. Most obviously they tend to be of relatively small size, with populations varying from 45-125,000 people; have economies which typically show an over-dependence upon mono-crop agriculture or, in some cases, the tourism sector; and possess a marked lack of energy resources, particularly fossil fuels.

Per capita incomes among the LDCs range from under \$700 in St. Vincent to approximately double that in Antigua. The small Eastern Caribbean nations share, however, characteristics which constrain their development. The per capita cost of basic infrastructure is extremely high, and economic growth is largely dependent on export expansion, as import substitution opportunities are limited by small internal markets. The islands have relied traditionally on export of a few primary products, such as bananas from the Windward Islands of Dominica, St. Lucia, and St. Vincent, and sugar from Barbados and St. Kitts/Nevis. Light manufacturing--especially export-oriented foreign enclave operations--is increasing in importance. In 1981, manufacturing's contribution to GDP exceeded 5 percent in all countries except Grenada, with the figure ranging as high as 14 percent in St. Vincent. This sector accounted for more than 10,000 jobs in 1980, and provides a sizable portion of all new employment opportunities. This employment is significant in a total LDC population of 560,000, and the trend is favorable. Manufacturing is also having a positive effect on the islands' balance of payments. By 1981, the sector grossed almost \$60 million in foreign exchange for the LDCs, treble the amount generated in 1976.

Recently employment opportunities outside the Eastern Caribbean have diminished, mainly as a consequence of changes in immigration policy on the part of the United Kingdom, the U.S. and Canada. In addition, economic difficulties in Trinidad and the Netherland Antilles have circumscribed these traditional regional outlets for surplus labor from the small islands of the Eastern Caribbean. As a result there is increasing pressure upon local governments to solve the problem of growing unemployment.

The unemployment problem has also been affected by the slow-down in economic activity within the CARICOM region during the last three or four years. This is due principally to the effect of the international recession upon the oil-based prosperity of Trinidad and the political and economic confusion in Jamaica which surrounded the election of Prime Minister Seaga. Both Trinidad and Jamaica had

previously made a significant contribution to the progress of CARICOM as a whole. In addition, the growing insolvency of Guyana and the strain which this caused upon the financial mechanisms so important to the trading patterns of CARICOM has been another factor at work in slowing the growth of CARICOM trade.

Consequently, the governments of the OECS countries and Belize have had to face a growing body of unemployed workers and increasing numbers of young people unable to find a job.

The table below presents an estimate of unemployment in these LDCs during 1980:

	Labor force	Participation ^{a/}		Unemployment rate	Actual number
		Male	Female		
	(000)	(percent)		(percent)	
Antigua	28.4	73.	41	20.7	5,875
Belize	39.8	98	30	13.6	5,415
Dominica	25.3	81	53	18.3	4,635
Grenada	31.6	83	47	18.2	5,760
St. Kitts-Nevis	16.4	85	50	12.4	2,035
St. Lucia	39.9	83	45	17.2	6,890
St. Vincent	33.7 ^{b/}	N.A.	N.A.	20.0 ^{b/}	6,740
Total	213.0	N.A.	N.A.	17.5 avg.	37,360

Annual unemployment averages in the region now are close to 20% (over 30% in Grenada), with seasonal highs up to 50%. An estimated 34% of the active labor force is in seasonal employment (tourism, bananas, or sugar). Furthermore, the labor force in the region is growing faster than employment opportunities. St. Vincent typifies this problem. If we assume St. Vincent's population growth and unemployment rates remain at present levels, by the year 2000 a labor force of over 108,000 will lack 21,000 jobs.

^{a/} Participation rates are based on population data from 1980/82 Regional Census Material Economic data from Organization of Eastern Caribbean States (OECS) and CARICOM (published and non-published).

^{b/} St. Vincent participated in the 1980/81 Census but did not release their detailed data.

The LDCs look to production for export as the remedy for rising unemployment. A 1984 study by Arthur D. Little (ADL) found that in addition to generating foreign exchange, industries producing for non-CARICOM markets create more employment than import substitution industries. While there are constraints to production for export, there are favorable factors:

- . Most countries are politically stable, and the governments pro-private sector;

- . Production, particularly in manufacturing, is generally in private hands;

- . Wages are reasonable, and the labor force is relatively well educated and productive; and

- . All offer incentives to foreign investors.

To this list can be added the favored access to the U.S. marketplace offered to producers under the Caribbean Basin Initiative (CBI).

2. The Project Development Assistance Program (PDAP), 1981 - 1984

PDAP developed out of a concept that placed more emphasis on the public sector and infrastructure projects than is the current focus of the program. The original project saw the need to improve the capability for project identification and analysis in order to accelerate the draw-down of donor finance flowing into the region through the CDB, World Bank, and bilateral aid programs. At the same time, however, the main goal of PDAP was to create 3,000 new employment opportunities through the development of agriculture, industry, human resources and public infrastructure. Related objectives were to facilitate and strengthen linkages between the public and the private sectors, international assistance agencies, and commercial banks, and to encourage integrated development plans for inter-regional collaboration and technical exchanges.

A number of factors were likely to have a major effect upon the success of the program:

- (a) significant differences between the islands in the original group of PDAP countries, a situation complicated by the inclusion of Belize in 1982 and the inclusion of Grenada at the beginning of 1984;

- (b) the many areas of competition between the islands, evident in the development of competitive projects operating in the CARICOM market, the OECS industry allocation scheme, and the view taken of the PDAP countries by foreign investors;

- (c) the absolutely small size of the private sector in each of the countries concerned, and the focus of private sector activities on import/export and other commercial activities rather than manufacturing;

(d) a low level of experience in the manufacturing sector by local entrepreneurs who were seldom selling outside the CARICOM market. Where companies were able to develop a viable business on the basis of the CARICOM market alone, it was generally as a result of the protection offered by tariffs and other barriers to the international market, and remained constrained by the small size of the CARICOM market;

(e) the embryonic level of development of many of the private sector institutions and associations in the region, and their limited capability to respond to the needs of their membership.

(f) the surprising degree of isolation, both in physical terms and from the flow of innovative ideas, which private sector companies in the Eastern Caribbean experienced.

The approach the PDAP contractor, Coopers & Lybrand, took to the original project, given the factors outlined above and in consultation with RDO/C, was to move away from the identification of public sector infrastructure projects and towards the resolution of key constraints to private sector development and to the creation of private sector opportunities which would impact upon the problem of unemployment.

With this shift of emphasis to the private sector, it was possible for PDAP to help fulfill what RDO/C policy objectives intended to encourage Caribbean governments and public sector institutions to recognize the benefits a more active and successful private sector. The contribution made by PDAP towards RDO/C's policy objectives was demonstrated early in the project when the Mission developed its CBI Implementation Plan, which showed that the Mission's overall strategy supported the goals of the CBI. But perhaps more importantly, PDAP, along with the funding for CAIC and the likely contribution to be made by CFSC, represented an on-site capability within each island to help ensure that ideas for improvement of private sector activities were turned into reality.

PDAP Resident Advisors have been working with the public and private sectors of each of the LDCs, and a U.S.-based "investor search" operation has been promoting foreign investment in the region. While each Advisor has a slightly different role, the PDAP presence has become essential to the investment promotion and management efforts of each country. In Dominica, for example, the PDAP Advisor works in the Industrial Development Corporation, providing direct technical advice. The Advisor to Antigua, formally attached to the Office of the Deputy Prime Minister, is housed in the Chamber of Commerce and works closely with the Chamber and the Manufacturers' Association.

The Washington-based Investor Search group was established at the beginning of PDAP with the objective of identifying likely foreign investors and servicing the information requirements of the Advisors in regard to market studies, appropriate technology, joint venture partners and contract production. The Advisors are also linked with the Investor Search by joint activities at trade shows, business seminars and conferences, industry-specific promotional tours, and contact with the Coopers & Lybrand client base. The result of this working arrangement has been a close integration over the life of PDAP between the investment promotion in the field and the investor search operation.

The promotional activities of PDAP included:

- . Promotion of Investment Opportunities at Selected Industry Trade Shows and Other Special Events.
- . Organizing an Investment Mission/Promotional Tour.
- . Generating Referrals from U.S. Government Agencies and Other Key Institutions.
- . Undertaking Targeted Media Relations and Advertising Campaigns.
- . Conducting Desk Research and Mass-Mail Campaigns.
- . Providing Support to Complementary Institutions.
- . Follow-up and Marketing of Individual Prospects.
- . Developing Support Systems.

TRADE SHOWS
AND
SEMINARS
PDAP

1983

<u>SHOW</u>	<u>CITY</u>	<u>DATE</u>
CONSUMER ELECTRONICS SHOW	CHICAGO	JUNE 5-6
WOMENS & CHILDRENS FASHION MARKET	DALLAS	AUGUST 19-26
PACIFIC HORTICULTURE TRADE SHOW	ANAHEIM	SEPTEMBER 8-10
TRADE & INVESTMENT MISSION D.R.	NEWARK	SEPTEMBER 13
DEPARTMENT OF COMMERCE	SAN JUAN	SEPTEMBER 19
BOBBIN SHOW 1983	ALANTA	SEPTEMBER 20-22
AMERICAN AGRICULTURE MARKETING WORK- SHOP ON THE CARIBBEAN	MIAMI	SEPTEMBER 26-29
MIDCON ELECTRONICS SHOW	ROSEMONT	SEPTEMBER 27-29
SPORTING GOODS MANUFACTURING SHOW	NEW YORK	OCTOBER 1-4
PRODUCE MARKETING ASSOCIATION EXPO	NEW ORLEANS	OCTOBER 8-12
DEPARTMENT OF COMMERCE - CBI SEMINAR	WASHINGTON	OCTOBER 17-18
DATA ENTRY MANAGEMENT CONFERENE	SAN DIEGO	OCTOBER 17-19
WESCON ELECTRONICS SHOW	SAN FRANCISCO	NOVEMBER 8-10
MIAMI CONFERENCE ON THE CARIBBEAN	MIAMI	NOVEMBER 29-2
DEPARTMENT OF COMMERCE - CBI SEMINAR	INDIANAPOLIS	DECEMBER 6
DEPARTMENT OF COMMERCE - CBI SEMINAR	CINCINNATI	DECEMBER 7

1984

SOUTHCON ELECTRONICS SHOW	ORLANDO	JANUARY 17-19
DEPARTMENT OF COMMERCE - CBI SEMINAR	SAMFORD	JANUARY 24
DEPARTMENT OF COMMERCE - CBI SEMINAR	BOSTON	JANUARY 25
HARLEM THIRD WORLD TRADE CONF	NEW YORK	JANUARY 30-31
DEPARTMENT OF COMMERCE - CBI SEMINAR	MILWAUKEE	FEBRUARY 9
UNITED FRESH FRUIT & VEGETABLE CONF	DALLAS	FEBRUARY 12-15
TOY MANUFACTURERS OF AMERICA FAIR	NEW YORK	FEBRUARY 13-22
INTERNATIONAL BUSINESS INFORMATION SEMINAR	SAN FRANCISCO	FEBRUARY 23-24
DEPARTMENT OF COMMERCE - CBI SEMINAR	DALLAS	MARCH 1
SPORTING GOODS MANUFACTURER'S ASS'N	NEW YORK	MARCH 8
CHAMBER OF COMMERCE, DOMINICA MISSION	WEST PALM BCH	APRIL 2-3
TOY MANUFACTURERS CARIBBEAN SEMINAR	NEW YORK	APRIL 5
DEPARTMENT OF COMMERCE - CBI SEMINAR	CLEVELAND	APRIL 12
U.S. INTERNATIONAL FOOD SHOW	NEW YORK	APRIL 15-18
DEPARTMENT OF COMMERCE - CBI SEMINAR	VIRGIN ISLANDS	APRIL 25
INTERNATIONAL BUSINESS INFORMATION SEMINAR	CHICAGO	APRIL 26-27
COMMUNICATIONS SHOW - ELECTRONICS	TAMPA	MAY 7-8
ELECTRO SHOW	BOSTON	MAY 15-18
CARIBBEAN BASIN VENTURE CAPITAL CONF	SAN JOSE	MAY 21-23
COMDEX	ALANTA	MAY 22-25
NATIONAL GOVERNOR'S ASSOCIATION	WASHINGTON	MAY 28-30
NATIONAL COMPUTER CONFERENCE	LAS VEGAS	JULY 9-12

Public relations activities geared toward obtaining favorable attention in the U.S. media also were effective in contacting potential investors. The objectives of public relations and advertising have been to build an awareness in the U.S. business community of the Eastern Caribbean as a stable and profitable place for investment, and to generate inquiries from individual prospective investors. The Washington staff of PDAP are now routinely contacted by journalists preparing articles on the Caribbean. The PDAP program and staff have been referenced in the Wall Street Journal, Newsweek, the New York Times as well as in Venture magazine and other business publications.

Use of the Press under PDAP

- "Showing Grenada Our System," Venture, July 1984
- "Caribbean Promotions Reach into Western United States," Caribbean Business, February 29, 1984
- "U.S. Government Program Provides Business Advice," Caribbean Business, February 29, 1984
- "Caribbean Investment on the Rise," Ft. Lauderdale News/Sun Sentinel, March 4, 1984
- "Reagan's Caribbean Initiative Attracting New Investment," Mexico City News, February 22, 1984
- "Caribbean Economies Needed an Inflow of Battle Green," The Wall Street Journal, November 10, 1983
- "Caribbean Initiative Attracts Investment", The New York Times, February 20, 1984
- "Caribbean Advantages", Cincinnati Enquirer, December 6, 1983
- "Tri-State Firms See Potential in Caribbean," Cincinnati Post, December 8, 1983
- "Trade Winds in the Caribbean," Newsweek, November 14, 1983
- "Seizing the Initiative in the Caribbean Basin," Nation's Business, October 1983
- "Foreign Countries to Gain U.S. Management Expertise," Business Review, August 1983
- "Offshore Manufacturing Opportunities in the Caribbean Basin," Bobbin, (Columbia, S.C.), September, 1983
- "World Trade Week," VIA Port of New York-New Jersey, July 1983
- "Coopers & Lybrand Project Aids Caribbean Development," Brandon's Shipper & Forwarder (New York), June 27, 1983
- "Caribbean Development Program Encourages Investment by U.S. Firms," Long Island Business, July 7, 1983
- "Whittling Away at the Caribbean Initiative," Businessweek, July 11, 1983
- "Caribbean: Where U.S. and Marxists Vie for Influence," U.S. News & World Report, May 16, 1983
- "Senate Panel Clears Caribbean Basin Trade Incentives," The Wall Street Journal, May 13, 1983
- "Seminar to Probe Caribbean Trade," Brandon's Shipper & Forwarder, May 2, 1983
- "David Rockefeller to Speak at Seminar on Caribbean Basin," United States Department of Commerce News (NYDO 83-04)

For PDAP to draw effectively upon the resources of a wide range of institutions both in the region and in North America, and to a lesser extent in the Far East and Europe, a comprehensive computerized data base and communications system was devised to ensure that the project would respond to the needs of individual private sector companies, local or foreign. More than 5,000 contacts are held in the data base at present; continuing contacts of an advanced nature are being maintained with more than 1,000 companies; an average of 4-5 trade shows, conferences, and business seminars are being attended each month; and more than 50 companies are designated as "Hot Prospects" at any one time. The organizational sophistication of such a large-scale and comprehensive network is significant, as it embraces Europe, North America and the Far East.

The success of PDAP to date needs to be considered in two ways: first, whether the project met its specific objectives of creating 3,000 new job opportunities in the region; second, whether the program succeeded in demonstrating to nationals in the public and private sectors of PDAP countries the tangible impact which a program of this type can make.

By mid-1984 PDAP had identified and assisted in the establishment of 19 private sector projects involving local and foreign investors servicing CARICOM and export markets. On the basis of the current plans of the entrepreneurs concerned it is expected that these will provide more than 4,000 new jobs in the region by the end of 1984. In addition, many of the companies involved are already known to have long-term corporate development plans which are estimated to add at least 3,000 further job opportunities in the foreseeable future.

The 19 successful projects include a wide variety of local and foreign interests, and mainly service export markets.

- . In Antigua a U.S.-owned company is manufacturing a range of electronic subassemblies for its already established markets in the U.S.
- . A European-owned Far East company, has established itself in St. Lucia to manufacture plastic products for customers in the U.S. and Europe.
- . A major U.S. sporting goods company established a tennis racquet manufacturing operation in St. Vincent to replace product previously purchased under contract in Mexico.
- . In St. Kitts two locally-owned companies have entered into firm arrangements with U.S. companies to produce garments and electronics products respectively for sale in the U.S.
- . In Dominica a U.S.-based company has purchased land on which to grow aloe vera which will be processed locally for sale to the U.S. market.

In addition there are other successful private sector projects producing electronics, garments, cut flowers, quarry stone, and fresh produce owned by U.S., Far East and local investors which have been established through PDAP efforts. PDAP also devoted resources to the preparation of projects which would remove infrastructural constraints to private investment and consequent employment generation. These included studies such as the analysis of the feasibility of an enhancement of the Canefield airport in Dominica.

Less tangible but nonetheless real benefits have been derived from the participation in the program of nationals working in parallel with PDAP Advisors; the interplay between the PDAP team and representatives of the local public sector and regional institutions such as the CDB, OECS, and Caribbean nationals of the UNIDO program; and the experience local businessmen who have worked on a day-to-day basis with the project team.

In addition to working directly with private sector organizations in the islands to enhance their role in industrial development, PDAP helped local manufacturing firms to compete in the international market-place, to negotiate with U.S. companies seeking contract production sources, and to package local resource-based investment projects, in some cases in joint ventures with foreign investors. Examples include clay products in St. Lucia, stone quarry and yachting services ventures in Antigua, various agricultural projects in Belize, and citrus products in Dominica.

In August, 1983, after twenty months of PDAP operations, the Mission contracted the service of an outside consultant team^{1/} to evaluate the Project (Annex F). The Evaluators found it appropriate that the Mission and the Contractor placed increasing emphasis on the investment promotion aspect of the Project and enhanced its private sector orientation. The Evaluators observed that the PDAP approach was promising and well adapted to the needs of the Region, and while other approaches to accomplishing PDAP objectives were "theoretically possible", there did not appear to be any realistic alternative to the model of resident advisors working with an international promotion network. The Evaluators also felt that the 3,000 job target was insufficient, given the unemployment level in the Region. Further emphasis on investment promotion was recommended.

^{1/} Richard L. Bolin and Robert C. Haywood of International Parks Inc., and Lawrence E. Harrison, an independent consultant.

In the year since this Evaluation further emphasis has been placed on investment promotion, and the investor search operation has been stepped up. Funds originally assigned to short-term technical assistance and feasibility studies were shifted to accommodate this change. The Table below shows PDAP's cumulative promotion and search activities and the investment and employment results as of May 31, 1984. Nineteen new and expanded businesses will employ over 4,000 workers during 1984, with plans for expansions which will employ an additional 3,000 workers during 1985. Additional employment has been generated as a result of "production sharing" or subcontractual arrangements, and cottage industry has been spawned as "feeders" to these new and expanded businesses.

PDAP Resident Advisors also made contributions to the development efforts of their Host Governments which are not measurable in terms of immediate employment creation. One Advisor with particular expertise provided extensive assistance to RDO/C and the Government of Dominica in the restructuring of the Dominica banana industry. The Advisor to St. Lucia and a PDAP-subcontracted consultant are assisting the Government to develop the systems and procedures necessary to operate an industrial Free Zone. Other examples include technical assistance to St. Vincent with feasibility studies for an airport and a new jetty, and assistance to the Belize Chamber of Commerce in "twinning" with a U.S. Chamber.

The Project Development Assistance Program has succeeded in identifying and nurturing investment opportunities. PDAP improved the quality of investment promotion throughout the region and, perhaps more importantly, enabled the public and private sectors to better understand the conditions required for successful investment attraction. However the sequence of investigation, investment, and the resulting employment, production, and exports was found to take longer than anticipated. The benefits of three years' work are just beginning to be realized, and a pipeline of investment opportunities and prospective investors is being built up. Although the cost per job created has been comparatively low even at this early stage, we look for a higher return in investments and employment over the next three years, as projects now under consideration mature and new projects are identified and promoted.

B. Rationale

1. Problem Statement

The three critical weaknesses in the Region's economies are their dependence on traditional basic commodities, their small internal markets, and rising unemployment. The obvious remedy is diversification into the production of goods and services in demand

INVESTMENT PROJECTS NEGOTIATED OR IN PLACE

Country	Product Area	Investment Projects Negotiated or In Place ^{1/}			Production Sharing ^{2/}		Number of Jobs Created Maintained
		Current Plans of Investor	Probable Expansion Plans by Dec 1985	Total			
Antigua	. Stone Quarry	10	6	16	Electronics	20	
	. Computer Products	250		250			
	. Textiles and Garments	1000	500	1500			
Belize	. Household Chemicals	10		10	Canteloupes	25	
	. Lobster Trap Assembly	50	50	100			
	. Crabmeat Production	15	200	215			
Dominica	. Aloe Prodn. Processing	90		90			
	. Children's Dresses ^{2/}	250	60	310			
	. Cardboard Containers	50		50			
	. Wilson Sporting Goods	200		200			
St. Kitts	. Electronics Assembly	700	650	1350	Garments Electronics	85 15	
	. Shrimp Farming	20		20			
	. Out Flowers	60		60			
St. Lucia	. Plastic Products	250	100	350			
	. Textiles	500	1500	2000			
St. Vincent	. Wilson Tennis Racquets/Soft-ball	400		400			
	. Electronics Assembly	150	100	250			
	. Electronics Assembly	150		150			
Grenada	. Garment Production	30	70	100	Jeans		
TOTAL		4185	3236	7421		205	

Summary of Company Contacts		Activity	Number
. Total Contacts	5086	Trade Shows	26
. Contacts expressing further interest	3580	UK Seminar	15
. Contacts receiving advanced follow-up	1128	Mass Mailings	18
Hot Prospects	51	Articles/Ads	21

Footnotes:

(1) Employment figures are based on data contained in the formal application submitted by company. Information on probable expansion is provided to us by the company.

(2) This table covers contract arrangements between local companies and US companies identified PDAP. In addition to the full-time employment shown an additional 1200 part-time jobs are being created in cottage industry.

outside the Region, especially those with a high labor content. This diversification will require new capital, improved technology and management, and familiarity with the export marketplace. Most of this must be attracted from abroad.

2. AID Strategy

The A.I.D. strategy is to expand employment and increase output in the productive sectors. Strengthening the private sector's role in development is central to all program categories. Elements of the strategy devised to stimulate directly the role of the private sector in development include: (1) investment promotion, with emphasis on production for export; (2) strengthening of private institutions that provide financing, technical assistance, and training; (3) development of infrastructure needed by business, emphasizing industrial estates, transportation, and utilities; and (4) management and technical training meeting the needs of the private sector.

The Region's persistent unemployment and underemployment need to be addressed quickly. A.I.D. strategy over the short term is to reduce unemployment while encouraging the policy changes and structural adjustment measures that will provide a foundation for growth. Over the longer term support for national and regional institutions will be directed largely toward increasing investment and employment in export production, coupled with support for policy modifications and structural changes needed to adjust to world economic conditions.

The constant themes, short-term and long-term, of employment creation and increased exports, call for the investment of new capital, technology, and export production and marketing know-how. This may be expected to occur in a haphazard fashion over time, unless an accelerated effort is made to identify business opportunities; develop investment projects; broadcast their existence to possible regional and foreign investors, entrepreneurs, and businessmen; and follow through with assistance to the investor and the host country as necessary until production is started.

3. Alternative Solutions

The feasibility and effectiveness of PDAP is demonstrated. The process of investments actually taking place in the Eastern Caribbean and Belize, however, has barely begun. Continuing investment promotion is essential to the economic growth of these countries. There are three alternatives for AID at this point: (a) provide no further support to investment promotion when the PDAP contract expires this October, leaving it up to the participating countries to continue as they see fit; (b) support it through another form of project; or (c) continue the PDAP model.

(a) These countries cannot pay for and administer a PDAP follow-on, regardless of its proven effectiveness in attracting the investment called for by the countries' situations. If AID support does not continue, the scope and intensity of investment promotion will be substantially reduced to the countries' own efforts supplemented by the discrete services offered by other agencies: UNIDO, IFC, CCAA, and the CAIC.

(b) We see no project alternatives as effective as the PDAP approach for getting at this employment Goal and productive investment Purpose. Other programs promote private investment in the region: the UNIDO Caribbean Investment Promotion Services (CIPS) provides training in New York for public officials, and offers New York-based investment promotion facilities; the IFC-sponsored Caribbean Project Development Facility (CPDF) in Washington identifies potential investment projects, but is spread throughout the Caribbean Basin in addition to the Eastern Caribbean and Belize; the Caribbean Association of Industry and Commerce (CAIC) is attempting to develop a computerized data bank of, inter alia, investment opportunities; Caribbean/Central America Action (C/CAA) sponsors trade missions, conferences, and other information exchange fora. Each of these discrete programs provides useful services; however, none offers the in-country investment development presence integrated with an international market and investor search of PDAP, to be augmented by the in-country institutionalization of these functions in IPED.

(c) Continuation of the PDAP model for long enough to realize the investments now at an early stage, to build a pipeline of nascent investments in each country, and to institutionalize investment promotion within each country so it can continue without further AID involvement, would respond directly to the problem (see Problem Statement above), would be consistent with the CBI and our regional strategy, and is the course selected.

III. PROJECT DESCRIPTION

A. Goal and Purpose

The Goal of this Project is to increase employment in the Eastern Caribbean LDCs, and Belize. The Purpose is to identify and promote private investment in productive, export-oriented businesses.

B. Expected Achievements

This Project will promote at least 50 business startups or expansions to the point of initiation of production; these new or expanded businesses, directly and indirectly, will create over 12,000 jobs. The Project also will build a backlog of investment possibilities in each of the participating countries; and in each country will leave a government office, private group, or mixed entity working effectively in investment promotion and follow-on management, with competent local staff and adequate local financing.

C. Project Elements

1. PDAP-II Level of Effort

Drawing on the experience of PDAP, the Project will provide contracted expert investment promotion services, training, and technical assistance to the public and private sectors of the LDCs during 1984-1987 to create policy environments attractive to productive investment, and to identify and develop investment opportunities including the private development of industrial estates.

A Grant-financed contractor with a Barbados-based Project Manager and seven resident on-site Advisors will provide technical assistance and training to the industrial development efforts of the private and public sectors of each participating LDC; while a U.S. based, international search will identify investors to take advantage of investment opportunities to be created throughout the region. Simply put, EC operations will create the demand for local and international investment; U.S. based operations will seek to supply international investors. Although most Project resources will be concentrated elsewhere, the PDAP-II contractor will advise the Barbados Industrial Development Corporation (BIDC) of any investor interest in Barbados, and will be available to consult with the BIDC as requested.

2. Investment Project Development

The PDAP-II Contractor will station resident on-site Advisors in the participating LDCs to provide expert assistance to the industrial development efforts of the public and private sectors of each of the eight countries. Each Advisor will be assigned to a Host Government in accordance with an Implementation Agreement drawn up between the Government and AID^{3/} prior to each Advisor's arrival.

^{3/} In Belize the Implementation Agreement will be negotiated by the bilateral USAID with RDO/C concurrence.

While these Implementation Agreements will vary according to the industrial policies and needs of each Government, each will provide that at least half of the Advisor's time will be spent assisting the Private Sector, both local entrepreneurs and foreign investors, in the development of private investment projects.

Each Advisor's first task will be to prepare, in conjunction with local Government and private sector representatives, a Country Action Plan for AID approval^{4/}. It will describe the Advisor's intended scope of work for the first year in detail, and in general for the following year. The Plan will extend the industrial policy dialog begun in the AID-Government Implementation Plans, and will identify industrial development objectives, problems and strategies. This exercise will provide an opportunity for the Host Government, in coordination with representatives of the private sector, to establish its institutional development objectives. Each Plan will also describe the commitment of personnel and other resources to be made by the Government and the private sector; training and technical assistance services, such as feasibility studies for private industrial estates under the IPIP project, to be arranged by the Contractor; the overall estimated budget for the first year; and the results expected to be achieved during that period. Illustrative of the activities to be considered in each Plan are the following:

a) Antigua

- . Private sector activities would include assistance to the Chamber of Commerce and Manufacturers Association with technical and managerial training. Examples would include overseas training for mechanics and technicians, establishment of inventory control systems, and provision of assistance in production and factory layout.
- . Public sector policy and training would encompass such diverse activities as the preparation of an industrial development strategy within the context of the CBI, targeting specific industries relevant to Antigua, and carrying out a survey of vacant floorspace which might be available for industrial use, including warehouses and private industrial buildings. A program of work would also be developed with the Antigua Public Utilities Authority in order to determine future demand for water, electricity and telephone services on the part of new investors.

^{4/} In Belize and Grenada these Plans will be approved jointly by RDO/C and the bilateral USAIDs.

- . Investment promotion would be organized jointly with the Chamber of Commerce, Manufacturers Association and representatives of the public sector, and would include such specific activities as organization of and participation in the Rochester Investment Mission, the December 1984 Miami Conference, Far East investment promotion, and a series of industry-specific missions to the U.S. During the course of these activities training in investment promotion techniques would be provided to representatives of the Chamber of Commerce and to the public sector.
- . Tourism is a key industry in Antigua and efforts should be made to encourage new tourism investment, particularly in the yachting industry. Working with private sector representatives and Government a program of promotion and training will be organized, linked closely with a number of other current donor financed activities. The work with other donors will be closely integrated with the new regional tourism project which is to be funded by CIDA and which will cover all the islands of OECS during the course of 1984/85.

b) Belize

- . Investment promotion will be a key activity in Belize, with an initial investment mission to the Far East followed by a further mission to Salt Lake City in connection with the twin Chambers program. Next would come an organized series of promotional visits to the South-eastern United States for a selection of Belizean businessmen seeking joint venture partners or new markets.
- . Training programs will be developed to specifically reflect the needs of the local private sector, and will include such subjects as production of winter produce for the U.S., benefits of the CBI for Belizean businessmen, and the training of members of the Chamber of Commerce in improved organizational skills. A particular effort will be made to upgrade management skills of the staff of the local Chamber of Commerce to include investment promotion activities, media training, and the organization of promotional material.
- . In the public sector, attention will be concentrated on the factory shell program. The presence in Belize of a number of active private sector entrepreneurs interested in real estate development may add a useful component to RDO/C's industrial estates program in the country.

- Tourism is at present an infant industry in Belize. Potential exists for further development, although most of these activities will be offshore and may require significant investment in tourism infrastructure. CIDA is also considering the funding of an extensive tourism development plan for Belize to be run in parallel with a study to be financed in the Eastern Caribbean for OECS countries. It is likely that the promotion of tourism investment will become a focus of the Belize program.

c) Dominica

- Employment creation, based on local and foreign utilization of Dominica's natural resources including abundant energy in the form of hydro-power, forest products, and a variety of agricultural products including citrus, vegetables, patchouli oil, other essential oils, aloe vera, and coffee.
- Assistance to the local private sector in technical training, export processing and marketing to take advantage of the CBI, and further , will include inputs to Dominica Agro Industries, Coconut Products, P.W. Bellot, and a number of the smaller garment producers.
- Little assistance appears necessary in terms of training to the public sector. More essential is a range of financial inputs to upgrade the quality and quantity of staff, office equipment, communications and promotional material, of the Industrial Development Corporation.
- Tourism is of little interest in Dominica, with few beaches, an unreliable dry season, very little tourism infrastructure, and difficult access. Some minor tourism development of the "safari" type may be of interest to visitors from Martinique but it is unlikely to make significant inroads into the employment problem.

d) Grenada

- A Resident Advisor recently arrived following the addition of Grenada to PDAP. He is currently working within the framework of the Country Action Plan recently approved by RDO/C Grenada. Given the requirement to see the nature of the new Government

which will follow the elections anticipated for the end of the year, it is difficult at this stage to do more than reaffirm the structure already determined for the current Grenada Country Action Plan. This includes:

- . With the emphasis being placed on the completion of the Point Salines airport, tourism is particularly important. Efforts will be made to encourage the construction of additional hotel rooms and related tourism infrastructure in order to obtain a reasonable return on the investment transport facilities. A number of proposed hotel projects are already outstanding and it is expected that the CIDA-financed tourism development plan for the OECS countries will add a further dimension to the marketing of the Grenada tourism product. In order to accommodate an increase in the level of tourism activity, it will be necessary to consider ways in which the Grenada Hotel Association could upgrade key aspects of its business such as a central reservations system.
- . The agri-business sector in Grenada remains potentially very important as an export earner. Grenada has an established position in the international spice market, particularly for the production of nutmeg, mace, cloves and cinnamon. These products, along with cocoa, bananas and coconuts, dominate the agricultural sector which is far more diverse than that of nearly any other OECS member country. Efforts were made under the previous government to establish an agro-processing operation and it seems likely that this, plus greater attention to nutmeg and the minor spices, could have a significant impact upon the economy as a whole.
- . Disinvestment of public corporations has been a key public policy issue and a central feature of the policy dialogue between RDO/C and the Interim Government. It is anticipated that IPED will continue to play a part in the disinvestment process in Grenada across the full range of activities involved from transport to the manufacture of food products.
- . The local private sector in Grenada is surprisingly active, and particularly in garments, food processing, and electronics appears to have significant potential.

Efforts will continue to be concentrated on the establishment of viable joint ventures between local and foreign companies, the introduction of new foreign companies into Grenada in order to manufacture for non-CARICOM markets, and, as necessary, to provide such infrastructure facilities as industrial floorspace through privately-owned industrial estates.

- While the public sector and its role in the economy remains to be defined, it seems likely that a new public sector investment promotion institution will take on responsibility for investment promotion and the provision of a "one-stop shop" designed to service foreign investors and others seeking investment incentives. IPED should play a key role in the establishment and organization of such an entity.

e) St. Kitts-Nevis

- It is expected that a National Development Foundation in St. Kitts-Nevis will be established during the next 12 months. The IPED Advisor will work with this new organization as other Advisors have on other islands. Key aspects of the likely Country Action Plan for St. Kitts-Nevis will include the following:
 - Tourism development will continue to get high priority. Given the investment which has already been made in infrastructure, particularly the international airport, this is essential if any return is to be achieved. The complementary tourism resources of St. Kitts-Nevis will be explored in association with the CIDA tourism development plan. It is likely that training assistance will be helpful to small, local hotel operators in St. Kitts-Nevis and will cover a range of inputs from promotion and reservations systems to access to technical training in hotel trades.
 - Assistance will be provided to the public sector in the formulation of policies concerning local and foreign investment promotion, investment incentives, negotiation of concessions, and the provision of industrial infrastructure. Training in media access, preparation of promotional materials, and commercial negotiations would also be useful. An increased focus would be placed on

the development of staff capabilities, particularly within the Ministry of Trade and Industry and in the St. Kitts-Nevis Development Bank.

- . Investment promotion activities will draw together both the public and the private sectors, both of which have already indicated a commitment to investment promotion. In order to upgrade these activities, considerable assistance will be necessary in the area of overseas investment promotion, involving both the PDAP Advisor and the U.S. based investor promotion group.
- . A highly active, but small-scale, private sector in St. Kitts-Nevis is progressively being complemented by new foreign-owned manufacturing concerns. While little training is needed by the management and staff of the foreign-owned enterprises, the increasing gap between the techniques and experience of the local, as opposed to the foreign, ventures is significant. Efforts will be made particularly with local garment-making and electronic companies, to encourage joint venture and contract production facilities which facilitate the process of technology transfer and may lead to further investment.

f) St. Lucia

- . Tourism is an important element in St. Lucia, albeit one which continues to suffer from the recession. IPED will work closely with the CIDA-financed tourism study and assist the government to seek out new tourism sector investors.
- . Light manufacturing, particularly garments, electronics, metal manufacturers, plastics and other labor intensive industries for the export market, are all actively encouraged in St. Lucia and find the island a desirable location due to its low labor costs and good transport. Efforts will continue in the investment promotion area, with additional training being provided to staff of the NDC and technical assistance provided in the form of funding for the implementation of the Industrial Free Zone in Vieux Fort.

- Agro-industry and natural resource based industries using such raw materials as clay and pumice, will also obtain high priority in both investment promotion, technical assistance, and training. Products such as foliage plants, aloe vera, winter vegetables, and processed fruits and juices all have significant potential for local and foreign investors.
- Local institution building capacity will be the subject of assistance both in training and in direct staff and promotional budget resources.

g) St. Vincent

The locally owned private sector manufacturing base is small. Recently the Chamber of Commerce has been increasingly active, but it is still a long way from having a central role in the determination of public sector policy regarding private sector initiatives. The following activities could be features of IPED:

- Training and upgrading of the Development Corporation, with the utilization of donor finance to improve the level and number of staff, to adopt a more pro-private sector role, to hand a number of infrastructure facilities to the private sector, particularly industrial estates, and to establish training programs in investment promotion.
- Agri-business is a potentially important area for St. Vincent given its sizable agricultural base, as are production of vegetables for export and the introduction of new crops such as aloes, pineapples, and soft fruit. Sugar-based by-products such as rum and ethyl alcohol may also become important as will the use of brewery waste for fish farming and animal feed.
- Light manufacturing for export markets has already demonstrated the capacity to make a major contribution. Increased emphasis will be placed on investment promotion, the linking of already established local companies with foreign businesses either as joint ventures or contract arrangements, and the introduction of local resource-based industries such as food processing would have priority.

- The potential for tourism is limited to the Grenadines and constrained by the access into small airfields at Arnos Vale and in the Grenadines. This constraint points to a need to increase emphasis on yachting from bases in the small islands, and the development of high quality/high value facilities catering to small groups. Assistance will be provided within the framework of a new OAS financed tourism study which will be carried out during 1985 in St. Vincent.

h) Barbados

- Barbados alone among the islands of the Eastern Caribbean has a well developed and efficient investment promotion and private sector project implementation capacity within the Barbados Industrial Development Corporation. This organization is currently receiving support directly from the World Bank, and maintains a large staff of professionals in Barbados and a series of well organized and competently staffed investment promotion offices in North America and Europe. The investment promotion component of PDAP II will work with the overseas staff of the Barbados Industrial Development Corporation, participating with them in major promotional initiatives and sharing relevant information. Through the team leader's office in Barbados an interface will be maintained in regard to visiting investors, export promotion opportunities, and information requests. It is expected that staff of the Barbados Industrial Development Corporation will also participate in Far East investment promotion initiatives, and particular attention will be given to the development of contacts and market information specifically in the areas of furniture manufacture, metal working and data processing.

3. International Investor Search

The Contractor will have the international organization, expertise, contacts and high-level access necessary to identify and attract foreign private investment to the LDC client states and Barbados. Contractor personnel will have a knowledge of various industrial sectors and an understanding of manufacturing processes, production costs, and other factors pertinent to consideration of offshore investments. The Investor search will be U.S.-based, but will operate under the direction of the Project Manager in Barbados.

4. Institutional Development

PDAP-II will further the development of effective investment promotion agencies in each of the participating countries. Where the agencies operate with government support, complementary support by the private sector should be established. PDAP showed that training by demonstration and encouragement through success are strong factors in shaping the attitudes of governments and donor agencies towards the long-term value of local investment promotion institutions. Viable but poorly equipped local institutions are already in existence in some islands. The Chamber of Commerce in Antigua, the National Development Corporation in St. Lucia, and the Industrial Development Corporation in Dominica already have much of the staff resources and political support which are essential for any local institution to carry the program forward.

The Country Action Plans will propose frameworks for change and institutional development which are specific to local conditions. It is essential to avoid the imposition of a 'standard' solution across the board without regard to local conditions and sensitivities; it is equally important to avoid solutions merely borrowed from larger countries. In carrying forward such a program of institutional enhancement, it is expected that in each country the institution(s) to be charged with continuing investment promotion responsibilities will go through a sequence of formal training, supervised practical application, and the gradual assumption of all investment promotion activities. The Plans will attempt to lay out a comprehensive picture of training needs, with the expectation that such training may be obtained from other sources, e.g. BIMAP, CAIC, IESC, UNIDO, in addition to the PDAP-II Contractor. This is intended to transform the investment promotional aspects of PDAP into a program which integrates in a systematic way the public and private institutions relevant to the industrial development and investment promotion functions within IPED countries. The outcome will be to change investment promotion from a turnkey operation into an institutional support mechanism. Specific institutional development activities which may be carried out in each country are shown on the next page.

5. Technical Assistance for IPIP

This IPED Grant is to be obligated at approximately the same time as a \$12 million AID loan to the Eastern Caribbean Central Bank (ECCB) for the project "Infrastructure for Productive Investment" (IPIP), to finance the construction of over 600,000 sq. ft. of privately owned industrial floorspace and related infrastructure. Three technical assistance services in support of IPIP will be financed under IPED.

a. Project Manager - ECCB

IPIP will be the first development project handled by the ECCB, and the Bank has requested assistance in its administration. AID will finance a Project Manager for the ECCB under the IPED Grant for the first two years of IPIP. This PSC will be contracted by AID with the concurrence of the ECCB, and will be stationed at the ECCB in St. Kitts

during his contract term. Among the responsibilities of the Manager will be: the development of project procedures and guidelines; management of project related communication, reporting etc. with participating banks and with A.I.D.; review of all applications for financing for eligibility; and management of loan approval and project monitoring documentation. During the third project year ECCB will assume responsibility for costs associated with continued assistance by the Project Manager.

b. Industrial Estate Development

New investors will usually need new factory space. However, the private entrepreneurs and commercial banks which will carry out IPIP are generally unfamiliar with the processes of industrial estate promotion, design, financing, and management. Technical Assistance in these areas will be offered to banks and to businessmen by a firm experienced in this field; and funds in the PDAP-II contract may be used to finance feasibility studies needed for IPIP.

c. Architect/Engineering Consultant - RDO/C

To assure that the procurements of goods and services under IPIP reflect competitive market prices and good business practice, RDO/C will be assisted in Project monitoring by short-term A/E consultancies to be provided by a qualified local firm.

6. Project Term

The IPED-Financed Consultant Contract will begin in September, 1984 and will run for three calendar years with a two-year extension at AID's option. AID will contract for an independent evaluation of progress, to be completed in February, 1987, and will decide whether to amend the Project to add funding and extend the Contract for another two years. This decision will be based on the extent of Goal and Purpose achievement recorded by that time, the prospects for further achievement without a contract extension, and an appraisal of the estimated marginal benefits and costs of continuing for another two years. This decision will be formally conveyed to the PDAP Contractor at least 90 days before the third anniversary of the Contract signing, i.e. in May, 1987.

7. Evaluations

a. Sectoral Evaluation

Within the first few months of the Project a Private Sector Strategy Evaluation will be contracted covering the overall private sector strategy of RDO/C, including the EIP, PDAP, CAIC, BIMAP, CFSC, IPIP, IPED, and other RDO/C projects falling within this strategy. Considering that the transition from agriculture to industry is at an early stage in these islands, and the social and cultural incentives for, obstacles to, and effects of such change are not well known, the Private Sector Strategy Evaluation will also address the social and cultural implications and effects of the strategy.

SELECTED IN-COUNTRY INSTITUTIONAL DEVELOPMENT ACTIVITIES

<u>COUNTRY</u>	<u>PRIVATE SECTOR</u>	<u>PUBLIC SECTOR</u>
<u>ANTIGUA</u>	<ul style="list-style-type: none"> - Technical and managerial training to Chamber of Commerce and Manufacturer's Association - Training in promotional techniques 	<ul style="list-style-type: none"> - Preparation of industrial development strategy - Utilities demand forecast - Training in promotional techniques
<u>BELIZE</u>	<ul style="list-style-type: none"> - Organizational and promotional skills training for local Chamber - Training in CBI benefits and export production 	<ul style="list-style-type: none"> - Provide impetus for private financing of industrial states
<u>DOMINICA</u>	<ul style="list-style-type: none"> - Training in export marketing and productivity improvement 	<ul style="list-style-type: none"> - Continue PDAP support to IDC operations
<u>GRENADA</u>	<ul style="list-style-type: none"> - Upgrade management systems of Hotel Association - Continue to promote production sharing for local manufacturers 	<ul style="list-style-type: none"> - Assist in divestiture of public corporations - Help establish investment promotion institution
<u>ST. KITTS-NEVIS</u>	<ul style="list-style-type: none"> - Training for small hotel operators - Upgrade capacity of local manufacturers 	<ul style="list-style-type: none"> - Training in promotional methods - Policy development
<u>ST. LUCIA</u>	<ul style="list-style-type: none"> - Encourage local entrepreneurs to develop export projects 	<ul style="list-style-type: none"> - Continue assistance to NDC
<u>ST. VINCENT</u>	<ul style="list-style-type: none"> - Promote locally-based projects for non-traditional exports 	<ul style="list-style-type: none"> - Seek donor financing to upgrade DEVCO

b. PDAP-II Midterm Evaluation

AID will contract for completion by February, 1987 of an independent Evaluation of IPED to examine the extent of achievement of the Goal and Purpose, the effectiveness of the IPED approach and the Contractor's execution, and the probable marginal costs and benefits of extending the contract for another two years. The RFP for this task will be issued in September, 1986, with Proposals to be opened and the contract awarded and signed in November.

IV. FINANCIAL PLAN

AID will provide an \$8 million Grant for the Investment Promotion and Export Development and Infrastructure for Productive Investment contracts proposed herein.

THE IPED PROJECT BUDGET
(US '000)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Totals</u>
PDAP-II Contract	2,100	2,300	2,300	6,700
IPIP Technical Assistance				
Project Mgr. - ECCB	125	125	-	250
Indus. Estate Devel.	100	50	-	150
A/E Consultant - RDO/C	25	50	25	<u>100</u>
			Subtotal	500
Evaluations				
Sectorial & Baseline	50	-	-	50
PDAP-II Midterm	-	-	50	<u>50</u>
			Subtotal	<u>100</u>
Annual Totals	<u>2,400</u>	<u>2,525</u>	<u>2,375</u>	<u>7,300</u>
		10% Contingency		<u>700</u>
		Project Total		8,000 =====

The IPED Contract will cover the services of a U.S. consulting firm to provide investment promotion services, management training, and technical assistance to the LDC public and private sectors. Contractor personnel and operations costs will be fairly constant over the three contract years. LDC staff training and TA will take place largely during the second year; while technical assistance for subproject development will be greatest during the second and third years. The Contract cost will be determined through negotiations with the consulting firm to which the Contract is awarded. The IPED Grant also will finance one PSC consultant to act as the ECCB's Project Manager for IPIP for two years; a contract with a firm to provide assistance in industrial estate planning, design, and management; short-term architect/engineering consultant services for RDO/C; and an Evaluation program including a comprehensive sectorial Evaluation and Baseline Study during the first months of IPED and an independent Midterm Evaluation to be carried out in early 1987. The cost estimates shown above are based on PDAP and AID PSC cost experience.

V. IMPLEMENTATION PLAN

A. The PDAP-II Contract

1. Award and Signature

Proposals will be opened by RDO/C on July 27, 1984 and reviewed by a Mission committee including the Private Sector Division, the Regional Contracting Officer, the Regional Legal Advisor, and the Controller. The technical evaluation criteria and their weightings are described in the RFP. Since this Project calls for an organization with overseas investment development experience and a multinational network of business and investor contacts, the Contract could not be set aside under the Grey Amendment. The award will be made to the firm whose overall Proposal is determined to be most advantageous to the U.S. Government, price and technical factors considered. The Mission intends to award and sign this Contract before August 31, 1984.

2. Major Events

Issuance of RFP	June <u>1984</u>
Receipt of Proposals	July
Signing of PDAP-II Contract - Phase I	August
Implementation Agreements	September
Advisors and Team Leader on site	October
Country Action Plans - First	November
Sectorial Evaluation and Baseline Study	January, <u>1985</u>
IPIP Project Mgt. Contracted	February
IPIP Indust. Estates TA Contracted	March
Operations Review	June
Country Action Plans - Second	October
Operations Review	June, <u>1986</u>
Country Action Plans - Third	September
Independent Midterm Evaluation	February <u>1987</u>
Completion - Three Years, or Begin Phase II	September
Sectorial Evaluation	March, <u>1988</u>
Completion - Five Years	September <u>1989</u>

3. PDAP-II Management

The PDAP-II Contract will be managed from a base in Barbados. This arrangement is expected to facilitate the day-to-day relationship with RDO/C in Barbados and represents a continuation of the working arrangement adopted in PDAP. It will have the effect of further integrating the day-to-day operations of the entire program, including the investment promotion and the institution building activities, with the other private sector related activities of RDO/C. The diagram on the following page presents an organizational structure which would accomplish these ends. This organizational structure would provide:

- a fully integrated project able to respond to the needs of the local and the foreign private business sector;
- complete integration of a number of activities in terms of project resource utilization, such as investment promotion, institution building, formal training, and private sector project implementation assistance;
- real-time control of a project which by its nature is fast-moving in a number of different geographical locations, often involving the activities and awaiting the decisions of third parties;
- sufficient freedom of action to encourage initiative on the part of all those involved in the program in furtherance of project objectives.

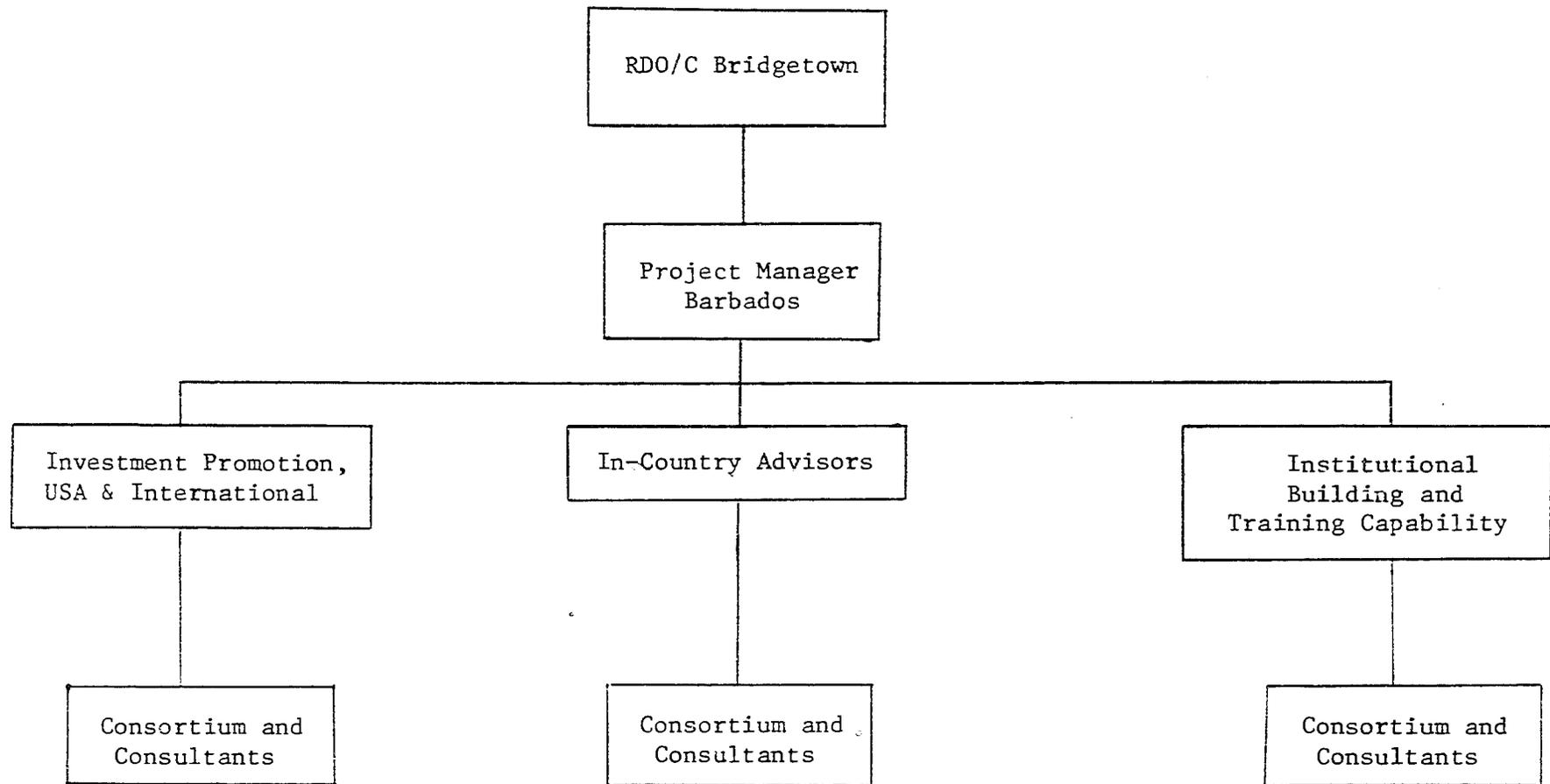
4. Subcontracts

For each PDAP-II subcontract for technical assistance or training the scope of work, subcontractor, and cost will be approved by AID. All subcontracts will follow an AID-Approved format, and will include the Standard Provisions required by AID.

5. Nationality of Services Waiver

There are professionally competent, relatively inexpensive sources of TA and training services in this region, including individuals, privately owned commercial firms, and the quasi-governmental Barbados Institute of Management and Productivity (BIMAP). There may be instances when only West Indian sources will have the local know-how to effectively provide the TA or training sought. The use of locally available services also could reinforce the linkages between IPED and other AID projects, e.g. the Regional Development Training Project, (which is supporting BIMAP's private sector training), thereby promoting the overall objectives of the RDO/C assistance strategy. In addition, there would be savings in time and money through the use of such local sources of short-term services under subcontracts. Based on RDO/C's experience in PDAP and other activities, the integrated approach of a U.S. prime contractor with local firms could prove to be a vital element of Project success. Not only would this assure that local experience and expertise will be tapped, but it also should help develop an indigenous ability to support such efforts in the future, whether A.I.D. financed or entirely regionally supported. The IPED Request for Proposals restricts the nationality of suppliers of services to the U.S. (AID Geographic Code 000), since the RFP precedes the Grant Authorization. Pursuant to HB.1.B, Chapter 5D10-a(1) (d), a nationality of services waiver of the AID Geographic Code from Code 000 to Code 941 for this Grant Authorization is required so that the firm contracted will be able to utilize local subcontractors, and RDO/C will be able to contract for short-term architect/engineering services from local firms. The amount of subcontracting with Geographic Code 941 firms will not exceed \$700,000.

PDAP II ILLUSTRATIVE ORGANIZATIONAL STRUCTURE



The Director, RDO/C can authorize such a waiver under Redelegation of Authority No. 40.11. This waiver is included in the Grant Authorization.

6. Disbursements

The Contractor will be paid monthly against actual expenditures. All Grant disbursements will be in U.S. Dollars.

7. Reports

The Contractor will provide AID with a Quarterly Progress Report covering for each participating country: a description of progress against the Country Action Plan; business opportunities and possible investors identified (to the degree confidentiality allows this); investments made, production operations started, jobs created, export orders and shipments; a listing of active subcontracts, showing the subcontractor, task, cost, and schedule; and progress in local institutionalization of the investment promotion and management process. The Report should note any serious problems encountered, and the solution(s) to be pursued. The Report also should present a financial summary, showing accrued expenditures, reimbursements received for the Quarter and cumulatively, and the available Grant balance. The specific format and timing of this Report will be worked out with the Contractor.

B. IPIP Support Contracts

1. Project Manager - ECCB

Following signature of the IPIP Loan Agreement AID will solicit proposals from individuals to fill the IPIP Project Manager position at the ECCB. The contractor's scope of work will be drawn up in consultation with the ECCB, and the contract award will be made with the concurrence of the ECCB. The IPIP Contractor will be stationed at the ECCB and will work under the direction of the ECCB Governor or his delegate.

2. Industrial Estates Technical Assistance

A Request for Proposals concerning this contract will be issued in November, 1984 with the expectation that the Contractor will begin work shortly after the ECCB Project Manager is hired. Although this will be an AID direct contract, the Contractor will work closely with the ECCB Project Manager in assisting Investors in project preparation, and with the commercial banks in appraising these proposals.

3. A/E Services for RDO/C

One or more qualified local firms will be selected competitively to provide short-term services as required by RDO/C in the monitoring of Grant-funded procurement. This arrangement will be completed prior to the first IPIP subproject approval.

C. Project Monitoring

The RDO/C Private Sector Division (PSD) will monitor the IPED contract through informal contacts several times a week with the Contractor's Project Manager in Barbados; meetings with Resident Advisors during their visits to Barbados; review of the Quarterly Progress Reports issued by the Contractor; reviews of disbursement documentation; and site inspections, including interviews with the Resident Advisors, their Host Government and private sector counterparts, businesses starting up or expanding through IPED efforts, and prospective investors when possible.

Monitoring of the IPIP Contract will call for periodic visits to the ECCB; interviews with commercial bank officers, industrial estate developers, and IPED Resident Advisors; and review of the correspondence and reports received by AID from the ECCB.

D. Evaluations

1. Operations Reviews

In June, 1985, and June, 1986 there will be joint Contractor-AID Operations Reviews focussing on the extent of Goal and Purpose achievement; Contractor performance; and RDO/C management of the Project, with an eye to identifying and resolving problems of any nature which may be interfering with attainment of the Project's investment, employment, and export targets.

2. Evaluations

The Private Sector Strategy Evaluation and the PDAP-II Midterm Evaluation are described in Section III-C of this Project Paper. The Sectorial Evaluation will take place in two steps: an Initial Evaluation and Baseline Study in early 1985, and a concluding Evaluation in 1988. The PDAP-II Midterm Evaluation will take place in early 1987.

VI. SUMMARY PROJECT ANALYSES

A. Economic Analysis

While the Project is expected to have positive impact on all productive sectors, the manufacturing sector will be the primary beneficiary. The significance of the manufacturing sector to the economic growth and well being of the region is substantial.

. Manufacturing sector contribution to GDP is over 5% in all LDCs (except Grenada) and up to 14% in St. Vincent. The sector's share of GDP has doubled since 1976 in Antigua and St. Vincent.

. Manufacturing accounts for approximately 10,000 new jobs since 1976. The sector employs 4% of agrarian Dominica's work force and 22% in St. Christopher. Moreover, manufacturing is estimated to be the sector of greatest growth throughout this decade.

. Manufacturing generated over \$60 million in foreign exchange in 1981, three times the amount of 1976. The sector accounts for over 25% of all foreign exchange receipts in most LDCs - 33% in Dominica.

. Followers of RDO/C's employment strategy for the region will have noted that the regional CDSS indicates 68,000 need to be employed in 1981-1990 to attain full employment. One might assume that the 6,800 newly employed per year implicit in that estimate will be about 60 percent met when the IPED project's 4,000 jobs-per-year target is reached. The comparison, however, is not strictly valid. A certain portion of IPED jobs will be replacement of jobs lost elsewhere. Thus, while IPED aims to generate 12,000 "new" jobs, this does not necessarily imply 12,000 "newly or incrementally employed" in these economies.

An ideal economic analysis of this AID-funded investment promotion project would examine not this project in isolation but the larger activity of which it is a part. Promotion is valuable only to the extent that it results in an output for the society and this can occur only with the addition of investment and with labor and material inputs. Costs of the activity (appropriately "shadow-priced" inputs of investment, materials, and labor) would be compared with benefits ("shadow-priced" outputs of goods, as well as other indirect benefits), and a flow of net benefits over the Project's lifetime would be calculated. A second scenario--reflecting costs and benefits if the project were not done--would be similarly analyzed. The difference between the two streams of net benefits represents the net benefits attributable to the Project.

In place of this approach--and because of data limitations--the following analysis focuses on the employment goal of the Project. The line of reasoning is this: (1) the AID promotion activity brings in investment; (2) together with the investment by developers and

industrialists in factory shells and machinery to fill those shells,^{5/} employment is generated; (3) the adjusted value of that employment to the economy can be considered a proxy measure of the benefits of the project to the economy. We select this methodology because the "whole activity" approach is very difficult at this stage: we have little solid information on what types or sizes of firms are likely to be attracted by the Project, and thus no means of deriving outputs of these firms.

Employment "benefits" of a project are not generally treated as they are in our analysis, and a note of explanation is warranted. Typically, labor is a cost of production, and in the "ideal" analysis described above would be so treated. Employment "benefits" in the "ideal" analysis would be dealt with by assigning an opportunity cost (shadow price) of labor that was lower than the financial price. Because this input cost is reduced, there is an implicit net benefit that springs out of the economic cost-benefit analysis. Our approach merely factors out this opportunity cost and focuses on the net benefits.

The analysis compares costs of and benefits from the Project and discounts them to derive an internal rate of return. The cost side is clearcut: \$8 million will be spent to promote investment. The benefit side is more problematical, as usual.

- . First, while it may be true that promotion inputs are a necessary condition for the 15,000 new job output of the project, these inputs are clearly not sufficient to meet this goal. In addition to promotion, factory shells must be built and machinery imported to fill those shells. Our methodology determines what proportion the promotion costs are of this total investment.
- . Second, a shadow price of the employment benefits is derived by taking a portion of the value added by labor. Unemployment is at least 20 percent in many of the East Caribbean LDCs and we have therefore assumed that the opportunity cost of labor is 25 percent of the average wage. The remaining 75 percent is assumed to be the net benefit to the societies of each new job.

^{5/} The employment target will be met primarily by industrial investment. In addition, some employment will be generated in non-industrial sectors. For simplicity's--if not reality's--sake, we assume all is industrial.

Table I goes step-by-step through the benefit calculation. The amount of floorspace required to house 12,000 employees is calculated, with a margin for 90 percent occupancy over the long term. The table then calculates what proportion of these jobs are creditable to IPED's share of total investment costs. Combining this with the net benefit to the economy of each job so created (75 percent of the wage rate, a proxy for value added by labor), the total benefits creditable to IPED's investment are calculated.

The last three lines of Table I contain the data needed to calculate an internal rate of return for the Project. Under the assumptions detailed above, that rate is about 16 percent. This economic rate of return is comfortably high and instills confidence that the Project should be carried out. Several factors point to the economic rate of return's being even higher. First, additional employment in support facilities for the industrial activity will flow naturally from the project. This additional employment--or the benefits therefrom--bear additional costs, but we believe that this support activity is likely to be less capital intensive on balance than the major activity. Hence employment benefits would be greater, on the margin, raising the rate of return somewhat. Another expected outcome of the Project is some movement in LDC government policy change, directly enhancing the investment climate. While this in part is implicit in the investment expected during the life of the project, the more favorable policy environment will likely outlive the project, crediting the project with future gains in employment-generating economic activity. Third, the longer-term training benefits of the employment in the modern sector are not captured in this analysis. Such future benefits are not given their rightful due in the preceding analysis.

Although these factors would clearly raise the economic rate of return, there is an important element that would work to lower the rate of return by reducing economic benefits. The economic analysis values all items at border prices, in foreign exchange. The wage rate--the proxy for labor's value added--is converted to dollars from local currency at the trade rate of exchange. To the extent that the East Caribbean dollar is overvalued, the employment benefits of the Project are inflated, and they may be so by as much as 10-20 percent. This factor alone, were it accurately assessed and taken into account, would not lower the calculated economic rate of return below 10 percent.

TABLE 1: BENEFITS CALCULATION FOR IPED PROJECT

	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4-20
1. Annual Floorspace Construction (th sq ft)	667	667	666	-0-	-0-
2. Occupiable Floorspace (th sq ft)	-0-	667	1,334	2,000	2,000
3. Occupied Floorspace (th sq ft)	-0-	500	1,100	1,600	1,800
4. Cost of Buildings (th dollars)	14,007	15,674	17,516	4. TOTAL	47,197
5. Cost of machinery (th dollars)	17,342	19,410	21,712	5. TOTAL	58,464
6. Cost of Promotion (th dollars)	2,700	2,700	2,700	6.	8,100
7. Total Investment (th dollars)				7.	113,761
8. Promotion Project Share (percent)				8.	7.1%
9. Individuals Employed	-0-	3,333	7,333	10,667	12,000
10. Net Benefit Per Job		1,665	1,665	1,665	1,665
11. PDAP Investments Contribution/Job		118	118	118	118
12. PDAP Investment's Derived Benefit (th dollars)		393	865	1,259	1,416
13. PDAP Costs (th dollars)	2,700	2,700	2,700	-0-	-0-
14. Net Benefits (th dollars)	- 2,700	- 2,307	- 1,835	1,259	1,416

NOTES:

- 1) For 10,000 to be employed requires, at 150 sq. ft. per job and at 90 percent occupancy over the long term, that 2,000 thousand sq. ft. be in place by year 3. Assuming an even distribution of construction, about 667 thousand sq. ft. are built in years 0-2.
- 2) Existing space plus construction in the preceding year.
- 3) It is assumed that in the first occupiable year, the space is only 75 percent occupied. Thereafter, it is 90 percent full.
- 4) RMC's shell construction project uses the following private sector shell construction figures per sq. ft., with 12 percent annual cost increase built in:

<u>YEAR 0</u>	<u>YEAR 1</u>	<u>YEAR 2</u>
21	23.5	26.3

These unit costs are applied to the floorspace construction in line (1).

- 5) Similarly, the following estimates of machinery investment per sq. ft. are available, again with 12 percent annual cost increase:

<u>YEAR 0</u>	<u>YEAR 1</u>	<u>YEAR 2</u>
26	29.1	32.6

These unit costs are applied as in line (4).

- 6) The promotion project costs of about \$8 million are divided evenly among the first three years and are rounded, their sum being slightly over \$8 million.

4, 5, 6, 7, 8. The box on the right in the table represents summation. In the case of 4, 5, and 6, the entries are the sum of the lines' other elements. In 7, the number is the vertical sum of the three different investment costs. 8 is the promotion project's share of that total.

- 9) "Original floorspace" (line 3) divided by 150sq. ft. per employee.

- 10) As expressed in text, with the opportunity cost of labor at 15 percent, and with \$3,220, the average wage, assumed to be a proxy for value added by labor, \$1,465 or 45 percent of \$3,220 is the net benefit to society of each job.

- 11) As explained in the text, the promotion activity is only part of the total investment required to create the jobs, and line 9 assigns 7.1 percent of total investment costs to the promotion activity. Hence, 7.1 percent of the \$1,465 of benefits per job are creditable to the promotion activity.

- 12) Line 8 times lines 11.
- 13) From line 6.
- 14) Line 12 minus line 13.

Best Available Document

B. Institutional Analysis

An output of IPED will be the upgrading and institutionalization of public, private, or mixed systems for investment attraction and retention in each LDC. Instances of all three models exist in these seven countries today.

The public sector offices in several countries have small staffs, little experience, good access within their governments, and the budgetary limitations typical of the region. Two examples:

In St. Kitts, investment promotion and the approval of foreign investments are handled in the Ministry of Trade, Economy, and Development by the Office of the Permanent Secretary under the director of the Minister. With a staff of six and an annual budget of about US\$10,000 for investment promotion, activity during 1984 has been limited to the printing of promotional brochures, attendance at the Miami conference, and participation in various investment missions. St. Kitts also has a public relations representative in New York concentrating on tourism. St. Kitts has no outreach except that provided by PDAP, and tends to wait for possible investors to show interest.

In Dominica, the Industrial Development Corporation (IDC) was resurrected in 1981 and today has three officers working in-country on investment promotion, one officer at UNIDO in New York (donor funded), and one officer position open. The staff of eleven has an annual budget of US\$130,000 which supports local industrial planning and the management of Government controlled enterprises as well as investment promotion activities. There appear to be promising export opportunities which the IDC so far has not had the wherewithal to identify and capture.

The National Development Corporation (NDC) in St. Lucia is an example of the mixed, public-private model, with a Board composed of practising businessmen while its budget and staff are supplied by the Government. In addition to investment promotion, it is charged with the stewardship of several Government-owned enterprises. The NDC has a staff of nine, including an Investment Promotion Officer stationed in New York, and an annual budget of approximately US\$250,000. Besides carrying out an investment promotion function, the NDC manages a Government-owned hotel, two large agricultural operations, tourist facilities, the Duty Free Zone, and is planning the use of 7,000 acres of Government-owned land.

It is expected that investment promotion by private groups will be undertaken by Chambers of Commerce in each of these LDCs. In most instances these Chambers are at a formative state. All are included in the CAIC Local Affiliate Development Program, which is beginning with Grenada and Dominica. Perhaps the most advanced Chamber is that in Belize, which has not only joined the Twin-Chamber program sponsored by CCAA, but also has begun an AID-funded trade and investment promotion project with the Chamber of New Orleans.

C. Social Analysis

1. Socio-Cultural Context

Throughout the Eastern Caribbean employment has become a critical problem. The "baby boom" of the 1960's and 1970's will result in large increases in the Region's labor forces from now through the early 1990's. Between 1980 and 1990 over 50,000 new jobs need to be created simply to maintain unemployment levels of 15%. Faced with stagnant agriculture sectors, inadequate fiscal bases, and growing trade deficits, these economies need capital formation and export production to maintain social harmony and economic solvency. All the OECS States have given manufacturing a high priority, stressing labor intensive production for export and the growth of local private sectors. There have been significant increases in manufacturing in all Eastern Caribbean Countries. The manufacturing sector employs 18% of the labor force in St. Kitts, 10.9% in St. Lucia and 11.7% in St. Vincent, indicating significant shifts in employment patterns already taken place. This Project will provide opportunities for the private sector growth in production and employment necessary to long-term economic stability.

2. Direct Benefits

In the Eastern Caribbean a high percentage of the manufacturing labor force, particularly in export industries, are women. This is of particular relevance in the Eastern Caribbean, where a high percentage of households are female-headed, yet women suffer higher unemployment levels than men. For most women, work has been unstable and seasonal; women predominate in the labor force for agriculture and tourism, as well as the informal sector and domestic service. For those women with responsibility for up to four to five dependents, employment in manufacturing is desirable. While this will result in a movement of labor away from agriculture, for the least-skilled this process is already irreversible and necessary.

3. Wages

Wages paid by enclave industries compare favorably with local wage rates, and bring foreign exchange into the country. Far from being exploitative, wage rates paid by industry tend to raise the standard of wages throughout the economy.

4. Transfer of Technology and Skills

There will be immediate positive transfers of skills. An important feature of industrialization is the organization of the work day and the work table. Learning to work to meet production deadlines is transferable from one job to another. Training in modern production methods as well as local participation in production via joint ventures will result in the transfer of technology.

LOGICAL FRAMEWORK

INVESTMENT PROMOTION AND EXPORT PRODUCTION

Life of Project: FY 1984-87

Total U.S. Funding: \$8 Million (G)

<u>GOAL</u>	<u>MEASURES</u>	<u>VERIFICATION</u>	<u>ASSUMPTIONS</u>
Increased private sector productive employment in the Eastern Caribbean LDCs, Barbados and Belize.	<ul style="list-style-type: none">- Jobs created- Rate of Job Formation	<ul style="list-style-type: none">- Interviews with management workers, and unions- Payrolls- Local official statistics	Regional peace Human resource quality (health, education) is maintained
<u>PURPOSE</u>	<u>EOPS</u>		
To identify and promote private investment in productive, export-oriented businesses.	<ul style="list-style-type: none">- Investment flowing into the region- Export volumes up	<ul style="list-style-type: none">- Local official statistics- Site inspections- CARICOM export statistics- USDOC import statistics	<ul style="list-style-type: none">- U.S. economy prosperous- Region retains its incentives and labor cost advantages.- Sufficient factory, space
<u>OUTPUTS</u>	<u>MAGNITUDE</u>		
<ul style="list-style-type: none">- Business starts or expansions- New employment- Effective investment promotion offices	<ul style="list-style-type: none">- 50 starts or expansions- 12,000 new jobs- One or more public, private, or mixed office in each country.	<ul style="list-style-type: none">- Project records- Site inspections	
<u>INPUTS</u>	<u>LINE ITEMS</u>		
AID Grant - \$8 million	IPED Contract: \$7.6 million - AID records: IPIP Contract: \$240,000 Evaluations: \$160,000	Disbursements Contracts & Reports Site Inspections	

5C(3) - STANDARD ITEM CHECKLIST

Listed below are statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the Agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of goods and services financed. Yes
2. FAA Sec. 604(a). Will all commodity procurement financed be from the U.S except as otherwise determined by the President or under delegation from him? Yes
3. FAA Sec. 604(d). If the cooperating country discriminates against U.S. marine insurance companies, will agreement require that marine insurance be placed in the U.S. on commodities financed? N/A
4. FAA Sec. 604(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? N/A
5. FAA Sec. 608(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items?
6. FAA Sec. 603. (a) Compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percentum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates. U.S. Flag Carriers not available. A transportation source waiver (No. 69H) has been granted.
7. FAA Sec 621. If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the facilities of other Federal agencies will be utilized, are they particularly suitable, Yes

46

not competitive with private enterprise, and made available without undue interference with domestic programs?

N/A

8. International Air Transport Fair Competitive Practices Act, 1974.

If air transportation of persons or property is financed on grant basis, will provision be made that U.S.-flag carriers will be utilized to the extent such service is available?

Yes

9. FY 79 App. Act. Sec. 105. Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States?

N/A

B. Construction

1. FAA Sec. 601(d). If a capital (e.g., construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interest?

N/A

2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million?

N/A

C. Other Restrictions

1. FAA Sec. 122(e). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter?

N/A

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

N/A

3. FAA Sec. 620(h). Do arrangements preclude promoting or assisting the foreign aid projects or activities of Communist-bloc countries, contrary to the best interests of the U.S.?

Yes

4. FAA-Sec. 636(i). Is financing not permitted to be used, without waiver, for purchase, long-term lease, or exchange of motor vehicle manufactured outside the U.S., or guaranty of such transaction?

Yes

5. Will arrangements preclude use of financing:
- a. FAA Sec. 104(f). To pay for performance of abortions or to motivate or coerce persons to practice abortions, to pay for performance of involuntary sterilization, or to coerce or provide financial incentive to any person to undergo sterilization? Yes
 - b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes
 - c. FAA Sec. 660. To finance police training or other law enforcement assistance, except for narcotics programs? Yes
 - d. FAA Sec. 662. For CIA activities? Yes
 - e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes
 - f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or adjust service compensation for military personnel? Yes
 - g. FY 1982 Appropriation Act, Sec. 505. To pay U.N. assessments, arrearages or dues? Yes
 - h. FY 1982 Appropriation Act, Sec. 506. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending? Yes
 - i. FY 1982 Appropriation Act, Sec. 510. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? Yes
 - j. FY 1982 Appropriation Act, Sec. 511. Will assistance be provided for the purpose of aiding the efforts of the Government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? No
 - k. FY 1982 Appropriation Act, Sec. 515. To be used for publicity or propaganda purposes within U.S. not authorized by Congress? No

PROJECT CHECKLIST

Listed below are statutory criteria applicable generally to projects under the FAA and project criteria applicable to individual funding sources: Development Assistance (with a subcategory for criteria applicable only to loans); and Economic Support Funds.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP-TO-DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act
Sec. 523; FAA Sec. 634A;
Sec. 653(b).

(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;

(a) *This Project is described on Page 36 of the 1984 Congressional Presentation. A CN was forwarded in 7/84.*

(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

(b) *Yes*

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

Yes

3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

N/A

4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land

resource construction,
has project met the
standards and criteria as
set forth in the
Principles and Standards
for Planning Water and
Related Land Resources,
dated October 25, 1973?

N/A

5. FAA Sec. 611(e). If
project is capital
assistance (e.g.,
construction), and all
U.S. assistance for it
will exceed \$1 million,
has Mission Director
certified and Regional
Assistant Administrator
taken into consideration
the country's capability
effectively to maintain
and utilize the project?

N/A

6. FAA Sec. 209. Is project
susceptible to execution
as part of regional or
multilateral project? If
so, why is project not so
executed? Information
and conclusion whether
assistance will encourage
regional development
programs.

This is a regional project.

7. FAA Sec. 601(a).
Information and
conclusions whether
project will encourage
efforts of the country
to: (a) increase the
flow of international
trade; (b) foster private
initiative and
competition; and (c)
encourage development and
use of cooperatives, and
credit unions, and
savings and loan
associations; (d)
discourage monopolistic
practices; (e) improve
technical efficiency of
industry, agriculture and
commerce; and (f)

*By bringing foreign investment and
technology into the region this
Project will have favorable effects or
(a), (b), and (e).*

strengthen free labor unions.

8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). Expanded U.S. trade and investment abroad are central to the purpose of this Project.
9. FAA Sec. 612(b), 636(h); FY 1982 Appropriation Act Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars. N/A
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes
12. FY 1982 Appropriation Act Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the N/A

resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

13. FAA 118(c) and (d).
Does the project take into account the impact on the environment and natural resources? If the project or program will significantly affect the global commons or the U.S. environment, has an environmental impact statement been prepared? If the project or program will significantly affect the environment of a foreign country, has an environmental assessment been prepared? Does the project or program take into consideration the problem of the destruction of tropical forests?

This Project received an IEE negative finding at the PID stage.

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)?

N/A

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

- a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by

extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

- (a) the new labor force created by this Project will be drawn largely from the urban poor; and
- (d) the majority of the labor force may be women.

b. FAA Sec. 103, 103A 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

Yes

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses,

N/A

53

and small incomes of the poor)?

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? N/A

e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? No

f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth? The Project will expand industry, introduce new products and markets, and lend to new investment on a continuing basis.

g. FAA Sec. 281 (b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective The Project recognizes the productive potential of the region's labor pool, and will expand the industrial base for continuing growth.

participation in
governmental processes
essential to
self-government.

2. Development Assistance Project
Criteria (loans Only)

a. FAA Sec. 122(b). --
Information and
conclusion on capacity of
the country to repay the
loan, at a reasonable
rate of interest.

b. FAA Sec. 620(d). If --
assistance is for any
productive enterprise
which will compete with
U.S. enterprises, is
there an agreement by the
recipient country to
prevent export to the
U.S. of more than 20% of
the enterprise's annual
production during the
life of the loan?

c. ISDCA of 1981, Sec. 724 --
(c) and (d). If for
Nicaragua, does the loan
agreement require that
the funds be used to the
maximum extent possible
for the private sector?
Does the project provide
for monitoring under FAA
Sec. 624(g)?

3. Project Criteria Solely for
Economic Support Fund

a. FAA Sec. 531(a). Will --
this assistance promote
economic or political
stability? To the extent
possible, does it reflect
the policy directions of
FAA Section 102?

b. FAA Sec. 531(c). Will --
assistance under this
chapter be used for
military, or paramilitary
activities?

c. FAA Sec. 534. Will ESF ---
funds be used to finance
the construction of the
operation or maintenance
of, or the supplying of
fuel for, a nuclear
facility? If so, has the
President certified that
such use of funds is
indispensable to
nonproliferation
objectives?

d. FAA Sec. 609. If ---
commodities are to be
granted so that sale
proceeds will accrue to
the recipient country,
have Special Account
(counterpart)
arrangements been made?

PROJECT AUTHORIZATION

NAME OF COUNTRY : Caribbean Regional
 NAME OF PROJECT : Investment Promotion and Export Development
 NUMBER OF PROJECT : 538-0119

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a regional project for Investment Promotion and Export Development in the Eastern Caribbean, involving Antigua, Dominica, Grenada, Montserrat, St. Christopher/Nevis, St. Lucia, St. Vincent and the Grenadines, Belize and Barbados ("Cooperating Countries"). Planned obligations for the Project shall not exceed \$8,000,000 (Eight Million United States Dollars) in grant funds ("Grant") over a three year period from date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local costs for the Project.

2. The Project consists of assistance to the public and private sectors in the Eastern Caribbean and Belize to identify and promote private investment in productive, export-oriented business.

3. The Project, which may be implemented by the officers to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority, shall be subject to the following essential terms, together with such other terms, conditions and covenants as A.I.D. may deem appropriate.

A. Source and Origin of Goods and Services

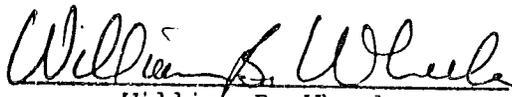
Commodities financed by A.I.D. under the Project shall have their source and origin in countries included in A.I.D. Geographic Code 000, or in the Cooperating Countries, except as A.I.D. may otherwise agree in writing.

Except for ocean shipping, the suppliers of commodities or services shall have A.I.D. Geographic Code 000 or the Cooperating Countries as their place of nationality, except as A.I.D. may otherwise agree in writing.

Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

B. Waiver

Based upon the justification set forth in Part V of the Project Paper, I hereby approve a Nationality of Service waiver from A.I.D. Code 000 to A.I.D. Code 941, in an amount not to exceed \$700,000.


 William B. Wheeler

30 Aug 1984
 Date

ACTION AID INFO AME DCM PE CHRON

VZCZCWN0287

FP RUEFMR

DE RUEHC #6644/01 0190708

ZNR UUUUU ZLE

P 190537Z JAN 84

FM SICSTATE WASHDC

TO AMEMBASSY FRIDGETOWN PRIORITY 3388

BT

UNCLAS STATE 016644

AIDAC

JAN 20 1984

LOC: DISK 12 079

20 JAN 84 0212

CN: 02423

CHRG: AID

DIST: AIDF

L.C. 12358: N/A

TAGS:

SUBJECT: REVIEW OF PRIVATE SECTOR INFRASTRUCTURE PID

1. THE SUBJECT PID WAS REVIEWED AND APPROVED BY THE DAEC ON 15 FEBRUARY 21, 1983. THE MISSION IS AUTHORIZED TO PROCEED WITH FP DEVELOPMENT FOR BOTH THE LOAN AND GRANT COMPONENTS SUBJECT TO THE GUIDANCE GIVEN BELOW.

2. RELATIONSHIP OF PROJECT TO OTHER INVESTMENT FACTORS: FOLLOWING DISCUSSION IN THE DAEC OF THE RELATIVE IMPORTANCE OF VARIOUS FACTORS WHICH AFFECTED DECISIONS WHETHER TO LOCATE PRODUCTION OPERATIONS IN THE E. CARIBBEAN, IT WAS CONCLUDED THAT THIS PROJECT MAY PRESENT A USEFUL OPPORTUNITY TO NEGOTIATE REFORMS IN GOVERNMENT POLICIES IN THE REGION TO IMPROVE THE OVERALL INVESTMENT CLIMATE. THE MISSION IS URGED TO EXPLORE, IN ITS COUNTRY-BY-COUNTRY ASSESSMENTS, THE NEED FOR SUCH REFORMS AND WHAT POSSIBILITIES EXIST FOR LINKING PROJECT DEVELOPING TO IMPROVEMENTS IN KEY POLICY AREAS. A PARTICULARLY USEFUL LINKAGE APPEARS TO BE THAT PROPOSED THROUGH PROVISION OF GRANT SUPPORT FOR INVESTMENT PROMOTION ACTIVITIES AND GOVERNMENT COMMITMENTS TO ASSIGN QUALIFIED COUNTERPART PERSONNEL TO SUPPORT THESE

ACTIVITIES BOTH DURING AND BEYOND THE LIFE OF THIS PROJECT. THE MISSION IS URGED TO PURSUE THIS APPROACH TO THE EXTENT FEASIBLE.

3. SCOPE OF IMPLEMENTATION ARRANGEMENTS: THE MISSION DEVELOPED A RANGE OF OPTIONS IT INTENDED TO EXPLORE, HOWEVER THAT IT HAD NOT AS YET SUCCEEDED IN IDENTIFYING A PARTNER ENTITY WHICH WAS BOTH INTERESTED IN AND CAPABLE OF UNDERSTANDING THE FULL RANGE OF PROJECT INVESTMENT CONDITIONS. UNLESS RENTAL RATES WERE SUBSTANTIALLY REDUCED, INVESTMENT RETURNS WOULD BE UNATTRACTIVE EVEN IF FINANCING WERE PROVIDED ON CONCESSIONAL TERMS. THE MISSION SHOULD EXAMINE, WITH SUPPORT FROM THE CURRENT TEAM OF FPAP ADVISORS, THE FEASIBILITY OF INCREASING RENTAL RATES TO ATTRACT PRIVATE INVESTORS, BASED ON AN ASSESSMENT OF THE NEEDS AND EXPECTATIONS OF PROSPECTIVE INVESTORS AND, IN PARTICULAR, THEIR WILLINGNESS TO PAY HIGHER RATES FOR SPACE IN PRIVATELY-OWNED AND/OR OPERATED

INDUSTRIAL FACILITIES.

4. AS A GENERAL MATTER, THE DAEC SHARES THE MISSION'S INTEREST IN SECURING PRIVATE SECTOR PARTICIPATION TO THE EXTENT POSSIBLE AND IN THOSE ASPECTS WHICH ARE MOST CENTRAL TO ULTIMATE PROJECT SUCCESS. HOWEVER, IT ACKNOWLEDGES THE EVIDENT OBSTACLES TO DIRECT PRIVATE SECTOR INVESTMENT AND APPRECIATES THE NEED TO EXAMINE ALTERNATIVE APPROACHES. AMONG THESE, THE BILATERAL OPTION SEEMS THE LEAST ATTRACTIVE, IN TERMS OF BOTH REPAYMENT PROSPECTS AS WELL AS MISSION MANAGEMENT IMPLICATIONS. IF THIS OPTION IS SELECTED, HOWEVER, THE MISSION MAY WISH TO FUND SOME OR ALL OF THIS PROJECT WITH ESF INSTEAD OF DA RESOURCES, WHICH WOULD PROVIDE ADDITIONAL FLEXIBILITY IN FIXING FINANCING TERMS. (THE DOLS 7.8 MILLION IN ESF NOW ALLOCATED TO THE ST. VINCENT GRENADLAND PROJECT MAY BE A CANDIDATE FOR SUCH A PROGRAMMING SWITCH.) WITH REGARD TO LENDING VIA THE CDB, THE DAEC SUGGESTED THAT FUNDING COULD BE PROVIDED IN THE PROJECT TO AUGMENT CDB STAFF TO ASSURE MORE RAPID SUB-LOAN PROCESSING THAN HAS BEEN POSSIBLE IN THE PAST. THE MISSION SHOULD ALSO EXPLORE WAYS OF STREAMLINING CDB OPERATIONS TO SHORTEN SUB-LOAN PROCESSING TIME.

WHICHEVER METHOD IS USED, RAPID CONSTRUCTION OF FACILITIES SHOULD BE A PRIMARY GOAL; THEREFORE IN PREPARING PF, A SCHEDULE FOR IMPLEMENTATION SHOULD BE DEVELOPED WHICH WILL ALLOW CONSTRUCTION TO START WITHIN

SIX MONTHS OF AUTHORIZATION. THE MISSION SHOULD CONSIDER FRONT LOADING MONEY FOR SUB-PROJECT DESIGN AND ENGINEERING SUPERVISION

5. A FINAL POINT WITH REGARD TO IMPLEMENTATION PLANNING CONCERNS THE ADEQUACY OF THE PROPOSED SCHEDULE AND FUNDING ALLOCATION FOR PF PREPARATION. GIVEN THE DATA GATHERING AND ANALYTICAL DEMANDS OF EXPLORING A RANGE OF POSSIBLE IMPLEMENTATION ARRANGEMENTS, WHICH WILL REQUIRE SURVEYING PROSPECTIVE TENANTS AND INVESTORS, FORMULATING COUNTRY-SPECIFIC COMBINATIONS OF PUBLIC AND PRIVATE SUPPORT ROLES, AND NEGOTIATING DETAILED ARRANGEMENTS WITH PARTICIPATING PARTIES, THE DAEC EXPRESSED THE VIEW THAT THE ALLOCATION OF DOLS 70 THOUSAND IN PF AND 5 FUNDS FOR CONSULTANT-FEEES OF OUTSIDE CONSULTANT SERVICES WOULD BE INSUFFICIENT AND URGED THE MISSION TO RE-EXAMINE ITS BUDGET FOR PF DEVELOPMENT.

6. COST RECOVERY: THE DAEC NOTED THAT THE FIXING OF RENTAL FEES IS A DIFFICULT ISSUE, ESPECIALLY GIVEN THAT RATES IN COMPETING LOCATIONS (INCLUDING IN THE U.S.) ARE HIGHER THAN ECONOMIC, OR BREAK-EVEN, RATES WOULD BE IN THE CARIBBEAN. IT WAS FURTHER NOTED, THOUGH, THAT RENTAL

RATES ARE ONLY ONE OF MANY FACTORS IN TENANTS' DECISIONS, AND THAT RENTAL FEES, IN FACT, REPRESENT A MINOR SHARE OF TOTAL PRODUCTION COSTS. IN CONCLUSION, IT WAS DETERMINED THAT THE MISSION SHOULD, IN SETTING RENTAL SCHEDULES TO APPLY TO FACILITIES FINANCED UNDER THIS PROJECT, BE GUIDED BY THE PRINCIPLE THAT RENTAL FEES SHOULD, AT A MINIMUM, COVER THE COSTS OF OPERATION, MAINTENANCE, AND DEPRECIATION OF THE FACILITIES. ANY ADDITIONAL SERVICES SHOULD, IN ADDITION, BE FULLY PAID FOR VIA USER FEES.

IN THIS REGARD IT WOULD APPEAR THAT IT WOULD NOT BE TO THE BEST OF THE MINI ECONOMIES OF THE E.C. TO COMPETE ON RENTAL RATES FOR FACTORY SPACE. THEY SHOULD RATHER COMPETE ON THE BASIS OF INVESTMENT CLIMATE, LEVEL OF SERVICES ETC. THUS THE MISSION SHOULD CONSIDER WHETHER THERE SHOULD BE UNIFORM RATES OR UNIFORM PRINCIPLES FOR RATE SETTING THROUGHOUT CARICOM.

7. ECONOMIC ANALYSIS: IN DEVELOPING THE ECONOMIC ANALYSIS FOR THE PP, BOTH THE CONSTRUCTION AND OPERATING COSTS FOR THE FACTORY SHELLS AS WELL AS THE PROMOTION COSTS SHOULD BE INCLUDED. (THE PID IMPLIES THAT THE

COSTS ASSOCIATED WITH THE PROMOTION EFFORT WOULD NOT BE INCLUDED.) IF THE ANALYSTS BELIEVE THE COST ELEMENTS REPRESENT TWO DIFFERENT EFFORTS AND THAT THE BENEFITS CAN BE SEPARATED ALONG THE SAME LINES, THE ANALYSIS MIGHT BE SEPARATED INTO TWO SEGMENTS. WHATEVER THE FINAL CHOICE, BOTH SETS OF COSTS MUST BE RECOGNIZED. BEN SEVERN, CHIEF PROJECT ECONOMIST FOR LAC/DR, SHORTLY WILL POUCH TO THE MISSION A SUGGESTED APPROACH FOR THE ECONOMIC ANALYSIS.

8. GRENADA: BUREAU WOULD FAVOR ANY STRATEGY FOR PP DEVELOPMENT AND PROJECT IMPLEMENTATION THAT WOULD PERMIT PROMPT INITIATION OF CONSTRUCTION ACTIVITY IN GRENADA, GIVEN ABSENCE OF INDUSTRIAL FACILITIES IN THAT COUNTRY AND URGENT NEED TO LAY GROUNDWORK TO ATTRACT PRIVATE INVESTMENT FOR EMPLOYMENT GENERATION. APPROACH PROPOSED BY MISSION REP PHELPS FOLLOWING DAIC REVIEW APPEARS SOUND AND WOULD PERMIT ACCELERATED PROJECT IMPLEMENTATION IN GRENADA. THAT APPROACH WOULD INVOLVE INITIATING FEASIBILITY ANALYSIS IN GRENADA AND DEVELOPING A PROJECT DELIVERY SYSTEM FOR GRENADA, BASED ON THAT ANALYSIS; THAT SYSTEM WOULD THEN BE USED AS A PROTOTYPE TO BE ADAPTED TO OTHER COUNTRIES, WHILE PROJECT IMPLEMENTATION ACTIVITIES IN GRENADA COULD BEGIN.

9. FUNDING LEVEL: FYI, LATEST OYB LEVELS, CONSIDERED REASONABLY FIRM, SHOW A DOLS 3.0 MILLION CUT IN RDC/C SDA ACCOUNT BELOW MISSION'S REQUEST. THIS CUT HAS BEEN ACCOMMODATED BY CARRYING FY 84 FUNDING FOR THIS PROJECT AT DOLS 12.0 MILLION, IN LIEU OF DOLS 15.0 MILLION AS REQUESTED. IF THIS AMOUNT IS NOT ADEQUATE, THE MISSION MAY NEED TO CONSIDER FUNDING THIS PROJECT ON AN INCREMENTAL BASIS.

14. PP APPROVAL AND AUTHORIZATION: AS DISCUSSED
FOLLOWING DAPC REVIEW, WHILE WE FAVOR LINKING GRANT AND
LOAN COMPONENTS TO PROVIDE LINKAGE AND CLOSER FOCUS FOR
TA ACTIVITIES, MISSION MAY WISH TO AUTHORIZE INVESTMENT
PROMOTION COMPONENT SEPARATELY. THIS WOULD PROVIDE
MISSION ADDED FLEXIBILITY IN MEETING REQUIRED TIMETABLE
FOR CONTRACTING TA WITHOUT SHORTENING PERIOD AVAILABLE
FOR PROJECT ANALYSIS AND LOAN PP DEVELOPMENT. MISSION IS
AUTHORIZED TO APPROVE AND AUTHORIZE GRANT COMPONENT
WITHOUT FURTHER AID/W REVIEW. HOWEVER, BECAUSE OF THE
SIZE OF THE LOAN COMPONENT, ITS SIGNIFICANCE TO MISSION
OVERALL STRATEGY, AND NUMBER AND IMPORTANCE OF ISSUES
WHICH REMAIN UNRESOLVED AT THE PID STAGE, MISSION IS
REQUESTED TO SUBMIT LOAN PP TO AID/W FOR AUTHORIZATION. DAN

OUTGOING TELEGRAM

TEL EXT. 326 PAGE 1

UNCLASSIFIED
AID:07/16/84
RDO/C:DIR:WBWHEELER
RDO/C:PSO:CRCONNOLLY AND PROG:TFLIERCKE:MAW
1.D/DIR:TDMORSE, 2.PSA:WJPHELPS, 3.C/DR:PRORR,
CHARGE AMB POL/ECON, AID CHRON RF

ORIGINATOR
AMEMBASSY BRIDGETOWN
SECSTATE WASHDC, IMMEDIATE

AIDAC

FOR: LAC/DR, MARY JUNE,

E.O. 12356: N/A

TAGS: NONE

SUBJECT: PROJECT NO. 538-0119, INVESTMENT PROMOTION AND EXPORT DEVELOPMENT; CONGRESSIONAL NOTIFICATION, AND AUTHORIZATION AUTHORITY

1. ADVICE OF PROGRAM CHANGE. COUNTRY: CARIBBEAN REGIONAL. PROJECT TITLE: INVESTMENT PROMOTION AND EXPORT DEVELOPMENT (IPED). PROJECT NUMBER 538-0119. FY84 CP. REFERENCE: LAC ANNEX III P. 36. APPROPRIATION CATEGORY: SDA. INTENDED FY 1984 OBLIGATION: DOLS1.4 MILLION. FINAL OBLIGATION: FY 1986. LOP DOLS8 MILLION. PACD: FY 1987.

2. THIS IS TO ADVISE THAT AID INTENDS TO AUTHORIZE AN DOLS8 MILLION GRANT TO FINANCE A THREE-YEAR TECHNICAL ASSISTANCE PROJECT ENTITLED INVESTMENT PROMOTION AND EXPORT DEVELOPMENT, PROJECT NO. 538-0119. THIS GRANT IS DESCRIBED IN THE 1984 CP (PAGE 36) AS A COMPONENT OF PROJECT NO. 538-0088, PRIVATE SECTOR INDUSTRIAL INFRASTRUCTURE.

3. WITH THE DESIGNATION OF THE ENGLISH-SPEAKING EASTERN CARIBBEAN COUNTRIES AS AS BENEFICIARIES UNDER THE CBI, USAID SEEKS TO MAXIMIZE SUPPORT FOR FACILITATING THE GROWTH OF TRADE AND NEW PRIVATE INVESTMENT WITHIN THE REGION, WITH EMPHASIS ON EXPANDING EXPORTS AND CREATING MUCH NEEDED EMPLOYMENT. PLANNED DEVELOPMENT OF INDUSTRIAL ESTATES IN CONCERT WITH THIS PROPOSED PROJECT FORMS AN ESSENTIAL PART OF THE STRATEGY FOR ASSISTING THE REGION TO TAKE FULLEST ADVANTAGE OF THE CBI. HOWEVER,

4.PRM:BWJENSEN, 5.CONT:RLWARIN, 6.RLA:TDCARTER, 7.RCO:SHEISHMAN

Handwritten initials and stamps:
NEW
TFL
ORC
DR
TDM

(IN DRAFT)

(IN DRAFT)

(IN DRAFT)

(IN DRAFT)

(IN DRAFT)

(IN DRAFT)

Handwritten number: 102

NECESSARY TECHNICAL ASSISTANCE MUST BE BROADLY RESPONSIVE TO EXISTING NEEDS AND IS BEST IMPLEMENTED AS A SEPARATE BUT RELATED COMPONENT OF THE INDUSTRIAL INFRASTRUCTURE PROJECT DESCRIBED IN THE FY84 CP. INVESTMENT PROMOTION AND EXPORT DEVELOPMENT (IPED) IS PLANNED AS A THREE-YEAR TECHNICAL ASSISTANCE EFFORT TO INCREASE PRIVATE INVESTMENT IN THE ENGLISH-SPEAKING LDCS OF THE EASTERN CARIBBEAN, BELIZE, AND BARBADOS THROUGH INTERNATIONAL INVESTMENT PROMOTION. IT ALSO WILL ASSIST WITH INDUSTRIAL DEVELOPMENT TO INSTITUTIONALIZE THE INVESTMENT PROMOTION AND MANAGEMENT PROCESS, WITH ASSISTANCE IN THE AREAS OF PUBLIC POLICY RELATING TO FOREIGN TRADE AND INVESTMENT, INVESTMENT ATTRACTION, AND THE PLANNING AND MANAGEMENT OF INDUSTRIAL INFRASTRUCTURE. THIS EFFORT WILL BE CARRIED OUT UNDER CONTRACT BY A U.S. FIRM FINANCED WITH GRANT FUNDS.

4. PURPOSE. TO PROMOTE PRIVATE INVESTMENT IN PRODUCTIVE, EXPORT-ORIENTED BUSINESSES.

5. BACKGROUND. THE PROJECT DEVELOPMENT ASSISTANCE PROJECT (PDAP), BEGUN IN 1981, WILL END IN OCTOBER, 1984. AN IMPORTANT COMPONENT OF THAT PROJECT, WHICH WAS DESIGNED TO ASSIST WITH PROJECT IDENTIFICATION AND PREPARATION, HAS BEEN TO ATTRACT NEW PRIVATE INVESTORS TO THE REGION. AS OF MAY 31, IT BROUGHT ABOUT INVESTMENTS IN 20 BUSINESS STARTUPS OR EXPANSIONS, WHICH WILL CREATE SOME 4,000 NEW JOBS BY THE END OF 1984 AND 7,000 BY THE END OF 1985. THE SEQUENCE OF INVESTIGATION, INVESTMENT, AND THE RESULTING EMPLOYMENT, PRODUCTION, AND EXPORTS HAS BEEN A COMPLEX PROCESS, BUT A PIPELINE OF INVESTMENT OPPORTUNITIES AND A ROLL OF PROSPECTIVE INVESTORS HAS BEEN BUILT UP. WHILE THE COST PER JOB CREATED HAS BEEN COMPARATIVELY LOW, WE LOOK FOR AN ACCELERATING RETURN IN INVESTMENTS AND EMPLOYMENT OVER THE NEXT THREE YEARS, AS PROJECTS NOW UNDER CONSIDERATION MATURE AND NEW PROJECTS ARE IDENTIFIED AND PROMOTED.

6. HOST COUNTRY AND OTHER DONORS. EACH PARTICIPATING GOVERNMENT AND PRIVATE SECTOR WILL PROVIDE LOGISTIC SUPPORT TO THE CONSULTANT ACTIVITIES IN THEIR COUNTRY. THE EXTENT OF THIS SUPPORT WILL BE NEGOTIATED BY AID WITH EACH COUNTRY BEFORE IPED IN-COUNTRY WORK BEGINS.

7. BENEFICIARIES. BENEFICIARIES WILL INCLUDE THE LABOR FORCE, A LARGE PART OF WHICH IS WOMEN, ESPECIALLY IN ASSEMBLY INDUSTRIES, AND THE LOCAL SUPPLIERS OF GOODS AND SERVICES TO THE BUSINESSES IN OPERATION AND UNDER EXPANSION AND DEVELOPMENT AT THE MACRO LEVEL, THE PARTICIPATING COUNTRIES WILL BENEFIT ECONOMICALLY THROUGH INCREASES IN FOREIGN EXCHANGE EARNINGS AND DOMESTIC BUYING POWER; AND SOCIALLY, THROUGH THE STABILIZING INFLUENCE OF HIGHER EMPLOYMENT LEVELS AND GREATER ECONOMIC ACTIVITY.

8. OUTPUTS. INSTITUTIONALIZED NATIONAL SYSTEMS FOR INVESTMENT ATTRACTION IN EACH LDC; 50 NEW OR EXPANDED BUSINESSES: 15,000 NEW JOBS.

9. AID FINANCED INPUTS. ONE TECHNICAL SERVICES AID DIRECT CONTRACT WITH A U.S. FIRM EXPECTED TO COST DOL\$8 MILLION. CONTRACTOR TO BE DETERMINED VIA COMPETITIVE PROCUREMENT.

10. FOR LAC/DR: AN RFP COVERING THE CONTRACT TO BE FINANCED WITH THIS GRANT WAS ISSUED ON JUNE 25, 1984, WITH PROPOSALS TO BE OPENED JULY 27. IT IS OUR INTENTION TO AUTHORIZE THIS GRANT IN MID-AUGUST, WHEN THE CONTRACT PRICE IS KNOWN, AND OBLIGATE IT BY SIGNING THE CONTRACT BEFORE AUGUST 31. PLEASE CONFIRM THE CN TRANSMITTAL AND EXPIRATION DATES.

11. AUTHORIZATION AUTHORITY. ASSUME AUTHORITY PROVIDED IN PID GUIDANCE CABLE FOR THE DIRECTOR, RDO/C, TO AUTHORIZE THE PROPOSED PROJECT REMAINS VALID. PLEASE CONFIRM. STATUS OF DEVELOPMENT OF SEPARATE PROJECT FOR CONSTRUCTION OF FACTORY SHELLS WILL BE PROVIDED SHORTLY.
ANDERSON##

EVALUATION OF THE
PROJECT DEVELOPMENT ASSISTANCE PROGRAM

Report to Regional Development Office/Caribbean
United States Agency for International Development

By:
Lawrence E. Harrison, Consultant
and
Richard L. Bolin and Robert C. Haywood,
International Parks, Inc.
P.O. Box 906, Flagstaff, Arizona 86002

September 30, 1983

Contract Number: 530-0042-C-06-39039
Project Number: 530-0042

65

TABLE OF CONTENTS

	<u>PAGE</u>
I. BACKGROUND	2
II. METHODOLOGY	2
III. FINDINGS	4
IV. RECOMMENDATIONS	16
ATTACHMENT I. SCOPE OF WORK	23
ATTACHMENT II. INDUSTRIAL DEVELOPMENT STRATEGY	25
ATTACHMENT III. PRIVATE INDUSTRIAL PARKS	29

I. BACKGROUND

The Project Development Assistance Project (PDAP) was designed by AID's Regional Development Office/Caribbean in 1980 principally to accelerate the flow of completed public sector project requests from the Eastern Caribbean islands to the Caribbean Development Bank. In the original design, investment promotion was a secondary mission. The islands of chief interest were Antigua, Dominica, Montserrat, St. Kitts/Nevis, St. Lucia, and St. Vincent. Belize was subsequently included in the project.

At the heart of the project design was the concept of stationing one experienced development generalist in each of the islands and Belize, with a more senior professional in Barbados coordinating the activities of the others. Further support would be provided from the contractor's headquarters in the United States.

Coopers & Lybrand (C&L) was selected as the contractor, principally because of the high relevance of the experience of proposed C&L team members to the task. The contract was signed on September 28, 1981 (LAC-0042-C-0053-00). C&L subcontracted with Louis Berger International both for feasibility study services and for some of the team members.

The original project design has been significantly modified during execution. The originally secondary mission of private sector investment promotion is now the dominant activity, while public sector project development has a much-reduced priority. Two developments explain this shift: (1) increasing concern about unemployment in the islands, and (2) a heightened AID interest in the role of the private sector in development.

PDAP has been underway now for 23 months since the contract was signed and 20 months since the team was fielded. This is the first evaluation.

II. METHODOLOGY

The evaluation team consisted of three members: Lawrence E. Harrison, a retired AID officer; Richard L. Bolin, of International Parks, Inc. and The Flagstaff Institute, and Robert

C. Haywood of Aspen International, Inc., a consultant to International Parks, Inc. The scope of work of the evaluation is Attachment I.

Field work began on July 18, 1983 in Barbados and continued through July 28. During that period, evaluation team members met with USAID staff members and the U.S. Ambassador to Barbados and the Eastern Caribbean. They visited C&L representatives in Barbados, St. Vincent, St. Lucia, Belize, Antigua, Dominica, and St. Kitts, where they also met local public and private sector people. Robert Haywood also visited Montserrat. Lawrence Harrison and Richard Bolin met with the entire C&L Eastern Caribbean field team in Barbados on July 22.

The first draft of the report was prepared by Messrs. Bolin and Haywood after Mr. Harrison's departure on July 28. The three members of the evaluation team met again in Washington August 8, and Messrs. Bolin and Haywood spent most of that week in discussion with the C&L Washington staff. Messrs. Harrison, Bolin, and Haywood met with the C&L Washington staff on August 9.

III. FINDINGS

A. General

We consider PDAP a promising approach to investment promotion, well adapted to the special needs of the small islands of the Eastern Caribbean and Belize. Alternative approaches are theoretically possible, but in the real world of these islands and Belize, there does not appear to be any viable alternative, at least in the short run, to a team of resident advisors hooked into an international promotion network.

PDAP has managed the transition from public sector to private sector emphasis without major difficulties. However, the private sector focus necessitates some important modifications in the goals and structure of the project.

B. The current goals of PDAP are insufficiently ambitious

PDAP is working against a target of creating 3000 industrial jobs by the end of the original contract period. This figure is far too modest -- it is not enough to cover annual new entrants into the labor force, much less the sizeable pool of unemployed. For example, in 1985 Dominica alone will be shooting at a target of 1000 new industrial jobs per year.

PDAP has played a key role in promoting thirteen new enterprises now underway. These enterprises currently account for 226 jobs, but are expected to employ almost 2000 people when in full operation:

109

PROJECT	EMPLOYMENT	
	CURRENT	PROJECTED
1. Antigua Stone Cutters	5	11
2. Aloe Vera, Dominica	10	50
3. Elliot Rose, St. Kitts	-	60
4. Lobster Traps, Belize	5	50
5. Pico Products, St. Kitts	8	700
6. Pico Products, St. Vincent	60	125
7. Brabo, Ltd., St. Lucia	2	10
8. Caribbean Containers, Dominica	-	50
9. Shrimp, St. Kitts	2	10
10. Wilson Sporting Gds., Dominica	-	200
11. Wilson Sporting Gds., St. Vincent	120	400
12. Caribbean Fish Coop., Belize	14	30
13. Cantaloupe, Belize	-	50
TOTAL	226	1986

C. The field representatives are an unusually capable and well-suited group of generalists.

Although their backgrounds in investment promotion are limited, they have adapted well to the new priorities and are performing effectively. In addition to their primary investment promotion roles, several are providing valuable general advisory services to their host governments. Some are also involved, although on a decreasing basis, in public sector project activity.

D. The investor search operation in Washington, DC is producing modest results.

Investor search activities of PDAP are centered in the C&L Washington office. The investor search team consists of three consultants (one experienced investment promotion manager, one garment expert, and one electronics expert with Eastern Caribbean experience) backed up by five C&L employees in Washington and linked to C&L offices around the world.

Investor search has concentrated on the United States, but has also included Asia (particularly Hong Kong) and Europe. Investor search has been viewed as a professional services function to seek and provide information to firms of potential interest to PDAP countries. The search for potential investors has involved the preparation of lists of prospects, brochures, mailings, trade shows, seminars, telephone contacts, direct sales calls, and followup of leads, as well as the handling of investor visits to the Caribbean and Belize.

The search operation identifies itself strongly with the consulting practice of C&L and publishes most of its information under the C&L name. An objective consultant/client relationship with the potential investor has been the mode of operation. We analyzed investor search activities for the six months ending June 30, 1983:

	TOTAL CONTACTS MADE IN PERIOD -----	POSITIVE CONTACTS -----
Mailings (8)	3234	59
Trade Shows (8)	Thousands	143
Seminars (9)	784	116
Companies visited by PDAP worldwide		121
Companies visiting PDAP countries		17
Inventory of contacts in followup file		5870
Inventory of hot prospects		
U.S.A.		54
Asia		21

In terms of measurable results so far, the effect has been to deliver three interested visitors to the Caribbean and/or Belize per month during the six-months period. Since the first six months of 1983 have seen a favorable upturn in client visits in Mexico and elsewhere, and since the PDAP program has had a year to gear up for promotion before entering the period, it is fair to describe the results as modest.

Experience elsewhere suggests that the number of visitors will have to be vastly increased if a really significant dent -- say, 30,000 new jobs by 1990 -- is to be made in unemployment.

Analysis of Promotion Program

The contrast between the strength of the PDAP program in the field and the weakness of the Washington promotion activity is marked. Keeping in mind that the only purpose of the present analysis is to improve the success of PDAP, the following review of strengths and weaknesses of the present program is offered:

Strengths:

1. One thoroughly experienced industrial promotion specialist is a consultant to PDAP -- he continues to maintain his home in New York.
2. A year of experience in attempting to attract industry to PDAP countries by various means.

Weaknesses:

1. A poor location for headquarters away from the business mainstream in New York.
2. Inexperience in industrial promotion on the part of the entire Washington staff (except after beginning work on PDAP).
3. A program which is much too passive and too tied to the C&L image -- and much too small to be effective, given the new targets to be set.
4. A generalized approach to promotion which uses accepted methods (mailings, seminars, luncheons, etc.) through diffuse promotion media (Department of Commerce, OPIC, Caribbean/Action, trade shows, etc.), but which does not pre-select target firms, pre-research why those firms should choose PDAP countries in preference to all others, nor concentrate promotion efforts on the few good targets rather than the many poor ones.
5. Overconcentration on secondary markets, such as Asia, at the expense of prime United States market promotion.

72

E. The fact that industrial buildings are not immediately

 available and can have a lead time of as much as 18 months

 is a major obstacle to achievement of PDAP's goals.

There have been recent cases in the Eastern Caribbean where the non-availability of a building has been the cause of a lost investment.

The policy of having a number of buildings built in advance of need has resulted in the successful conversion of potential clients to active clients all over the world. It is a firm recommendation of the World Bank and the Inter-American Development Bank for all loans made for industrial estates and Export Processing Zones.

We have been told that Caribbean Development Bank (CDB) limits construction disbursements to one factory building in advance of firm commitments to occupy space, which is likely to be inadequate if the pace of development accelerates. We further understand that CDB is constrained either by its own rules, or those of AID, to design and bidding procedures which involve inordinate amounts of time.

In any event, there is a virtually full consensus among governments, the private sector, and development assistance institutions that the building problem is a major bottleneck.

F. PDAP is also engaging in public and private sector

 feasibility and marketing studies, the quality of which

 is mostly good, but the priority of which is questionable

 within the new industrial investment/jobs focus of the

 project.

PDAP has financed ten technical studies, five of them concerned with infrastructure:

1. Canefield airport
2. Bequia airport
3. Palm Island marina
4. Antigua marina
5. St. Kitts peninsular road
6. St. Kitts bamboo/rattan
7. St. Kitts sericulture
8. Belize lumber
9. Belize textiles
10. Dominica bananas

Fourteen marketing studies have been conducted:

1. U.S. bicycles
2. Logwood dye
3. Coconut oil
4. Bee pollen
5. Fustis
6. Annatto
7. Tapestries from Montserrat
8. Tropical plants
9. Arrowroot (St. Lucia)
10. U.S. rum market
11. Batik
12. Refrigeration
13. Aloe Vera
14. Tropical fish

In general, these technical and marketing studies have been of acceptable professional quality. However, the infrastructure studies, although in most cases indirectly supportive of the employment objectives, lie outside the industrial investment/jobs focus toward which PDAP has evolved. The marketing studies are more relevant to this focus. Moreover, some have addressed industries (e.g. bananas in Dominica, arrowroot in St. Lucia) which touch on major issues of public policy. But they imply dependence on local capital and knowhow, and are unlikely to lead in the short term to creation of large numbers of new jobs. That can only be achieved by the establishment of employment-intensive industries by foreign companies (or joint ventures involving foreign companies) which have well-established technologies and markets outside CARICOM.

G. PDAP is not currently designed to transfer investment

promotion knowhow to host countries.

All of the PDAP field advisors have continuing contacts with public and private institutions concerned with investment promotion, and some institutionalization is occurring. But the PDAP advisors, in the absence of a specific institutionalization responsibility, often operate with considerable autonomy. Should the advisors depart, several of the countries would be left with extremely limited capacity to handle those aspects of investment promotion which occur in-country.

H. Linkages with USAID, other donor organizations, and other

investor search and promotion organizations are generally

adequate.

Both the PDAP field personnel and the concerned USAID personnel find their continuing close dialogue constructive and useful.

The Caribbean Development Bank is the principal other donor contact of PDAP. PDAP's autonomy, its inevitable role as an advocate of the government's position, and its increasing focus on investments from outside the area have led to some problems, but they have been manageable. PDAP and CDB cooperated closely

in the mission to Puerto Rico recently to acquaint Eastern Caribbean businessmen about the possibilities for "twin-plant" operations with Puerto Rico. CDB provided funding for local businessmen to go on the missions which PDAP arranged, and which evidently went well.

PDAP also maintains contact with other donors, including OPIC, CIDA, the UK aid program, various UN agencies, the Peace Corps, and the International Executive Service Corps.

Most activity to link PDAP with other investor search and promotion organizations in the United States takes place in Washington. Here contact is maintained with the U.S. Department of Commerce Caribbean Basin Initiative Section, the U. S. Chamber of Commerce, Caribbean/Action, and various trade associations. At times such organizations can be useful to reach broad segments of the potential investor market, as well as be the sources of individual leads which present themselves. For the most part, however, we believe that they are not efficient -- they can require a lot of time and effort to maintain contact, and they have so many competing organizations seeking their favors that an individual country's efforts become lost. Finally, the people they tend to contact are rarely industrialists seeking plant locations -- rather they tend to be the bankers, lawyers, and consultants seeking clients.

The C&L Washington office is also in touch with the UNIDO investment promotion center in New York, where six trainees from Eastern Caribbean countries will soon be stationed.

I. PDAP's management systems appear to be generally adequate

However, the reporting system is not adequately geared to the new private sector focus of the project, and the structure of the budget emphasizes inputs more than it does outputs.

J. A budget shortfall is looming.

Based on figures as of the end of April, 1983, 57% of the original budget (amended to include Belize) had been expended during 44% of the length of the project. C&L has proposed a revised budget which would add about \$280,000 and shorten the length of the project by three months:

	Original Budget		Proposed Budget	
	\$000	% Expended 4/83	\$000	% Expended 4/83
Direct Labor/OH	1847	67	2128	60
Consultants	304	40	251	32
Travel	228	90	373	55
Allowances	830	27	519	44
Equipment	9	51	10	47
Other Direct	132	(26)	352	67
Subcontracts	1883	49	1822	50
G & A	323	70	383	60
Fixed Fee	220	55	220	55
	-----	---	-----	---
TOTAL	\$ 5778	57%	\$ 6058	54%

Contributing to the impeding overrun are the new emphasis on investor search, which has led to a larger operation in the United States than had originally been anticipated; the need to place field representatives in C&L Caribbean offices due to the lack or inadequacy of office space and associated facilities provided by local government; and, also related to the new focus, much higher transportation and communications costs than originally budgeted.

We consider that the revised budget proposed by C&L is inadequate for three reasons:

1. It would terminate the field advisors prematurely;
2. It dedicates too much resource to subcontracts;
3. It understandably (since C&L has not been asked to do so) does not include resources for institutionalization of PDAP in host country organizations.

K. Special Issues

1. Belize

Belize is a PDAP anomaly. By contrast with the Eastern Caribbean islands, Belize is large and underpopulated. Its location on the Central American isthmus is closer to Washington, D.C. than it is to Barbados. It is the only PDAP country in which there is a U.S. Ambassador and AID representative.

While there are good reasons to continue the PDAP advisor in Belize -- his agricultural background and link to the C&L worldwide network are valuable -- there are almost no good reasons for having him report through the PDAP coordinator in Barbados.

2. Montserrat

Montserrat, with a population of about 12,000, is by far the smallest of PDAP's client islands. Its leaders feel neglected, importantly because they expected first a foreign full-time PDAP advisor and then a West Indian advisor, neither of whom materialized. Montserrat has refused to share an advisor with another island. It was never AID's intention to locate a full-time foreign advisor on Montserrat. The idea was never proposed formally to Montserrat.

Montserrat has, however, requested short-term technical assistance for its Sea Island cotton operation, and will soon request help for its tannery.

3. Labor

The labor movement in the Eastern Caribbean is relatively well-organized and often closely-linked to political parties. There is currently no evidence that labor organization is viewed by potential investors as a deterrent. However, as labor-intensive investment expands, it is important that, within the framework of its obvious responsibilities to its membership, organized labor's role be a constructive one, reflecting its awareness of the increasingly competitive environment in the Caribbean Basin. (PDAP has maintained close links with the

Caribbean Congress of Labor, based in Barbados, and has on-going day-to-day links with organized labor in each of the islands.)

4. Shipping

The problem of shipping in the Eastern Caribbean is like the weather; everyone complains about it, but not much gets done about it. Recently, for example, it was discovered that shipment of a 20-foot container from the Eastern Caribbean to Miami costs \$100 more than from Hong Kong to Miami. We have no recommendations to make other than that public development institutions and private enterprises must constantly be seeking ways of achieving cheaper and more frequent service.

5. Some Semantic Problems

We have noted the wide use of three words in the Eastern Caribbean which have negative overtones:

FOOTLOOSE -- This word is used to describe labor-intensive industry of the kind PDAP wants to attract to the region. It has negative overtones to American investors and to governments. What industry wants to be described as flighty, fly-by-night, or unreliable? What government wants to be seen as currying the favor of a company which will disappear without notice? A series of better words would be:

labor intensive
light-assembly
production sharing.

ENCLAVE -- This word is used to describe industry which imports raw materials and machinery and exports 100% of its product. The problem is that the overtones of the word are "protected fortress where foreigners carry out strange and possibly dangerous activities isolated from contact with the local population" (like the Russians in Afghanistan). Much better words to use with Americans, at least, are:

in-bond
drawback
toll-manufacturing

SHELL -- This word is used to describe a basic factory building ready for fitup by the client. The implication of the word "shell" instead of "building" is one of bare minimum structure (frame, outer walls, roof, but no floor) into which the client must pour great resources and accept time delays. In contrast, factory buildings erected in export processing zones and industrial parks frequently have floors, insulated roofs, sanitary facilities, factory lighting, and finished office space -- and are already connected to public utility lines. To call a "building" a "shell" is to downgrade it. We recommend that PDAP and others use the following words instead:

factory building
industrial building
factory
manufacturing facility

IV. RECOMMENDATIONS

(LETTER HEADINGS CORRESPOND TO THOSE OF THE FINDINGS SECTION)

A. Continue PDAP for an additional three years with the

 modifications suggested below:

B. Substantially higher job creation targets should be

 established.

The scale of the unemployment/underemployment problem in the Eastern Caribbean and Belize is small enough that it should be possible to make a significant reduction by 1990.

The setting of new targets requires a further analysis of unemployment and prediction of the net flow of new job applicants, keeping in mind that new industrial jobs will generate substantial numbers of additional supporting or servicing jobs. Estimates should be developed with the governments concerned. Anthropological studies should be made over time to assess the human and social benefits of rapid industrialization based primarily on exports of manufactured goods outside CARICOM.

Clearly, PDAP alone cannot be responsible for the achievement of the more ambitious targets. Other factors, including the availability of industrial buildings, the attitudes of governments, and world economic conditions, will affect the results. But PDAP, as the promotional arm of the effort, will have a central role.

C. Keep the field representatives in the field through 1987.

Their functions will be somewhat modified by subsequent recommendations -- e.g. more of their time will be spent building national institutions, more of their time will be spent in promotional work in the U.S. But they will continue to serve as a crucial element of the PDAP structure until there are West Indian institutions ready to take over the field work.

D. The substantially greater magnitude of promotional

 effort required to meet a far greater jobs target calls

 for a departure from the "professional services investor

 search" approach in both label and style.

We believe that "investor search" should become "investment promotion", that the promotion budget should be considerably enlarged, that a sales manager with full authority to act should be appointed, and that headquarters of the sales activity should be moved to New York to better serve its market. The information activity, research activity, and promotional materials production activity should be under the sales manager and located also in New York.

Conceptually, the present operation is too passive. We believe a sales organization advocating investment in the Eastern Caribbean and Belize would be more effective than an objective professional service organization. We recognize that this recommendation may be difficult for C&L since objectivity is part of a professional consultant's reputation.

Nevertheless, separation from the C&L practice both in name and in location would limit this difficulty. Since we believe strongly that New York is a significantly superior location for investment promotion, the operation should be immediately transferred to a New York location.

New York is in the mainstream of business travel. The ability to make personal contact with business advisors and decision makers in New York is far greater than in Washington. New York is the national center for investment promotion operations.

This new operation should appear to be distinct and semiautonomous of C&L. The operation should be managed by a sales manager or promotion specialist. PDAP field advisors and counterparts should spend considerable time -- perhaps two or three months a year -- working out of the New York office. In time, the functioning of this office could be turned over to West Indians and become a regional investment promotion office.

Promotional work should give by far the highest priority to United States investors. Eastern Caribbean benefits under the Lome convention should be stressed.

Some further industrial development strategy issues are addressed by Richard Bolin in Attachment II.

New Directions in Promotion

Where once there were a few developing countries trying to attract labor-intensive industry, today there are twenty. In a very few years there will be forty serious contenders.

The endless repetition of diffuse publicity which was good for Puerto Rican promotion thirty years ago will not work today, except at very great expense. This does not mean that opportunities for low-cost publicity should be ignored, nor that participation in diffuse publicity events like trade shows, Department of Commerce functions, etc. should be dropped completely -- but it does mean that the time of key promoters in the PDAP system should not be wasted at such functions.

Instead, more resources should be committed to research as to what advantages of PDAP countries can match the specific needs of a particular product group or industrial sector. More attention should be paid to seeing to it that the specific target firms really understand what these unique advantages are and what they will mean to the bottom line at the end of the year, and why they cannot be duplicated by competing countries.

Specialized promotion should be the rule: there should be meetings held with key individuals within a given target firm (or with its board of directors) where a narrow prepared presentation exclusively for that firm and showing how it can benefit from PDAP would be made. The PDAP field advisors could play key roles in such efforts.

The same kind of attention should be the rule for followup of leads generated with serious companies by such specialized efforts.

The risk of concentrating on fewer firms can be overcome by the strong impression made by the careful research carried out on behalf of the firm, the advocacy position of the promoter, and the commitment to development shown by the PDAP country. And the cost per job created can be kept reasonable in comparison to that of the more diffuse media approach.

The overall budget, measured over a decade, should be in the range of \$300-\$700 per factory job created.

E. With respect to the shortage of industrial buildings, we

have two recommendations:

1. Establish a task force comprised of the Caribbean Development Bank, the countries, USAID, and PDAP to try to make the existing CDB system more agile.

2. Promote the establishment of privately owned and operated industrial parks to speed up job-creation and reduce its costs as well as to involve the local private sector directly in the investment attraction process.

The private industrial park concept is elaborated upon by Richard Bolin in Attachment III, in which he stresses the agility and commitment which such parks bring to the investment promotion process. We recommend three steps deriving from his comments:

1. The USAID should obtain technical advice on how to create and operate private export industrial parks in LDC's.

2. Financial incentives, including soft loans, and technical assistance should be made available to West Indian and other entrepreneurs interested in developing private export industrial parks.

3. Contacts should be arranged between such West Indians and successful private export industrial park promoters/managers with experience in other LDC's.

F. Cut back as much as possible on feasibility and marketing

 studies.

USAID should try to finance infrastructure studies from other sources. Some additional marketing/technical studies may be necessary (e.g. in Montserrat), particularly in connection with the PDAP field representatives' general advisory responsibility. But because of the primacy of the external investment promotion job, they should be kept to a minimum.

G. Begin immediately a structured effort to institutionalize

 PDAP in the host countries.

The circumstances vary from one country to another, and no pat formula is going to work in all. In some cases (e.g. Dominica), PDAP is already working inside an effective public investment promotion institution, and all that may be necessary is money for travel of the staff of the institution and for some equipment. In other cases, it may make sense to move from C&L offices into the offices of a public promotion institution. In still others, it may be preferable to work principally with private sector organizations and/or it may be desirable for PDAP advisors to hire national assistants.

H. Linkages -- No Recommendations

I. PDAP and USAID should reflect on their information

 needs and redesign the PDAP reporting system to conform

 to the new focus. With the project approaching an

 extension cum modifications, an audit should be conducted.

J. The C&L proposed budget revision should be laid aside,

 and a new financial plan should be developed to reflect the

 following key modifications:

1. Strengthening of the investment promotion function in the United States.
2. Extension of the field advisors through 1987.
3. Institutionalization.
4. Reduction of feasibility and marketing studies.
5. Shifting the Belize activity to independent financing.

K. Special Issues

1. Shift the Belize component of PDAP to independent

 management and financing through the AID office in

 Belize.

Keep the Belize advisor abreast of PDAP Eastern Caribbean developments by arranging his attendance at quarterly meetings of the PDAP country advisors.

2. Proceed with the pending studies for Montserrat.

 Try to persuade Montserrat leaders that, with the new

 emphasis on investment promotion, their interests can

 be well served by a part-time advisor.

Perhaps this would be easier to achieve if the PDAP coordinator took on this assignment in the sense that he could represent high-level attention to Montserrat's problems without direct affiliation with any single PDAP country.

3. Discuss the implications of investment promotion

for labor with labor leaders, governments, and

regional institutions. Provide technical assistance

to unions and governments as appropriate.

We believe that AID should assume direct responsibility
for appropriate technical assistance to unions and governments,
and that it should do so outside the PDAP program.

SCOPE OF WORK

The purpose of the evaluation is to determine the extent to which PDAP is accomplishing its basic objectives and to set forth recommendations for such improvements as may be deemed necessary to assure the achievement of those objectives.

At the outset, the consultants' evaluation team will be expected to become conversant with all principal documents relating to the Project's concept, structure and implementation, including but not limited to a review of:-

- Project Development Assistance Project, No. 538-0042
Project Paper
- AID Contract No. LAC-0042-C-00-1053-00 with Coopers and Lybrand, the subsequent amendment dated 7/19/82 and the PDAP Implementation Program dated 3/4/82.
- PDAP Country Action Plans.
- Project quarterly/semi-annual progress reports.
- CBI Implementation Plan: Eastern Caribbean dated 7/1/82.

The team will conduct their appraisal of the Project through discussions with AID and C&L Project personnel, representatives of participating governments and the private sector, local and regional institutions related to the Project and visits to the Project countries including C&L's Washington Office.

The evaluation will focus upon the following areas of inquiry:

A. Is PDAP meeting its fundamental project development and investment search objectives? Specifically, the consultants will assess:

1. With respect of project development:
 - (a) the number and type of projects which have been directly assisted into the identification, approval, funding and implementation stages;
 - (b) the degree to which the projects satisfy the planning requirements and selection criteria mandated with particular emphasis on the productive employment criterion.
2. With respect to investment search:
 - (a) the effectiveness of the investor search system in identifying active prospects for local investment;

88

(b) the number of investment prospects actually brought to the negotiation or approval stage;

(c) the appropriateness of the investment facilitated to the country's development priorities and circumstances.

Consistent with both of the above objectives, consultants will recommend measures which can be employed to determine Project performance with regard to its approach over the short-term.

B. Is the PDAP management structure functioning effeciently and are the operational procedures which have been established effective in accomplishing Project objectives. To this end, consultants will:

1. Examine the general administrative relationships between the contractor's Washington Office, field contract personnel, the Team Leader's office in Barbados and RDO/C.
2. Assess the performance of the management structure in terms of approval and monitoring of Project activities, maintaining cost control and, where relevant, supervising Project financed personnel.
3. Appraise the content and responsiveness of contractor's reporting and documentation to AID.
4. Assess the impact of reducing short-term technical inputs to increase investor search funds.
5. Evaluate the utility of the PDAP country's Action Plan in establishing the program content and framework of the Project and the process of AID review, modification and approval.
6. Determine the extent to which on-going linkages have been achieved with other donors, institutions and agencies in obtaining financing for Project activities.
7. Provide recommendations for improvement to any or all of the above.

C. Given the Project's objectives and within its current budget limitation, are there steps which could be taken to increase the impact and beneficiaries of PDAP?

The consultants should formulate a series of recommendations which would include, but not necessarily limited to:

- Utilization of short-term technical assistance resources.
- Investor search operations.
- Securing the trade and investment opportunities expected to result from the Caribbean Basin Initiative.

ATTACHMENT II

INDUSTRIAL DEVELOPMENT STRATEGY

by Richard Bolin

"It is, I own, not uncommon to be wrong in theory, and right in practice; and we are happy that it is so" - Edmund Burke

In the sense that industrial development strategy is based on sound reasoning, and the implementation of that strategy relies on this reasoning to convince government and private leaders of the correctness of the strategy, we disagree with some of the Coopers & Lybrand reasoning. This has effects on both the way promotion is carried out, the selection of promotion targets, and the expectations created in the Eastern Caribbean and Belize as to the results from following the strategy. Yet, on the surface, the emerging strategy to promote foreign entrepreneurs to establish production sharing factories is essentially correct in our opinion.

We believe a clearer understanding between USAID and C&L about this reasoning and its implications is needed before going ahead with investment attraction as is now planned.

A. Comments on Strategy

The PDAP Implementation Program Report of July 1982 rejects "comparative advantage" as the basis for job-creation in the LDC's because a "general" advantage cannot be found.

We believe it would be better to recognize that, indeed, the comparative advantage of low cost unskilled labor PLUS initiative PLUS availability of factory buildings is the way to differentiate an LDC not only from the advanced nations, but also from the other LDC's which haven't begun to seek industry yet.

The PDAP report next proposes that it is far more effective to see industrial development as a process of linkage. We think that the linkages idea doesn't work in most labor-intensive industries except over very long periods of time (10-20 years) and, even then, the effect is usually small in a truly backwards LDC. (Taiwan is usually given as the example by the linkage theorists -- it increased the local value added share of

exports from 8% to 32% in 8 years while increasing exports 15 times. The Taiwan case was unique -- strongly influenced by participation of experienced overseas Chinese with technical knowhow and money -- resources Eastern Caribbean countries and Belize cannot really expect to duplicate.)

To emphasize the point, the new \$30 million industrial Export Processing Zone in Karachi, Pakistan was built by the government in part on the basis it would create linkages. When it was found that it really couldn't do this over the short term, disillusionment in the public and private sectors began to hurt the EPZ's image. And Pakistan is a much more developed country than those in which PDAP is interested.

Finally, the PDAP report argues that a separate effort should be mounted to attract "enclave" industries to manufacture for the North America and Europe markets. We like this idea since linkages don't work and since we believe there is a strong "comparative advantage" in the low cost labor/initiative/factory buildings program.

Then the PDAP report says that "enclave" industries create a pool of skilled labor -- We submit that it takes at least 10 years to do this -- it is not done overnight -- and that only a few higher skills are usually created. Most of the skill transferred is at a lower level, especially to lower and middle management and to certain testing and repair service personnel.

The PDAP Implementation Program report implies that labor training programs (presumably run by government) should be simple for the industries to be attracted. In the first place, most companies prefer to do their own training. The array of skills taught depends on the product and the way the factory is designed. In El Salvador, while many workers at the Texas Instruments semiconductor assembly plant were trained by the company as simple assemblers, a few mechanics were trained for four years to achieve tolerances of one ten thousandths of an inch in machining certain surfaces. Sometimes government training schools which are very closely controlled by companies producing in the area can be helpful, but that is not the way most training programs are set up in the LDC's.

The PDAP report states that LDC's attract a high level of subcontractor operations. We would argue that while Asia may have many subcontractors in free trade areas like Taiwan, Hong Kong, and Singapore which have been operating for years, as yet

91

Mexico and the Caribbean Basin have very few subcontractors. It may constitute a diversion of PDAP investment search efforts if PDAP goes looking for subcontractors instead of multinational corporations. We believe that local manufacturers with considerable experience may have a chance to be trained as subcontractors, but there are so few existing firms in the Caribbean with provable manufacturing records as to make this idea more of a dream than a reality over the next decade or so.

Finally, PDAP emphasizes the manufacture of garments as a leading opportunity for the Eastern Caribbean and Belize. This emphasis is apparently based on 1) the existence of a few exporters in these industries in the region and 2) discussions with certain Hong Kong firms which want to achieve additional sales to the U.S. after their home country U.S. quotas are full. We believe garment manufacture should be de-emphasized by PDAP. There are four problems with the garment industry:

1. U.S. quotas will be imposed on CBI countries once garment production becomes significant because of the eternal vigilance of the U.S. garment companies and unions.

2. After quotas are imposed, growth will be limited to a maximum of 5% per year -- a very low target for PDAP.

3. CBI legislation specifically prohibits "textile and apparel articles which are subject to textile agreements" from obtaining duty-free treatment.

4. Garment jobs are very low grade jobs, paying low salaries and adding only a small amount of value per worker per year. In about three months, a person learns all there is to know about the job. Little opportunity is presented for upward mobility and growth in job stature in comparison with, say, the electronics industry.

This is not to say that the garment industry should be rejected -- only to put it in its proper place as a development tool. It is a good starter industry -- every island should have at least one plant. Beyond that, diversification into other industries should be the rule.

92

Among PDAP's other suggestions we have the following comments:

1. It may be difficult to attract furniture industries for export outside CARICOM -- although this industry needs low cost labor badly in the U.S, it has not been creative about going overseas.

2. The idea of obtaining fine chemicals from solar ponds won't create a lot of jobs and is too risky to merit the expenditure of development funds.

3. Energy has little relationship to new job creation in that most labor-intensive industries are relatively low users of electricity. This doesn't mean they can do without it, but it does mean that it is a small part of their cost, hence less important in a location decision. We would be inclined to limit expenditures for energy projects under PDAP.

ATTACHMENT III

PRIVATE INDUSTRIAL PARKS

By Richard Bolin

One possibility for speeding the rate of job-creation in the Eastern Caribbean and Belize is to establish several privately-owned and operated industrial parks to cater especially to the needs of foreign production sharing industry attracted to the region.

The secret of success of the Mexican Border industrialization program of the Mexican Government was that after setting up a few simple rules to guide the "in-bond" or "twin-plant" industries, the government encouraged the private sector to create the infrastructure for development along the border with the U.S. A number of private industrial parks were created by entrepreneurs, in competition with each other, and the result was the creation of 100,000 new direct manufacturing jobs during the period 1965-74. Today over 80% of the 130,000 workers on the border are still employed in these private industrial parks.

The purpose of this paper is to state the case for private industrial parks as a new development tool in the Eastern Caribbean and Belize to help provide the 30,000-40,000 or more new manufacturing jobs needed in the next decade.

A. Weaknesses of the Present System

1. It takes up to 18 months to get a factory building.
2. Paperwork in the USAID/CDB/Development Corporation system is slow and cumbersome, and decisions are subject to outside considerations having nothing to do with getting factory buildings built.
3. Costs appear high and are increasing rapidly. The Dominica CDB buildings have risen in cost from US\$19 per square foot to \$29 in the past four years.
4. Lackadaisical rent collection has permitted one operator to use his factory rent-free for up to 3 years -- and then leave without paying. Other lessees have felt free to

deduct the cost of improvements they want to make from the rent, notifying the bank after the fact.

5. The CDB has given better terms to some Islands than to others. All PDAP locations lack suitable factory space and are losing clients because of this.

6. The system at present is a 100% government system with typical lack of efficiency which large organizations always bring -- especially large public organizations. The U.S. government has its rules, so does the CDB, so do the individual countries and their agencies. The various rules and systems have combined to stifle the rising industrial promotion successes by cutting off their principal attraction at the point of sale -- low cost available factory space. We doubt that it will be possible to change this, even after the task force we have recommended to consider the problem has met and made recommendations.

7. There has been no encouragement of the private sector in the various PDAP countries to enter into the business.

B. Possible Private Sector Solutions

1. The local private sectors in each country are qualified to undertake the supplying of buildings, services, and infrastructure in well-run industrial parks.

2. They have some capital to contribute.

3. They are interested in participating in the shaping of the future economies of their countries.

4. Of all of the ideas presented to stimulate private sector development in an LDC, the private industrial park is one of the best because it is do-able. Most private sector LDC businessmen, accustomed to commerce, find it difficult to enter into manufacturing. But the talents required for a successful industrial park are already possessed locally.

5. The recent successes of PDAP in helping to re-invigorate private sector organizations on several islands demonstrates the capacity of the private sector to become

95

involved in development in its own interest, once shown the way to do this.

6. The way to involve the private sector is to encourage it to take equity in the process, so that those who take the risk will have an opportunity to gain from directly helping in the attraction and improvement of manufacturing industry.

7. Involvement of the private sector in this way will improve the success of the industrial promotion program on which USAID and PDAP are spending so much time and money. The reason has to do with the sense of commitment private industrial parks demonstrate to the client which is important to a favorable decision. This factor of commitment needs explaining.

C. The Importance of Commitment in Industrial Promotion

1. Commitment by the local private sector to an equity position in an industrial park means that the equity-holders stand to gain if the client decides to locate in their park -- and to lose if he doesn't.

2. The permanence of a private sector industrial park with demonstrable approval from government gives a sense of added stability to the client which government alone cannot.

3. This sense of commitment which no third party can give (banker, consultant, etc.) enhances the power of the industrial park at the time of closing the sale -- because it gives a better answer to the client's questions, "Who can help me in the future when things go wrong?" and "How do I know he will?".

4. The cost of industrial investment attraction is high. Private industrial parks must promote in their own interest and pay the cost out of the rent received. The fact that they have done this successfully elsewhere (Mexico and Central America) and kept their rents competitive with those of government-subsidized Export Processing Zones means that the private sector park is viable. Indeed, some privately-owned and operated industrial parks have been highly profitable, given enough time to pay off their debt for buildings, infrastructure, and promotion.

96

5. Private sector industrial parks will naturally compete with one another for business. This competition is to be encouraged as it tends to make the whole region more efficient. This competitive approach gives added confidence to the client concerning the commitment factor discussed above as well as in the sense that he is getting his factory at low competitive cost.

6. Under competitive conditions some private industrial parks have been known to cooperate from time to time in promoting their region on the outside, but this tends to be relatively rare. In this sense, continuation of the work of PDAP will be valuable.

7. Private sector influence on government to improve the ambience for industrial development will be enhanced by the existence of private industrial parks. This added element will give a sense of reality to government allocations of resources to industry. If the private industrial parks argue for a necessary improvement in infrastructure, they will do so out of a sense of need to solve real problems, rather than out of a study done by an outsider.

D. Approach

1. There must be a transfer of knowhow on creating and operating private export industrial parks.

2. There should be a supply of seed capital and favorable loans for infrastructure, buildings, administration, and promotion. Perhaps USAID RDO/C or the USAID Private Investment Bureau or OPIC can be of help. Ideally, some plan which allows tapping world private sector financial resources could be worked out.

3. The first step is to prepare a workable plan which takes into account for each island and Belize the present factory space situation, the potential demand for space to meet job needs, the current levels of factory rent, the competitive situation in space rental, the cost to lease/purchase land for an industrial park, and the availability of suitable sites. A pre-feasibility study of each location should be made.

4. There needs to be a dialogue between the potential private sector investors in each country and the developers of successful private export industrial parks in other LDC's. After a workable plan has been made, perhaps this is the best place to begin.

ISSUANCE DATE: June 15, 1984

CLOSING DATE: July 27, 1984

SUBJECT: REQUEST FOR PROPOSALS (RFP) No. RDO/C 84-1
INVESTMENT PROMOTION (PDAP FOLLOW-ON) PROJECT

The United States Government, represented by the Agency for International Development (A.I.D.) is seeking proposals to provide technical services to carry out the subject project, as described in detail in the attached Program Description.

To this end, we are issuing this Request for Proposals (RFP), consisting of this cover letter and the following attached parts:

- I. PROGRAM DESCRIPTION
- II. TECHNICAL EVALUATION CRITERIA
- III. INSTRUCTIONS TO OFFERORS
 - A. SOLICITATION INSTRUCTIONS AND CONDITIONS
 - B. INSTRUCTIONS FOR PREPARATION OF TECHNICAL PROPOSAL
 - C. INSTRUCTIONS FOR PREPARATION OF BUSINESS/MANAGEMENT/PRICE PROPOSAL
 - D. SOLICITATION NOTICES AND REPRESENTATIONS, CERTIFICATIONS AND ACKNOWLEDGEMENTS
- IV. PROPOSED CONTRACT FORMAT
- V. TABLE OF ALLOWANCES

Offerors are advised that the project to which this RFP relates had not been approved by the time the RFP was issued. We anticipate that the project will be approved and sufficient funding for the contract will be made available. However, if that does not happen, no contract will be awarded in connection with this RFP.

Please note in subpart III-B that there is a solicitation requirement in this RFP for past performance references to be submitted with the proposal.

If you decide to submit a proposal, five (5) copies signed by an official authorized to bind your organization should be submitted in sealed envelopes with the name and address of the offeror and the RFP number inscribed thereon. Your proposal should be received no later than 4:00 p.m., Atlantic time on the closing date indicated above, at the following address:

Regional Contracting Officer
Regional Development Office/Caribbean (RDO/C)
Nicholas House
Bridgetown, Barbados
West Indies

If the proposal is to be hand carried it should be delivered to the above address. If the proposal is to be mailed, it should be addressed to:

American Embassy
Box B (Bridgetown)
FPO Miami 34054

or

American Embassy
P.O. Box 302
Bridgetown, Barbados
West Indies

Section III of this RFP contains instructions for preparing your "Technical Proposal" and your "Business Management/Price Proposal". These proposals should be submitted in two separate parts. Offerors should retain for their records copies of any and all enclosures which accompany their proposal. If you are unable to submit a proposal, you are requested to advise the issuing office promptly and in writing.

Only one contract is contemplated to be awarded by A.I.D. as a result of this solicitation. The contract will be a cost reimbursement level of effort type.

This RFP in no way obligates A.I.D. to award a contract, nor does it commit A.I.D. to pay any cost incurred in the preparation and submission of the proposal. A.I.D. reserves the right to make selection without conducting discussions with all offerors.

If you have any questions regarding this RFP, you may call the undersigned on AC 809-427-5362.

Sincerely,



S. D. Heishman
Regional Contracting Officer

109

I. PROGRAM DESCRIPTION

I. THE REGIONAL SETTING

A. Economic Overview

The inhabitants of the six Eastern Caribbean LDC islands (Antigua and Barbuda, Dominica, Grenada, St. Kitts/Nevis, St. Lucia, St. Vincent and the Grenadines, and several small dependencies of the United Kingdom), Barbados and Belize largely rely for employment and income on tourism and a few primary products such as sugar and bananas sold to protected markets abroad. These dependencies leave them vulnerable to the economic fluctuations of the developed countries. Growth in the islands over the past decade has been set back by: (a) the OPEC oil price hikes of 1973-74, and the ensuing global recession; (b) a series of natural disasters; (c) continued decline in European budgetary support for the region; and most recently, (d) the strengthening of the U.S. dollar against European currencies and the Canadian dollar (in which the region's major export receipts are denominated).

Given limited domestic demand and little scope for import substitution, the islands are placing increasing importance on growth through tourism, agro-industry, and manufacturing for export. The emergence of public sector support for private enterprise is increasingly evident, and manufacturing and agro-industry now make significant contributions to GDP in all except Grenada. In Antigua and St. Vincent the manufacturing and agro-industry share of GDP doubled between 1976 and 1981. By 1980 these sectors accounted for more than 10,000 jobs in the LDCs, a significant number in this population. Moreover, these sectors provide a sizeable portion of new employment opportunities, and give a substantial assist to the islands' balance of payments. By 1981 manufacturing and agro-industry in the LDCs earned almost \$60 million in foreign exchange, treble the amount generated in 1976. Nevertheless stagnation in agriculture, slow growth in other sectors, and the extra-regional factors mentioned above leave a critical income and employment problem throughout the islands today.

At a time of decreasing emigration due to tighter controls in the United States, Canada, and the United Kingdom, annual unemployment averages in this region range up to 20%, with seasonal highs up to 50%. An estimated 34% of the active labor force is in seasonal employment (tourism, bananas, or sugar). Furthermore, the labor force in the region is growing faster than employment opportunities. St. Vincent, with an estimated 18% unemployment rate, typifies this problem. If St. Vincent's population growth rate and unemployment rate remain at present levels, by the year 2000 a labor force of over 108,000 will lack 21,000 jobs.

A recent USAID-financed analysis of public management of industrial development in the Eastern Caribbean LDCs by Arthur D. Little, Inc. describes a range of approaches from Antigua, which has distributed industrial development responsibilities among three separate agencies, to St. Lucia, which has a well coordinated, functionally integrated National Development Corporation. While management quality and approach vary, each LDC government is giving attention to industrial development; and certain basic public sector functions are of concern throughout the region:

- Public policy (investment incentives, taxation, duty structures, etc.);

- Planning (infrastructure and services demand, labor skills, points of competitive advantage, etc.);
- Public services (investment promotion, investor and investment processing, import/export administration, etc.); and
- Industrial infrastructure (financing, construction, leasing, maintenance).

Private industrial producers suffer from the limitations of regional domestic markets, while many attempts to export are frustrated by shortcomings in the technologies, marketing skills, and capital necessary for sustained export sales. However, recent efforts to identify, design, and implement projects attractive to foreign investment are beginning to show results. Investment from abroad has brought foreign investors with familiarity with the marketplace, the technical expertise necessary to penetrate export markets, and the capital required to upgrade and expand production. The USAID-financed Project Development Assistance Program (PDAP) has led to foreign investments and contracts which by December, 1984, will have created over 3,000 jobs. This figure is expected to double by December, 1985.

B. Growth Potential

Real growth in the islands will require continuing increases in employment and production. Since the production base is predominantly in private hands, private sector initiative is the key to increased economic growth. The public sector has an essential role: that of creating a climate conducive to trade and investment. Favorable public policy and practice, and adequate economic infrastructure, are prerequisites to attracting the capital and know-how necessary for sustained private sector growth. The political environment in the English-speaking Caribbean has become positive, and Caribbean political leaders are looking to the private sector as a principal source of economic expansion. The Caribbean Basin Initiative (CBI) has widened the U.S. market for exports from the islands, and there is significant potential for expanding employment and income in manufacturing.

C. AID Strategy

The AID strategy in this region focusses on employment generation and increasing output in the productive sectors. Strengthening the private sector's role in development is central to all program categories. The strategy includes: (1) investment promotion, with emphasis on development of exports; (2) strengthening of private sector institutions that provide development services, including financing, technical assistance, and training; (3) development of infrastructure in support of the private sector, emphasizing industrial estates, transportation infrastructure, utility services and related facilities; and (4) tailoring management and technical training to the needs of the private sector. Specific projects provide assistance to: the Caribbean Association of Industry and Commerce (CAIC); the Caribbean Development Bank (CDB); the Barbados Institute of Management and Productivity (BIMAP); the multilateral Caribbean Project Development Facility (CPDF), operated under the auspices of the IFC; the Caribbean Financial Services Corporation (CFSC), a recently founded private bank; the Project Development Assistance Program (PDAP), identifying and promoting trade and

investment opportunities; and various bilateral infrastructure projects - roads, water, power - in several of the islands.

Three of these projects - CAIC working to strengthen the private sector and improve the business climate, PDAP bringing in investors, and CDB providing factory space - have shown satisfactory results to date, and promise substantially greater results in investment, production, employment and exports if the three activities were to be carried out further and in a closely coordinated manner.

AID is considering financing for the CAIC work plan for the three-year period June 1, 1984 - May 31, 1987, comprised of approximately 32 distinct activities intended to further the development of the CAIC as a catalyst of private sector efforts to influence the business climate at regional and national levels, and to stimulate new private investment and the expansion of existing businesses. These activities favor the LDC countries, and will be implemented via specific strategies for each national private sector. This financing should be approved in a few months.

D. The "IPIP" Project

AID is preparing a project entitled "Infrastructure for Productive Investment" (IPIP) to carry forward the investment attraction theme of PDAP, and the factory and related infrastructure construction offered by the CDB.

IPIP is expected to achieve:

- . The construction of over 400,000 square feet of industrial floor space and related infrastructure;
- . The attraction of new investment and the establishment of new businesses in each of the LDC islands, Belize and Barbados; and
- . The development of an indigenous capability to promote industrial investment and to plan and execute industrial construction programs with minimal outside assistance after this Project.

IPIP will consist of: (1) Loan financing for the construction of industrial infrastructure in the LDC islands and Belize; and (2) Grant financing for the provision of expert industrial development investment promotion and business development assistance to the LDC governments, private sector organizations, and individual businesses, and investment promotion assistance to Barbados.

Assistance to Barbados, which has a competent project identification office in the Barbados Industrial Corporation (BIDC), will consist of feeding investment possibilities suggested by the BIDC into the international investor search operation, and reporting possible matches back to the BIDC.

Under this Grant-financed component of IPIP, AID will finance a contract similar to the current PDAP contract (for which Coopers and Lybrand has been contractor since 1981) to provide assistance to private businesses, LDC governments and Barbados. Results of PDAP to date are provided in Appendix I to this Program Description. Refinements of the approach of the current contract are sought, however, including increased emphasis on development of the LDCs' own investment attraction and management capabilities.

II. SCOPE OF WORK

Consistent with AID's strategy for private sector development and CBI implementation in the Region, work performed under this contract is expected to contribute significantly to the generation of productive employment and the expansion of production for extra-regional export.

A. Objectives

The Contract will have two general objectives, one relating to the private sector, and one to the public sector:

1. Develop private business opportunities and private investments which result in expansion of the tourist industry, new or improved production, particularly for export markets; and increased private sector involvement in the development of industrial and other productive infrastructure; and
2. Improve governmental capabilities in the attraction of foreign investment and in supporting private sector led industrial growth.

Specific, realistic indicators of achievement of these general objectives will be included in the Contract. Private sector indicators may include the number and value of new businesses or business expansions attributable to the work of the Contractor; and the number, volume, and value of new products, new exports, new markets, new exporters, increased private sector industrial estate development and management, and, most importantly new employment brought into being through the Contractor's work. Public sector indicators may be less tangible, given the institution-building focus of the second general objective; however, progress towards this objective should be measureable in the operations of industrial estates, and in the generation of investment approval requests and investors' reactions to the governments' handling of them. It is also expected that the governments will demonstrate improved capabilities in investment promotion and other key industrial development areas during the course of the project, which will result in decreased dependency on outside technical assistance. The Proposal should suggest indicators, such as these or others the Proposer may consider valid and realistic, against which the Contractor's performance may be evaluated.

B. Method

The following methodology is based on AID's experience in the Region, and offerors are expected to develop their proposals consistent with this methodology. Offerors are also invited however, to submit additional proposals for alternative approaches to achieving the project objectives.

104

An Eastern Caribbean-based Project Manager and seven (7) resident on-site^{1/} Advisors will provide technical assistance and training to the industrial development efforts of the private and public sectors of each participating LDC; while a U.S. based, international search will identify investors to take advantage of investment opportunities to be created throughout the region, including Barbados. Simply put, Eastern Caribbean operations will create the demand for investment; U.S. operations will supply the investors.

1. On-Site Advisors

The Contractor will station resident on-site Advisors, who will be able to use contract funds for technical assistance and training services, to provide expert assistance to the industrial development efforts of the public and private sectors of each of the seven countries. Each Advisor will be assigned to a Host Government (usually in direct contact with the Prime Minister or other high level executive) in accordance with Implementation Agreements which will be reached between the Government and AID. While these Implementation Agreements will vary according to the policies and needs of each Government, each Implementation Agreement will provide that at least one half of the Advisor's time will be spent assisting the Private Sector, both foreign investors and local entrepreneurs.

Following execution of each Implementation Agreement between the Host Government and AID, each Advisor's first task will be to prepare a Country Action Plan. This Action Plan will be prepared in conjunction with the particular Government and private sector representatives. It will describe within no more than ten pages the Advisor's intended scope of work for the first year in detail, and in general for the following year. In addition to the Advisor's efforts, the Plan will suggest specific objectives for institutional and policy development, and note: the commitment of personnel and other resources to be made by the Government and the private sector; the technical assistance and training services to be arranged; the overall estimated budget for the first year; and the results expected to be achieved during that period. The Action Plan should take specific note of the industrial floor space and related infrastructure planned and under construction with IPIP loan financing. The Action Plan will be reviewed with relevant Host Government authorities and will be presented to AID for formal approval, and will be considered by AID in the review of payment requests and in evaluation of progress. The Plan will be revised annually, employing the same set of consultations and approvals.

a. On-Site Assistance to the Private Sector

Private sector assistance will generally be provided directly to foreign investors and local businesses, and is expected to include, but need not be limited to:

^{1/} Antigua/Barbuda, Dominica, Grenada, St. Kitts/Nevis, St. Lucia, St. Vincent/Grenadines, and Belize.

- Identifying productive projects with a potential for attracting investment;
- Sharing costs of technical assistance, feasibility analyses, and advice regarding project design, structure, presentation, etc;
- Helping investors and potential investors with information, appointments, and other logistical assistance;
- Assisting with contract negotiations, follow-up attention and other activities required for successful negotiation and processing of investments; and
- Promoting local private sector linkages with regional and international resources, including the Caribbean Development Bank and the Caribbean Financial Services Corporation; and
- Representing area businesses at trade shows, investment conferences and other business development fora.

Each Action Plan may recommend technical assistance and training required by local businesses to develop tourism, production for export, or to attract foreign investment, start joint venture production, subcontracting etc.; such assistance also may be provided to private sector organizations (e.g., Chambers of Industry and Commerce) in planning, technical advice, and investment promotion. The form and amounts of assistance to these organizations will differ considerably among the various countries; in each country the Contractor will be expected to assist the organized private sector to further its interests in improving the investment climate and increasing production for export.

b. On-Site Assistance to the Public Sector

Public sector services are expected to include, but need not be limited to:

- Advice regarding the formulation and management of public policy as it relates to local and foreign investment, foreign marketing and related matters;
- Investment promotion and management, including trade and investment missions, promotional and other informational materials, assistance to potential foreign and local investors (i.e. introductions, logistical arrangements, local information);
- Assistance with planning and managing industrial infrastructure; and

- Advice regarding development and management of other public programming and policy supportive of private sector development.

Public sector capabilities will be improved through observation and participation by LDC officials in activities of the Advisor and through technical assistance and training arranged by the Contractor. While each technical assistance and training program will be unique, all are expected to include:

- Heightening of awareness by LDC officials of the importance of a program for industrial development (including industrial estates) based on private investment;
- Exposure of individuals to modern investment promotion and management techniques;
- Participation in training programs such as those developed by UNIDO, State of Florida, and FOMENTO of Puerto Rico;
- Attendance at trade seminars and conferences; and
- Contractor-provided as well as subcontracted training and technical assistance.

2. U.S.-Based, International Investment Promotion and Business Development

The Contractor will have the international organization and expertise necessary to identify potential investors and attract foreign private investment to the LDC client states and Barbados. The Contractor must have international experience and contacts, and must assign sufficient full-time personnel, with a knowledge of tourism, of various industrial sectors, and a technical understanding of manufacturing processes, production costs, and other factors pertinent to consideration of offshore investments, to the U.S. and international "supply" side to generate an investment flow matching the Eastern Caribbean "demand" side.

A proposed methodology and organization for the U.S.-based, international investment promotion operation will be suggested by each respondent to this RFP. It is anticipated, however, that design consideration will include the following:

- The Contractor's U.S.-based international operation will contribute to the development and implementation of each Work Plan;
- The Contractor will know and have access to businesses in the U.S. and the Free World capable of establishing offshore operations;

- Mailings, trade and investment events, seminars, telephone and personal contacts will be used to identify potential investors and to broadcast the comparative advantages of the Eastern Caribbean in general, and these LDCs in particular, as hosts for investment;
- The Contractor will keep abreast of other investment and trade promotion efforts, e.g., U.S. Department of Commerce, OPIC, CCAA, UNIDO, CARICOM, and international donor-sponsored activities in the Eastern Caribbean.

3. Project Manager

The Contractor will base a Project Manager in Barbados. He will be the Contractor's representative to AID for all activities under the contract. He will:

- Supervise the entire Contract team, including resident Advisors and the U.S.-based investment search;
- Assist each Advisor in the preparation of the local Work Plan for each LDC;
- Secure support staff, logistical support systems and equipment, and sub-contractors;
- Serve as a liaison between the International Investment Promotion/Business Development operations and the Barbados Industrial Development Corporation;
- Monitor and supervise all aspects of the Contract, ensuring compliance with its terms, conditions, and objectives, taking corrective actions when necessary; and
- Provide required reports to AID, and participate with AID in periodic reviews and revisions of the local Work Plans.

C. Level of Effort

The Level of Effort to be provided under the Contract will include the work of seven resident on-site Advisors and one Project Manager, all for up to five years; the U.S.-based, International Investment Promotion and Business Development operation for up to five years, with a staffing pattern and work plan to be devised by the Proposer and set out in the Proposal; and a number of training and technical assistance activities and related subcontracts to be estimated by the Proposer and included in the Proposal. The Contract will provide for a three-year work term, with a two-year extension (for a maximum of five years) at AID's option.

Approximately thirty months following the signing of the Contract AID will evaluate progress under the Contract and decide whether to

108

extend the Contract for another two years. This determination will be formally conveyed to the Contractor at least sixty days before the third anniversary of the Contract signing.

D. Contract Schedule

Issuance of RFP	June 15, 1984
Receipt of Proposals	July 27, 1984
Signing of Contract - Phase I	August 1984
Advisors on-site and international operations begin	September 1984
AID Midterm Evaluation	March 1987
Completion - Three Years, or Begin Phase II	September 1987
Completion - Five Years	September 1989

III. OTHER CONTRACT ELEMENTS

A. Subcontracts

For each subcontract the scope of work, subcontractor, and cost will be approved by AID.

109

APPENDIX I

PDAP RESULTS

PDAP, now in its final months of implementation, was initiated at the end of 1981 to "assist the governments and private sector of the Eastern Caribbean to identify, design and implement development projects which promote employment". PDAP Resident Advisors have been working directly with the public and private sectors of each of the LDCs, and a U.S.-based "investor search" operation has been prompting foreign investment in the region.

Providing guidance and project financed technical assistance, the Resident Advisors have contributed significantly to the development of specific productive projects as well as assisting the LDCs to better identify and utilize local and outside technical and financial resources for productive purposes.

Foreign investment has emerged as the resource most necessary to the development of the LDC productive sectors, and while each Advisor has a slightly different role, PDAP operations have become essential to the investment promotion and management efforts of each of the countries. In Dominica, for example, the PDAP Advisor works within the structure of the Industrial Development Corporation, providing direct technical advice and staff support. The Advisor to Antigua, while attached directly to the Office of the Prime Minister, is housed within the offices of the Chamber of Commerce and works closely with the Chamber and the Manufacturers' Association. In all cases, the Resident Advisors, in conjunction with the PDAP investor search operation, have been instrumental in attracting private investment and in assisting the public and private sectors to better develop and manage investment opportunities.

Table 1 provides a statistical overview of PDAP foreign investment related activity and results as of March 1984. Seventeen successfully negotiated investments will employ 3,155 workers during 1984 with plans to expand operations which will employ an additional 2,666 workers during 1985. Additional full and part-time employment has been generated as a result of "production sharing" or subcontractual arrangements which have been PDAP facilitated and numerous cottage industry operations which have been spawned as "feeders" to new and expanded manufacturing.

PDAP Resident Advisors have also made numerous other contributions to the development efforts of their host governments which are not necessarily directly measurable in terms of immediate employment creation. For example, one Advisor, because of his particular expertise, has provided extensive assistance to RDO/C and the Government of Dominica with the restructuring of the Dominica banana industry. The Advisor to St. Lucia and a PDAP subcontracted consultant are assisting the Government to develop the systems and procedures necessary to operate a planned industrial Free Zone on the island. Other examples include technical assistance to St. Vincent with feasibility studies for an airport and a new jetty; and assistance to the Belize Chamber of Commerce process of "twinning" with a U.S. Chamber.

PDAF PROJECT SUMMARY AS OF MARCH 31, 1984

Investment Projects Negotiated or in Place¹

Production Sharing²

EMPLOYMENT

Country	Product Area	Current Plans of Investor	Probable Expansion Plans by Dec. 1985	Total		Number of Jobs Created Maintained
Antigua	. Stone Quarry	10	6	16		
	. Computer Products	250		250	Electronics	20
Belize	. Household Chemicals	10		10	Canteloupes	25
	. Lobster Trap Assembly	50	50	100		
	. Crabmeat Production	15	200	215		
Dominica	. Aloe Prod./Processing	90		90		
	. Children's Dresses ³	250	60	310		
	. Cardboard Containers	50		50		
	. Sporting Goods Manuf.	200		200		
St. Kitts	. Electronics Assembly	700	650	1,350	Garments	85
	. Shrimp Farming	20		20	Electronics	15
	. Cut Flowers	60		60		
St. Lucia	. Plastic Products	250	100	350		
	. Textiles	500	1,500	2,000		
St. Vincent	. Tennis Racquets/ Softball Assembly	400		400		
	. Electronics Assembly	150	100	250		
	. Electronics Assembly	150		150		
Grenada	(February 1984 start)			0 0		
TOTAL		3,155	2,666	5,821		145

Summary of Company Contacts

. Total Contacts	4,886
. Contacts Expressing Further Interest	3,410
. Contacts Receiving Advanced Follow-up	1,019
. Hot Prospects	68

Activity

. Trade Shows	24
. DOC Seminar	14
. Mass Mailings	18
. Articles/Ads	15

¹ Employment figures are based on data contained in the formal application submitted by company. Information on probable expansion is provided to us by the company.

² This Table covers contract arrangements between local companies and U.S. companies identified by PDAF.

³ In addition to the full-time employment shown, an additional 1,200 part-time jobs are being created in cottage industry.

II. TECHNICAL EVALUATION CRITERIA

Although price has not been assigned a numerical weight in the technical evaluation criteria shown below, price will be a factor in determining who receives the contract. Award will be made to the Offeror whose overall proposal is determined to be most advantageous to the Government, price and technical factors considered.

<u>CRITERIA</u>	<u>WEIGHT</u>
A. <u>Quality of Proposal and Responsiveness to RFP</u>	<u>25</u>
1. Clarity of Presentation	5
2. Specificity of Inputs	5
3. Specificity of Outputs	5
4. Specificity of Indicators	10
B. <u>Qualification of Firm</u>	<u>30</u>
1. Experience in International Free World Investment Promotion and International Free World Business Development	18
2. Experience Working Overseas and in the West Indies	6
3. Experience Under AID and Other Donor Financed Projects	3
4. Experience Working with Governments of Lesser Developed Countries	3
C. <u>Qualifications of Individuals</u>	<u>45</u>
1. International Private Sector Experience	15
2. Experience Working with Governments of Lesser Developed Countries	10
3. Experience Working Overseas and in the West Indies	10
4. Experience Working With CDC ^{1/} Private Sectors	10

^{1/} LDC in this context refer to lesser developed countries throughout the world.

PART III-A

SOLICITATION INSTRUCTIONS AND CONDITIONS

Offerors shall follow the instructions contained herein and supply all information as required. Failure to furnish all information requested may disqualify a proposal.

1. Proposals must set forth full, accurate and complete information as required by this request for proposals. The penalty for making false statements in proposals is prescribed in 18 U.S.C 1001.
2. Proposals should indicate a minimum acceptance period by the Government of not less than 60 days from date of receipt thereof. Failure to do so may result in proposal rejection.
3. Preparation of Offers
 - a. Offerors are expected to examine the schedule and all instructions herein. Failure to do so will be at the offeror's risk.
 - b. Offerors are requested to submit a proposal directly responsive to the terms, conditions, specifications and clauses of this RFP. Proposals not conforming to this RFP may be determined not to meet the Government minimum requirements, thereby eliminating them from further consideration.
 - c. Unnecessarily elaborate brochures or other presentations beyond that sufficient to present a complete and effective proposal are not desired and may be construed as an indication of the Offeror's lack of cost consciousness. Elaborate art work, expensive paper and bindings and expensive visual and other presentation aids are neither necessary nor wanted.
 - d. Proposals should be submitted in two separate sealed envelopes marked "Technical Proposal" and "Business Management Proposal", with the name and address of the Offeror and the RFP number inscribed therein. Technical proposals should not make reference to cost data in order that technical evaluation may be made strictly on the basis of technical merit. Cost data shall be provided separately on forms provided for that purpose AID Form 1420-18 - Offeror's Analysis of Cost Proposal) and included in the Business Management/Cost Proposal. Five (5) copies of the "Technical Proposal" and five (5) copies of the "Business Management/Cost Proposal" signed by an official authorized to bind the Offeror shall be submitted not later than the date and time specified in the cover letter to this Request for Proposals. For Instructions of Preparation of the "Technical Proposal" and the "Business Management/Cost Proposal" see Parts IIIB and IIIC.
 - e. Proposals should be typed on standard 8-1/2" x 11" paper, single spaced, with each page numbered consecutively.
 - f. Contractor must propose for the entire program; proposals for only part of the program will not be accepted.

4. Explanation to Offerors: Any explanation desired by an Offeror regarding the meaning or interpretation of the solicitation must be requested in writing and with sufficient time allowed for a reply to reach Offerors before submission of their offers. Oral explanations or instructions given before the award of the contract will not be binding. Any information given to a prospective Offeror concerning a solicitation will be furnished to all prospective Offerors as an amendment of the solicitation, if such information is necessary to Offerors in submitting proposals or if the lack of such information would be prejudicial to uniform Offerors.
5. Acknowledgement of Amendments to Solicitation: Receipt of an amendment to a solicitation by an Offeror must be acknowledged either by signing and returning the amendment or by letter or telegram which includes a reference to the solicitation and amendment number. Such acknowledgement must be received prior to the hour and date specified for receipt of offers.
6. Telegraphic Offer: Telegraphic offers will not be considered; however, offers may be modified by telegraphic notice, provided such notice is received prior to the hour and date specified for receipt of proposals (see subparagraphs 7. and 8.)
7. Modification or Withdrawal of Offers: Offers may be modified (subject to the provisions of subpart 8. below, when applicable) or withdrawn by written or telegraphic notice received at any time prior to award. Offers may be withdrawn in person by an Offeror or his authorized representative, provided his identify is made known and he signs a receipt for the offer prior to award.
8. Late Offers and Modifications: Offers and modifications of offers received at the office designated in the solicitation after the exact hour and date specified for receipt will be considered only under the conditions expressed below:
 - a. Any proposal received at the office designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before award is made, and;
 - (1) It was sent by registered or certified mail not later than the fifth calendar day prior to the date specified for receipt of offers (e.g., an offer submitted in response to a solicitation requiring receipt of offers by the 15th day of the month must have been mailed by the 10th or earlier); or
 - (2) It was sent by mail (or telegram if authorized) and it is determined by the Government that the late receipt was due solely to mishandling by the Government after receipt at the Government installation; or
 - (3) It is the only proposal received.

- b. Any modification of a proposal, except a modification resulting from the Contracting Officer's request for "best and final" offer is subject to the same conditions as above.
- c. A modification resulting from the Contracting Officer's request for "best and final" offer received after the time and date specified in the request will not be considered unless received before award and the late receipt is due solely to mishandling by the Government after receipt at the Government installation.
- d. The only acceptable evidence to establish:
 - (1) The date of mailing of a late proposal or modification sent either by registered or certified mail is the U.S. Postal Service postmark on the wrapper or on the original receipt from the U.S. Postal Service. If neither postmark shows a legible date, the proposal or modification shall be deemed to have been mailed late. (The term "postmark" means a printed, stamped, or otherwise placed impression that is readily identifiable without further action as having been supplied and affixed on the date of mailing by employees of the U.S. Postal Service).
 - (2) The time of receipt at the Government installation is the time-date stamp of such installation on the proposal wrapper or other documentary evidence of receipt maintained by the installation.
- e. Notwithstanding other provisions of this RFP, a later modification of an otherwise successful proposal which makes its terms more favorable to the Government will be considered at any time it is received and may be accepted.

9. Award of Contract

- a. The contract will be awarded to that responsible Offeror whose offer conforming to the solicitation will be most advantageous to the Government, technical and price factors considered.
- b. The right is reserved to accept a proposal other than a proposal containing the lowest offered price and to reject any or all offers.
- c. The Government may award a contract, based on initial offers received, without discussion of such offers. Accordingly, each initial offer should be submitted on the most favorable terms, from a price and technical standpoint, which the Offeror can submit to the Government.
- d. Any financial data submitted with any offer hereunder or any representation concerning facilities or financing will not form a part of any resulting contract, provided however, that if the resulting contract contains a clause providing for price reduction for defective cost or pricing data, the contract price will be subject to reduction if cost or pricing data furnished hereunder is incomplete, inaccurate, or not current.

10. Government Furnished Property: No material, labor, or facilities will be furnished by the Government unless otherwise provided for in the solicitation.
11. Labor Information: General information regarding the requirements of the Walsh-Healey Public Contract Act (41 U.S.C. 35-45), the Contract Work Hours Standards Act (40 U.S.C. 327-330), and the Service Contract Act of 1965 (41 U.S.C. 351-367) may be obtained from the Department of Labor, Washington, D.C. 20210, or from any regional office of that agency. Requests for information should include the solicitation number, the name and address of the issuing agency, and a description of the services.
12. Parent Company: A parent company for the purpose of this offer is a company which either owns or controls the activities and basic business policies of the Offeror. To own another company means the parent company must own at least a majority (more than 50 percent) of the voting rights in that company. To control another company such ownership is not required; if another company is able to formulate, determine, or veto basic business policy decisions of the Offeror, such other company is considered the parent company of the Offeror. This control may be exercised through the use of dominant minority voting rights, use of proxy voting, contractual arrangement, or otherwise.
13. Small Business Concerns: The term "small business concern" means a concern organized for profit, including its affiliates, which is independently owned and operated, is not dominant in the field of operation in which it is bidding on Government contracts, and can further qualify under the definition and criteria set forth in the Federal Acquisition Regulations (48 CFR Subpart 1-19.102) and the regulations of the Small Business Administration (13 CFR 121).
14. Order of Precedence: In the event of an inconsistency between provisions of this solicitation, the inconsistency shall be resolved by giving precedence in the following order:
 - a. The proposed contract format;
 - b. Solicitation instructions and conditions;
 - c. Other provisions of the RFP whether incorporated by reference or otherwise.
15. Disclosure of Information: The Offeror is advised that, pursuant to the Freedom of Information Act, the public is entitled to request information from Agency contract files. As a general rule, information will be disclosed except:
 - a. Information submitted in response to a request for proposal, prior to award of the contract or other instrument, or ~~amendments~~ amendments thereto;
 - b. Information properly classified or administratively controlled by the Government;

c. Information specifically exempted from disclosure under the Freedom of Information Act.

Upon award of the contract(s) resulting from this solicitation the Government will disclose, use, or duplicate any information submitted in response to the solicitation to the extent provided in the contract and as required by the Freedom of Information Act.

16. Alternate Proposals: If you desire to submit a proposal on other terms which you believe are advantageous to the Government, price or other factors considered, you should submit, in addition to a responsive proposal, an alternate proposal reflecting such advantages. A proposal directly responsive to this Request for Proposals must be submitted before consideration can be given to an alternate proposal.
17. Contingent Fees: If the Offeror, by checking the appropriate box provided therefore in the Representations and Certifications has represented that he has employed or retained a company or person (other than a full-time bona fide employee working solely for the Offeror) to solicit or secure this contract, or that he has paid or agreed to pay any fee, commission, percentage, or brokerage fee to any company or person contingent upon or resulting from the award of this contract, he shall furnish, in duplicate, a completed Standard Form 119, Contractor's Statement of Contingent or Other Fees. If the Offeror has previously furnished a completed Standard Form 119 to the office issuing this solicitation, he may accompany his offer with a signed statement (a) indicating when such completed form was previously furnished, (b) identifying by number the previous solicitation or contract, if any, in connection with which such form was submitted, and (c) representing that the statement in such form is applicable to this offer.
18. Geographic Code: The authorized geographic code for this contract is 000 - United States. Offers from non-U.S. companies, joint ventures comprised of one or more non-U.S. companies, or (iii) U.S. companies proposing to use non-U.S. companies as subcontractors will be ineligible for award of this contract.

PART III-B

INSTRUCTIONS FOR PREPARATION
OF TECHNICAL PROPOSAL

Your Technical Proposal will be a very important consideration in the evaluation of your proposal, any subsequent discussions or negotiations and the award of a contract; therefore, it should be specific and complete.

The Technical Proposal should be entirely separate from your Business Management Proposal and should make no reference whatsoever to pricing data.

In addition to addressing all requirements suggested elsewhere in the RFP, the technical proposal should be based on PART I, PROGRAM DESCRIPTION of this solicitation. The technical proposal will include a general discussion of the Offeror's capabilities and shall include at least the following information:

A. A technical proposal containing the proposer's analysis of the Scope of Work and a time-phased detailed work plan to carry out the required activities.

B. Fulfillment of Requirements: Statement of the extent to which the Offeror's technical approach can be expected to meet or exceed requirements and specifications of the Statement of Work. If, in the opinion of the Offeror, a requirement or specification of the Statement of Work can not be satisfied, the Offeror shall so state, and shall indicate the reasons for the statement, and may suggest or recommend an alternative or compromise for consideration.

C. Overall Management Approach: Project organization, including summary of functions or activities assigned to home office and field organizational units. The proposer should show how it proposes to manage this project, both in the U.S. and in the field. He should also propose the depth of talent required to carry out this work and those personnel which he considers should be brought to the field from the United States.

D. Personnel: Description of key staff who will be assigned for direct work on this project. Resumes are required which will indicate recent relevant experience and specific technical or professional accomplishments. Names of individuals proposed shall be coupled with their respective task assignments and their budgeted time per task. Individuals for the Resident Advisor and Project Manager positions should be able to work independently, live in somewhat isolated circumstances, and be productive in the social milieu of the Eastern Caribbean. The total time must be consistent with that shown in the Cost Proposal. Key personnel shall be identified, including any subcontractors or consultants, and (1) the approximate percentage of the total time each will be available for this project, and (2) their experience in working with one another on prior related projects as members of a team. As a minimum, he should provide these data for all professional staff to be assigned. The Technical Proposal shall contain a signed statement from each professional person to be assigned as to his/her absolute availability as stated in the Technical Proposal.

E. A description of the extent that the proposer intends to utilize subcontractors to perform proposed services.

F. Facilities and Equipment: Description of facilities and equipment to be utilized in the performance of the tasks outlined in the Statement of Work, including those of any subcontractor(s). Description of special procedures, techniques, systems or facilities which shall be used and which affect factors of production and performance, such as timeliness, economy, efficiency, reliability and quality.

G. Experience and Capabilities: Description of general background experience, and qualifications of the Offeror. Special note should be made of work performed on similar or related projects, including documentation with reference to names, addresses, contract numbers, and telephone numbers of recent clients. Also, specify the qualifications of any subcontractor or consultant to be used.

The information presenting the capabilities of your firm and of the individuals to be assigned to this work should spell out clearly the pertinent work experience and representative accomplishments of both the firm and the individuals in developing and conducting activities of the type required under this contract, as well as the specialized skills, professional competence, academic and training background, and relevant achievements of the personnel. Especially important will be information presented on key personnel for the project, and the roles these individuals are intended to play in the Contractor's effort. Specific information on prior work with A.I.D. should be included.

It is very important that the technical proposal have supporting, verifiable, objective evidence of successful program implementation, e.g., listing of client organization/previous employers for whom similar or relevant services were provided, with names and telephone numbers of contacts. Relevant documents and reports representative of past work related to this contract should be submitted.

Potential contractors will need to demonstrate how they expect to effectively bring their disciplines, functional skills, and experiences to bear on the project. They will need to make clear what inputs will come from their own staffs and which will come from subcontractors and, importantly, the plans for coordinating, managing, and integrating these technical staff inputs must be articulated.

H. Requirement for Past Performance References

The offeror/bidder is required to submit, as part of its proposal/bid, the following additional information with respect to all contracts, grants or cooperative agreements involving the provision of similar or related services over the past three years to A.I.D. and to other organizations (both commercial and Governmental). Failure to provide complete information regarding previous similar/related contracts, grants, or cooperative agreements may result in eventual disqualification. The information supplied must include the name and address of the organization for which services were performed; the current telephone number of a responsible technical

representative of that organization; the number, if any, of each contract, grant or cooperative agreement, and a brief description of the services provided, including the period during which the services were provided. A.I.D. may use this information to contact technical representatives of prior contracts, grants or cooperative agreements to obtain information on performance. The Contracting Officer will consider such performance data along with other factors specified herein in determining whether the offeror/bidder is to be considered responsible as defined in FAR 9.1.

I. Notice to Offeror - Responsiveness of Technical Information in Offers Submitted to Selection Criteria

1. This RFP contains a list of selection criteria.
2. Please note that your technical proposal should specifically address the criteria listed, in a manner which will facilitate the evaluation of your proposal by an evaluation committee.
3. The actual format by which the proposal address the criteria is left to the discretion of the Offeror.
4. This requirement is not intended to prohibit or discourage Offerors from submitting technical data in addition to the primary evaluation criteria discussed in paragraph 2 above.

PART III-C

INSTRUCTIONS FOR PREPARATION OF
BUSINESS MANAGEMENT/COST PROPOSALS

Your business management/cost proposal should set forth in detail the management structure as it relates to performance of services described in Part I of this solicitation. The business management/cost proposal must be completely separate from the Offeror's Technical Proposal, and shall include whatever schedules are felt necessary to support and/or explain the proposed costs and fixed fee or profit.

Full information regarding each item set forth in this and the following pages shall be furnished in sufficient detail to allow full and complete business evaluation. If the question is not applicable or the answer is none, it should be so annotated. Failure to furnish full and complete information may cause an offer to be considered not to meet the Government's minimum requirements. Please be certain that all required certifications are properly filled out.

1. Your business management/cost proposal should be prepared on the forms provided in Section III-D of this RFP, and should include:
 - a. Completed Offeror's Analysis of Cost Proposal (Form AID 1420-18 with the supporting data described in the footnotes. The estimating process for costs proposed for each separate year shall be included. Your cost proposal should be divided into two parts - one for the three year firm contract period and the other for the two year option period. The Offeror is instructed to follow instructions contained in footnotes section of the form, "Offeror's Analysis of Cost Proposal". The Offeror's estimating process must be clear and concise. Supporting schedules must include details of all direct costs (equipment, communications, insurance, etc.) and include projected timing and detailed itinerary for all travel.
 - b. Certificate of Current Cost or Pricing Data (AID Form 1420-35).
 - c. Contractor Employee Biographical Data Sheet (Form AID 1420-17) to support all direct salaries for each principal individual proposed, including consultants. Our main concern is with blocks 6 and 16 of this form. If you are unable to specify individual technicians, you should indicate the position title and the maximum salary which you would pay for the position. Make certain these forms are signed.
 - d. Indicate whether your accounting system has been reviewed and/or approved by any Government agency; if so, state:
 - (1) Name and location of cognizant agency;
 - (2) Name and telephone number of cognizant auditor; and
 - (3) The types of government contracts for which your accounting system has been approved.

- e. Copy of your personnel policy, especially regarding salary and wage scales, merit increases, promotions, leave, differentials, etc.
- f. Date firm was organized and in which state.
- g. Identification of the individual(s) having authority to contractually bind the Offeror. Also name the person to be contacted both during the period of evaluation of proposals and for prompt contract administration upon award of contract. This information is to include: Name, Title, Address, Telephone Number, Extension, and Area Code.
- h. Completed and signed copies of the Representations and Certifications and Acknowledgements (Form AID 1410-13). The Offeror shall insert in the applicable space in the Representations and Certifications, if he has no parent company, his own Employer's Identification Number (E.I. No.) (Federal Social Return, U.S. Treasury Department Form 941), or, if he has a parent company, the Employer's Identification Number of his parent company.
- i. A written plan for minority and women representation on Overseas Teams, if required.
- j. Certification of Independent Price Determination:
(See Item 7 of Form AID 1410-13, Representations, Certifications, and Acknowledgements).

An offer will not be considered for award where (a) (1), (a) (3), or (b) of the certifications has been deleted or modified. Where (a) (2) of the certification has been deleted or modified, the offer will not be considered for award unless the Offeror furnishes with the offer a signed statement which sets forth in detail the circumstances of the disclosure and the head of the agency, or his designee, determines such disclosure was not made for the purpose of restricting competition.

- k. A statement regarding acceptability of the proposed contract format as requested in Part IV, "Proposed Contract Format".
 - l. A statement regarding contingent fees or other fees resulting from this award.
 - m. Clean Air and Water Certificate.
2. Contractor Responsibility: Offeror must submit sufficient evidence of responsibility for the Contracting Officer to make a determination of responsibility pursuant to the requirements of Part 9.1. of the Federal Acquisition Regulations.

The business management information submitted should substantiate that the Offeror:

- a. Has adequate financial resources or the ability to obtain such resources as required during the performance of the contract;
- b. Is able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing business commitments, commercial as well as governmental;
- c. Has a satisfactory record of performance.
- d. Has a satisfactory record of integrity and business ethics.
- e. List the three largest U.S. Government contracts awarded in the past three years which were of a related nature, indicating for each the following:
 - (1) Description of supplies or services customer
 - (2) Customer
 - (3) Contract No.
 - (4) Name and telephone number of cognizant Contracting Officer
 - (5) Period
 - (6) Type of Contract
 - (7) Dollar Amount

If your organization has not previously been awarded Government contracts, provide the above required information for the three largest contracts with commercial organizations.

3. Subcontracting Plan: If subcontracting is contemplated, a subcontracting plan shall be submitted in accordance with the FAR Clause S2,219.9 Small Business and Small Disadvantaged Business Subcontracting Plan (Apr. 1984). The approved Subcontracting Plan will be made a part of the contract award as a result of this RFP.

SOLICITATION NOTICES AND
REPRESENTATIONS, CERTIFICATIONS AND ACKNOWLEDGEMENTS

REPRESENTATIONS, CERTIFICATIONS AND ACKNOWLEDGEMENTS.

- A. The attached representations, certifications, forms and notices should be carefully reviewed and must be completed as applicable, executed, and returned with your proposal.
- B. Please note that we have attached only one copy of each form. We request that you reproduce additional copies as necessary to accompany your proposal.

ATTACHMENTS

1. AID 1420-12 (2-72) Solicitation Notices
 2. Small Business and Small Disadvantaged Business Subcontracting Plan (Negotiated)
 3. Equal Employment Opportunity Notice
 4. AID 1420-18 (3-80) Offeror's Analysis of Cost Proposal
 5. AID 1420-35 (6-70) Certificate of Current Cost or Pricing Data
 6. SF 119 (4-63) Contractor's Statement of Contingent or Other Fees.
 7. AID 1420-17 (4-60) Contractor Employee Biographical Data & Notice about Employee Biographical Data Sheet
 8. AID 1420-13 (1-78) Representations, Certifications and Acknowledgements
 9. AID 1420-45 (2-78) Notice - Disclosure Statement Cost Accounting Practices and Certification
 10. FPR 1-1.2302-2 Clean Air and Water Certificate
 11. Facilities Capital Cost of Money
- C. The completed forms are to be submitted as part of the Business Management Proposal; however, the offeror should make sure that resumes are additionally included as part of the Technical Proposal

SOLICITATION NOTICES

Offerors are requested to:

I. NOTE THE AFFIRMATIVE ACTION REQUIREMENT OF THE EQUAL OPPORTUNITY CLAUSE WHICH MAY APPLY TO THE CONTRACT RESULTING FROM THIS SOLICITATION.

II. NOTE THE CERTIFICATION OF NONSEGREGATED FACILITIES IN THIS SOLICITATION.

Bidders, offerors, and applicants are cautioned to note the "Certification of Nonsegregated Facilities" in the solicitation. Failure of a bidder or offeror to agree to the certification will render his bid or offer nonresponsive to the terms of solicitations involving awards of contracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause.

III. NOTE THE REQUIREMENT FOR PREAWARD EQUAL OPPORTUNITY COMPLIANCE REVIEWS.

Where the bid (or offer) of the apparent low responsible bidder (or offeror) is in the amount of \$1 million or more, the bidder (or offeror) and his known first-tier subcontractors which will be awarded subcontracts of \$1 million or more will be subject to full, preaward equal opportunity compliance reviews before the award of the contract for the purpose of determining whether the bidder (or offeror) and his subcontractors are able to comply with the provisions of the Equal Opportunity clause.

IV. NOTE THE REQUIREMENT FOR THE SUBMISSION OF A WRITTEN PLAN FOR MINORITY REPRESENTATION ON OVERSEAS TEAMS.

V. NOTE THE REQUIREMENT FOR LISTING OF EMPLOYMENT OPENINGS.

Bidders and offerors should note that this solicitation includes a provision requiring the listing of employment openings with the local office of the State employment service system where a contract award is for \$25,000 or more and will generate 400 or more man-days of employment.

Solicitation Notice

[Include the following notice in all solicitations for negotiated contracts or negotiated amendments or modifications (including contracts, amendments and modifications placed on a sole source basis) which (a) offers subcontracting possibilities, (b) are expected to exceed \$500,000, or in the case of contracts for the construction of any public facility, \$1,000,000, and (c) are required to include the clause entitled Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals.]

SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING PLAN (NEGOTIATED)

(a) The offeror acknowledges that it is aware of the subcontracting plan requirements in this provision, and, if it is the apparent successful offeror, agrees to negotiate a plan which includes:

(1) Percentage goals (expressed in terms of percentage of total planned subcontracting dollars) for the utilization as subcontractors of small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals; [For the purposes of the subcontracting plan, the contractor shall include all purchases which contribute to the performance of the contract, including a proportionate share of products, services, etc. whose costs are normally allocated as indirect or overhead costs.]

(2) The name of an individual within the employ of the offeror who will administer the subcontracting program of the offeror and a description of the duties of such individual;

(3) A description of the efforts the offeror will take to assure that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals will have an equitable opportunity to compete for subcontracts;

(4) Assurances that the offeror will include the clause entitled, "Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals," in all subcontracts which offer further subcontracting opportunities and to require all subcontractors (except small business concerns) who receive subcontracts in excess of \$500,000, or in the case of a contract for the construction of any public facility, \$1,000,000, to adopt a plan similar to the plan agreed to by the offeror;

(5) Assurances that the offeror will submit such periodic reports and cooperate in any studies or surveys as may be required by the contracting agency or the Small Business Administration in order to determine the extent of compliance by the offeror with the subcontracting plan; and

(6) A recitation of the types of records the offeror will maintain to demonstrate procedures which have been adopted to comply with the requirements and goals set forth in the plan, including the establishment of source lists of small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals; and efforts to identify and award subcontracts to such small business concerns.

(b) The offeror understands that:

(1) No contract will be awarded unless and until an acceptable plan is negotiated with the contracting officer and that an acceptable plan will be incorporated into the contract as a material part thereof.

(2) An acceptable plan must, in the determination of the contracting officer, provide the maximum practicable opportunity for small business concerns and small business concerns owned and controlled by socially and economically disadvantaged persons to participate in the performance of the contract.

(3) If a subcontracting plan acceptable to the contracting officer is not negotiated within the time limits prescribed, the offeror shall be ineligible for an award. The contracting officer shall notify the contractor in writing of his reasons for determining a subcontracting plan to be unacceptable. Such notice shall be given early enough in the negotiation process to allow the contractor to modify the plan within the time limits prescribed.

(4) Prior compliance of the offeror with other such subcontracting plans under previous contracts will be considered by the contracting officer in determining the responsibility of the offeror for award of the contract.

(5) It is the offeror's responsibility to develop a satisfactory subcontracting plan with respect to both small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals and that each such aspect of the offeror's plan will be judged independently of the other.

(c) Subcontracting plans are not required of small business concerns.

(d) The failure of any contractor or subcontractor to comply in good faith with (1) the clause entitled, "Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals" or (2) an approved plan required by this Small Business and Small Disadvantaged Business Subcontracting Plan (Negotiated) provision will be a material breach of such contract or subcontract.

(e) Nothing contained in this provision supersedes the requirements of Defense Manpower Policy 4A or any successor policy.

EQUAL EMPLOYMENT OPPORTUNITY NOTICE

Gentlemen:

AID regulations require us to obtain from a prospective firm or institution, assurance that the prospective firm or institution is in compliance with applicable Equal Employment Opportunity regulations, prior to entering into a contract.

In order to reduce the time necessary, your proposal must contain the information requested for Equal Employment Opportunity, a completed and executed copy of the "Representation, Certifications, and Acknowledgements" included in the RFTP package should be submitted with your proposal. Make sure that you complete paragraphs 9, 10, 11, and 12 of this form. In addition, you must submit a "Minority Representation on Overseas Team Agreement".

**AGENCY FOR INTERNATIONAL DEVELOPMENT (AID)
OFFEROR'S ANALYSIS OF COST PROPOSAL**

Form Approved
O&B No. 24-R0082

INSTRUCTIONS TO OFFERORS

1. The "Offeror's Analysis of Cost Proposal" form is a standardized document which an offeror must submit to the Agency for International Development (AID) in connection with negotiated procurements. (See AIDPR 7-16.806.)

2. Use of this form is mandatory unless the Contracting Officer waives this requirement in writing. Where a particular cost element is not appropriate for the procurement, indicate "Not Applicable" or "NA" on the form.

3. The offeror must also submit the supplementary data as detailed in the footnotes on the reverse side.

4. By submission of this proposal, the offeror grants to the Contracting Officer or his authorized representative, the right to examine, for the purpose of verifying the cost or pricing data submitted, those books, records, documents, and other supporting data which will permit adequate evaluation of such cost or pricing data, together with the computations and projections used therein. This right may be exercised in connection with any negotiations prior to contract award.

5. The footnotes on the reverse side, in addition to detailing the required supplemental data, provide information which will be of use in completing the "Cost Proposal" below.

I. Salaries ^{1/}		MAN-MONTHS	ESTIMATED COST
A. U.S. Personnel			
Home Office Professional			\$
Home Office Nonprofessional			\$
Field Staff Professional			\$
Field Staff Nonprofessional			\$
Total U.S. Salaries			\$
B. Cooperating or Third Country Nationals			
Field Staff Professional			\$
Field Staff Nonprofessional			\$
If these salaries will be paid in U.S. dollars, enter the amount here:			\$
If these salaries will be paid in local currency, enter the amount and currency below			\$
Amount:	Currency:		
II. Consultants ^{2/}			
Consultant Fees (Domestic)			\$
Consultant Fees (Overseas)			\$
Total Consultant Fees			\$
III. Fringe Benefits (Payroll Costs) ^{3/}			\$
IV. Overhead ^{4/}		BASE	RATE
Home Office (On-campus)		\$	%
Field Staff (Off-campus)		\$	%
Total Overhead			\$
V. Travel and Transportation ^{5/}			
U.S. Travel (Personnel and Dependents)			\$
International Travel (Personnel and Dependents)			\$
Other Personnel Travel			\$
Transportation of Household Effects, Baggage & Vehicles			\$
Storage of Household Effects & Vehicles			\$
Other (Describe)			\$
Total Travel & Transportation			\$
VI. Allowance ^{6/}			
Category			
Post Differential			\$
Quarters			\$
Temporary Lodging			\$
Education			\$
Educational Travel			\$
Supplemental Post			\$
Separate Maintenance			\$
Per Diem			\$
Total Allowances			\$
VII. Other Direct Costs ^{7/} (Specify)			\$
			\$
			\$
Total Other Direct Costs			\$
VIII. Equipment, Vehicles, Materials and Supplies ^{8/}			
Equipment (Title in cooperating country)			\$
Equipment (Title retained in AID)			\$
Material and Supplies			\$
Vehicles			\$
Freight			\$
Total Equipment, Vehicles, Materials and Supplies			\$
IX. Participant Training ^{9/}			
Number of Participants:			
Training (Tuition, Fees, etc.)			\$
Travel and Subsistence			\$
Total Participant Training			\$
X. Subcontracts ^{10/} (Specify)			\$
			\$
			\$
Total Subcontracts			\$
XI. Royalties ^{11/}			\$

XII. General A. Administrative Rate <input checked="" type="checkbox"/>	Rate	%	ESTIMATED COST
Base:			\$
XIII. Subtotal (Estimated Cost Exclusive of fixed Fee or Profit) (Items I-XII)			\$
XIV. Fixed Fee or Profit <input checked="" type="checkbox"/>	Rate	%	\$
Base:			\$
XV. Grand Total (Items XIII & XIV)			\$

If more space is required and for items XVI thru XXI where additional information is necessary, please use separate sheet. Indicate item number to which answer applies and staple to form.

XVI. Has any government agency performed an audit of your organization within the past 12 months?
 Yes No
 (If yes, identify the contract, the agency, the date, and the number of the audit report.)

XVII. Will you require the use of any government property in performing this contract?
 Yes No (If yes, specify)

XVIII. Will the source of all commodities procured under this contract be the United States?
 Yes No (If not, list the exceptions.)

XIX. Have you performed any contracts for AID or other government agencies in the past ten years?
 Yes No (If yes, identify by Agency and contract number.)

XX. Will you require an advance payment or a Federal Reserve Letter of Credit (to be filled in by educational institutions and nonprofit organizations only).
 Yes No (If yes, in what amount?)

XXI. Is there any overtime included in this cost proposal?
 Yes No (If yes, explain the amount and what it will be used for.)

XXII. What is the average number of days per year used in the calculation of the above cost proposal base?
 Vacations _____ Holidays _____ Other (explain) _____
 Sick Leave _____ Home Leave _____

This proposal, with the supplementary data, is submitted for use in connection with RFP _____ of the proposal titled " _____ " and reflects our best estimates, as of this date, in accordance with the Instructions to Offerors and Footnotes.

TYPE NAME AND TITLE	SIGNATURE
FIRM	DATE

FOOTNOTES

In addition to the cost analysis on this form, the offeror is required, in good faith, to submit with this form the additional data, supporting schedules, and substantiation which are reasonably necessary for the conduct of an appropriate review and analysis in light of the facts of this particular procurement. In order to obtain a reasonable and equitable contract price, it is essential that there be a clear understanding of: (a) the existing, verifiable data, and (b) the judgmental factors applied in projecting from known data to the estimated price. In short, the offeror's estimating process should be clear to the negotiator.

The footnotes below include questions and explanations of the items of the Cost Analysis. The supplementary data should include all the following information, where applicable, as well as any other pertinent facts.

1. Salaries (U. S. Personnel and Cooperating or Third Country Nationals)

A. An individual is considered a professional if he is engaged in an occupation requiring advanced training in some liberal art or science, usually involving mental rather than manual work and who is qualified in his field by the standards of the profession. Examples are: professors, teachers, engineers, economists, scientists, and research associates.

The nonprofessional category includes those not considered professional such as graduate or undergraduate assistants, secretaries, clerks, technicians, administrative aides, research assistants, and trainees.

B. What are the position titles in each category? How many months are anticipated in each position? What is the anticipated salary of each position? Will each position involve work under this contract on a full time basis? If not, what percentage of each position's time will be used for work under this contract?

2. Consultants

A. A consultant is a person who serves as an advisor to the Contractor, as distinguished from an officer or employee who carries out the Contractor's duties and responsibilities.

B. In what fields is the need for consultants anticipated? How many consultants are needed? How many man-days are anticipated for each consultant? What is the anticipated fee per man-day for each consultant? Does the fee include travel and transportation costs?

3. Fringe Benefits -- Which fringe benefits are included in this amount? What is the rate of each fringe benefit? Are fringe benefits included in your established personnel procedure? (Enclose a copy, if available, of your established personnel procedure concerning fringe benefits, allowances, leave, etc.)

4. Overhead -- What costs are included in the overhead pool? Which direct costs are included in the overhead base? What were the rates established by the most recent government audit?

5. Travel and Transportation -- Indicate how many round or one-way trips to where, an estimate of how many dependents will be traveling, and the estimated weight of household effects which will be shipped and/or stored, etc.

6. Allowances -- AID employs the "Standardized Government Travel Regulations" or "Standardized Regulations (Government Civilian Foreign Area)" as applicable, in establishing the rates of, and criteria for, travel and overseas allowances. If the allowances used in the cost analysis exceed the rates permitted by these Regulations, explain. Indicate which allowances are applicable, and how much of each is anticipated, (i.e., educational travel for four dependents, 20 days per diem).

7. Other Direct Costs -- Enumerate all other direct costs, such as medical examinations, communications, etc.

8. Equipment, Vehicles, Materials, and Supplies -- List the types of equipment, materials, and/or vehicles in each category which will be purchased for use under the contract, and the cost of each.

9. Participant Training -- Where will participants be trained? In what fields will they be trained? What is the tuition per participant? What do the fees cover? How much travel is involved? Where? How much is allowed for subsistence?

10. Subcontracts -- What type of work will be subcontracted? Approximately what percentage of the total scope of work is it? Whom will you subcontract with? What is the anticipated amount of each subcontract?

11. If the total cost entered here is in excess of \$250, provide on a separate page the following information on each separate item of royalty or license fee: name and address of licensor; date of license agreement; patent numbers, patent application serial numbers, or other basis on which the royalty is payable; brief description, including any part or model numbers of each contract item or component on which the royalty is payable; percentage or dollar rate of royalty per unit; unit price of contract item, number of units, and total dollar amount of royalties. In addition, if specifically requested by the Contracting Officer, a copy of the current license agreement and identification of applicable claims of specific patents shall be provided.

12. General and Administrative Rate -- Show, in detail, the process by which you arrived at the General and Administrative rate.

13. Fixed Fee or Profit -- Show, in detail, the process by which you arrived at the fixed fee or profit.

14. Source Certificate -- The following conditions should apply to any commodity procurement financed under the proposed contract by U.S. dollars:

A. The source of the commodity shall be the United States, and the commodity shall have been mined, grown, or through manufacturing, processing, or assembly produced in the United States. The term "source" means the country from which a commodity is shipped to the cooperating country or the cooperating country if the commodity is located therein at the time of purchase. If, however, a commodity is shipped from a free port or bonded warehouse in the form in which it is received therein, "source" means the country from which the commodity was shipped to the free port or bonded warehouse.

B. A produced commodity purchased in any transaction will not

1. Contain any component from countries other than Free World countries, as defined in AID Geographic Code 899.

2. Contain components which were imported into the country of production from such Free World countries other than the United States, and

(i) such components were acquired by the producer in the form in which they were exported; and

(ii) the total cost of such components (delivered at the point of production) amounts to more than 10 per cent, or such other percentage as AID may prescribe, of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale (whether or not financed by AID).

C. Exception for Printed or Audio-visual Teaching Materials -- The geographic source of teaching materials (printed or audio-visual) procured with funds charged against AID appropriations, new, to the extent necessary, be progressively expanded to include the net receiving country, Code 901 countries, and Code 899 countries, in addition to the United States when:

1. Effective use of the printed or audio-visual teaching material depends on their being in the local language.

2. Such materials are intended for technical assistance projects or activities financed by AID in whole or in part.

3. Other funds, including U. S.-owned or -controlled local currencies, are not readily available to finance the procurement of such materials.

Geographic Code 899 is defined as "any area or country in the Free World, excluding the cooperating country itself, when used as a possible source of AID-financed purchases." Geographic Code 901 is defined as "any area or country in the Free World, excluding the cooperating country itself and the following developed countries: Australia, Austria, Belgium, Canada, Denmark, France, Germany (Federal Republic), Italy, Japan, Luxembourg, Monaco, Netherlands, New Zealand, Norway, South Africa, Spain, Sweden, Switzerland, and the United Kingdom."

CERTIFICATE OF CURRENT COST OR PRICING DATA

This is to certify that, to the best of my knowledge and belief, cost or pricing data¹ submitted in writing, or specifically identified in writing if actual submission of the data is impracticable (see 1-3.807-3(h)(2)), to the Contracting Officer or his representative in support of _____² are accurate, complete, and current as of _____³.
(date)

FIRM _____

NAME _____

TITLE: _____

4

(date of execution)

- 1 = For definition of "cost or pricing data", see FPR 1-3.807-3).
- 2 = Describe the proposal, quotation, request for price adjustments, or other submission involved, giving appropriate identifying number (e.g., RFP No. _____).
- 3 = This date shall be the date when the price negotiations were concluded and the contract price was agreed to. The responsibility of the contractor is not limited by the personal knowledge of the contractor's negotiator if the contractor had information reasonably available (see 1-3.807-5(a)) at the time of agreement, showing that the negotiated price is not based on accurate, complete, and current data.
- 4 = This date should be as close as practicable to the date when the price negotiations were concluded and the contract price was agreed upon.

170

STANDARD FORM 119
APRIL 1968 EDITION
GENERAL SERVICES ADMINISTRATION
FPMR (41 CFR) 101-11.6
FPMR (41 CFR) 101-46.11.3-6

CONTRACTOR'S STATEMENT OF CONTINGENT OR OTHER FEES

FOR SOLICITING OR SECURING, OR RESULTING FROM AWARD OF, CONTRACT

Invitation No. (if any)
Contract No. (or other identification)
Name of Government Contracting Office

The following information is furnished by the undersigned contractor¹ concerning any company or person employed or retained to solicit or secure the above identified contract, or concerning any company or person to whom the contractor has paid or agreed to pay any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of that contract.

1. State full name and business address of such company or person (if more than one, identify all) and indicate whether corporation, partnership, individual, etc.: (include ZIP code in address)

2A. Describe relationship to contractor of the company or person listed under Item 1, that is, whether such company or person is a sales agent or representative, purchasing agent or representative, broker, employee, corporate officer or principal, or other relationship.

B. If there is a written contract or agreement covering such relationship, attach a copy. If not in writing, state in detail the terms of such arrangement. Include the amount and method of computation of compensation and expenses:

CONTINUE ON OTHER SIDE

¹ This form is prescribed by General Services Administration for use as part of the procedure concerning the "Covenant Against Contingent Fees." See Federal Procurement Regulations (41 CFR) Subpart 1-1.5 and Federal Property Management Regulations (41 CFR) Sections 101-45.313 and 101-47.315.
² As used throughout this form, the term "contractor" includes "bidder."

If additional space is required, attach separate sheet which must also be signed

121

3. If such person is an employee:

A. Specify the duration (period) of employment:

B. Is such person on the contractor's payroll for purposes of social security and Federal income tax withholding? Yes No

C. Is such person employed by or does he represent any other concerns? Yes No

If answer is "Yes," state names and addresses of such concerns and in what capacity: (Include ZIP code in addresses)

4. Does the company or person listed under Item 1 represent the contractor:

A. With respect to both commercial and government business? Yes No

B. With respect to government business only? Yes No

C. Solely with respect to this contract? Yes No

D. With respect to contracts of particular government procurement or sales offices? If answer is "Yes," specify the offices: Yes No

5A. With respect to this contract, are the duties of the company or person listed under Item 1 confined to soliciting, obtaining, or assisting in obtaining the contract? Yes No

B. If the duties include other services specify such services:

6. Is it the contractor's regular practice to have an arrangement of the type specified herein? Yes No

7. With respect to the company or person specified under Item 1, state:

A. How long such company or person has been engaged in this type of work (i.e., sales or purchasing representative, etc.):

B. How long such company or person has performed this type of work for the contractor:

U.S. Code, Title 18 (Crimes and Criminal Procedure) Section 1001 makes it a criminal offense to make a willfully false statement or representation herein.	CONTRACTOR	
	BY (to be signed only by authorized principal, such as corporate officer, of contractor, i.e., may not be signed by sales or purchasing agent, etc.)	
	TITLE	DATE
	ADDRESS OF CONTRACTOR (Include ZIP code)	

If additional space is required, attach separate sheet which must also be signed (Reverse of SF 119, April 1968)

132

CONTRACTOR EMPLOYEE BIOGRAPHICAL DATA SHEET

(SEE PRIVACY ACT STATEMENT ON REVERSE)

INSTRUCTIONS:
Submit in triplicate to contracting officer.
See reverse for Contractor Certification.

1. Name (Last, First, Middle) <input type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Miss <input type="checkbox"/> Ms.		2. Contractor's Name	
3. Address (include ZIP Code)		4. Contract No.	5. Position Under Contract
		6. Proposed Salary	7. Country of Assignment
9. Telephone Number (include area code)	10. Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Other (specify)	11. Names and Ages of Dependents to Accompany Individual (if applicable)	
12. Date of Birth	13. Place of Birth		
14. Citizenship (if non-U.S. citizen, give visa status)			

15. EDUCATION (include all secondary, business college or university training)

NAME AND LOCATION OF INSTITUTION	MAJOR SUBJECTS	Credits Completed		Type of Degree	Date of Degree
		Semester Hours	Quarter Hours		

16. EMPLOYMENT HISTORY

1. Give last three (3) years. Continue on reverse to list all employment related to duties of proposed assignment.
2. Salary definition - basic periodic payment for services rendered.
Exclude bonuses, profit-sharing arrangements, commissions, consultant fees, extra or overtime work payments, overseas differential, or quarters, cost of living or dependent education allowances.

POSITION TITLE	EMPLOYER'S NAME AND ADDRESS	Dates of Employment (Mo., Yr.)		Salary	
		From	To	Dollars	Pcr.

17. SPECIFIC CONSULTANT SERVICES (give last three (3) years)

SERVICE PERFORMED	EMPLOYER'S NAME AND ADDRESS	Dates of Employment (Mo., Day, Yr.)		DAILY RATE
		From	To	

18. LANGUAGE PROFICIENCY

LANGUAGE	Speaking			Reading			Writing			Understanding		
	Fair	Good	Excl.	Fair	Good	Excl.	Fair	Good	Excl.	Fair	Good	Excl.

19. Special Qualifications (honors, professional societies, special licenses, publications, research, special skills, and relevant education not previously mentioned, use reverse side of form, if necessary)

20. CERTIFICATION: To the best of my knowledge, the above facts as stated are true and correct.

Signature of Employee

Date

CONTRACTOR'S CERTIFICATION *(To be completed by responsible representative of Contractor)*

A. I hereby certify that ('X' appropriate box):

- The initial salary proposed herein meets the salary standards prescribed in the contract.
- The salary increase proposed herein conforms to the customary policy and practice for this organization for periodic salary increases.

B. Justification or Remarks

Signature	Title	Date
-----------	-------	------

PRIVACY ACT STATEMENT

The following statement is required by the Privacy Act of 1974 (Public Law 93-579; 80 Statute 1896).

The information requested on this form is needed by AID to evaluate your suitability for the position for which you have been nominated as a contract employee. It is necessary that you provide the information for AID to consider your nomination. The Foreign Assistance Act of 1961, as amended, constitutes authority for its collection.

Employers and educational institutions you list may be contacted for verification of the information provided. Disclosure may otherwise be made in whole or in part to any (a) foreign government concerned if required by that government in connection with their review of your nomination and (b) pursuant to any other applicable routine use listed under AID's Civil Service Employee Office Personnel Record System, AID-2 in AID's Notice of Systems of Records for implementing the Privacy Act as published in the Federal Register, or (c) when disclosure without the employee's consent is authorized by the Privacy Act and provided for in AID Regulation 15. *(A copy of the Regulation and Notice of System of Records is available from AID Distribution on request.)*

134

REPRESENTATIONS, CERTIFICATIONS, AND ACKNOWLEDGEMENTS

Name of Offeror/Bidder _____

The Offeror/Bidder represents and certifies as part of his offer/bid that: (Check or complete all applicable boxes or blocks.)

1. SMALL BUSINESS (FPR 1-1.702 and 1-1.703)

He is, is not, a small business concern. If the Offeror is a small business concern and is not the manufacturer of supplies offered, he also represents that all supplies to be furnished hereunder will, will not, be manufactured or produced by a small business concern in the United States, its possessions, or Puerto Rico.

2. MINORITY BUSINESS ENTERPRISE (FPR 1-1.1303.)

He is, is not, a minority business enterprise. A minority business enterprise is defined as a "business, at least 50 percent of which is owned by minority group members or, in case of publicly owned businesses, at least 51 percent of the stock of which is owned by minority group members." For the purpose of this definition, minority group members are Negroes, Spanish-speaking American persons, American-Orientals, American-Indians, American-Eskimos, and American-Alutics.

3. CONTINGENT FEE (FPR 1-1.505)

(a) He has, has not, emplo. 1 or retained any company or person (other than a full-time, bona fide employee working solely for the offeror) to solicit or secure this contract, and (b) he has, has not, paid or agreed to pay any company or person (other than a full-time, bona fide employee working solely for the offeror) any fee, commission, percentage, or brokerage fee contingent upon or resulting from the award of this contract; and agrees to furnish information relating to (a) and (b) above, as requested by the Contracting Officer. (For interpretation of the representation, including the term "bona fide employee," see Code of Federal Regulations, Title 41, Subpart 1-1.5).

4. TYPE OF BUSINESS ORGANIZATION

He operates as an individual, a partnership, a nonprofit organization, a corporation, other (specify) _____

Incorporated under the laws of the State of _____

5. SOURCE OF COMMODITIES (AIDPR 7-6)

Each commodity to be procured with U.S. dollars under this contract, except the commodities listed below, is of United States source and has been mined, grown, or through manufacturing, processing or assembly produced in the United States.

Excluded commodities (show country of origin for each excluded commodity): _____

6. GEOGRAPHIC SOURCE (AIDPR 7-6)

He is, is not, a U.S. firm. A U.S. firm is defined as "a firm that (1) is incorporated or legally organized in the United States; (2) has its principal place of business in the United States, in an other eligible source country (AID Geographic Code 941), or in the cooperating country; and (3) is more than 50 percent beneficially owned by a U.S. firm or firms, or by U.S. citizens." For the purpose of this definition, beneficial ownership of a firm is presumptively established by a bona fide certification by a duly authorized officer of the firm as to the citizenship of the firm's owners. In the case of corporations, the corporate secretary shall certify as to beneficial ownership; he may presume citizenship on the basis of a stockholder's record address, provided, however, he certifies, regarding any stockholder whose holdings are material to the corporation's qualifications, that he knows of no fact which rebuts that presumption.

7. CERTIFICATE OF INDEPENDENT PRICE DETERMINATION (FPR 1-1.317)

(a) By submission of this bid or proposal, each bidder or offeror certifies, and in the case of a joint bid or proposal each party thereto certifies as to its own organization, that in connection with this procurement:

(1) The prices in this bid or proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other bidder or offeror or with any competitor;

(2) Unless otherwise required by law, the prices which have been quoted in this bid or proposal have not been knowingly disclosed by the bidder or offeror and will not knowingly be disclosed by the bidder or offeror prior to opening, in the case of a bid, or prior to award, in the case of a proposal, directly or indirectly to any other bidder or offeror or to any competitor; and

(3) No attempt has been made or will be made by the bidder or offeror to induce any other person or firm to submit or not to submit a bid or proposal for the purpose of restricting competition.

(b) Each person signing this bid or proposal certifies that:

(1) He is the person in the bidder's or offeror's organization responsible within that organization for the decision as to the prices being bid or offered herein and that he has not participated, and will not participate, in any action contrary to (a)(1) through (a)(3) above; or

(2) (i) He is not the person in the bidder's or offeror's organization responsible within that organization for the decision as to the prices being bid or offered herein but that he has been authorized in writing to act as agent for the persons responsible for such decision in certifying that such persons have not participated, and will not participate, in any action contrary to (a)(1) through (a)(3) above, and as their agent does hereby so certify; and (ii) he has not participated, and will not participate, in any action contrary to (a)(1) through (a)(3) above.

(c) This certification is not applicable to a foreign bidder or offeror submitting a bid or proposal for a contract which requires performance or delivery outside the United States, its possessions, and Puerto Rico.

(c) A bid or proposal will not be considered for award where (a)(1), (a)(3), or (b) above has been deleted or modified. Where (a)(2) above has been deleted or modified, the bid or proposal will not be considered for award unless the bidder or offeror furnishes with the bid or proposal a signed statement which sets forth in detail the circumstances of the disclosure and the head of the agency, or his designee, determines that such disclosure was not made for the purpose of restricting competition.

8. REGULAR DEALER-MANUFACTURER (FPR 1-12.601) (Applicable only to supply contracts in excess of \$10,000.)

He is a regular dealer in, manufacturer of, the supplies offered.

9. EQUAL OPPORTUNITY (FPR 1-12.805-4) (Applicable to all contracts and subcontracts in excess of \$10,000, unless exempt under FPR 1-12.804.)

He has, has not, participated in a previous contract or subcontract subject either to the Equal Opportunity clause herein (section 202 of Executive Order No. 11246), or the clause originally contained in section 301 of Executive Order No. 10925, or the clause contained in section 201 of Executive Order No. 11114; that he has, has not, filed all required compliance reports; and that representations, indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained prior to subcontract awards.

10. AFFIRMATIVE ACTION PROGRAM (FPR 1-12.810) (Applicable to contracts and subcontracts in excess of \$50,000, unless otherwise exempt under 41 CFR 60-2.)

He has, has not, had contracts subject to the written affirmative action program requirement of the rules and regulations of the Secretary of Labor, and he has developed and has on file, has not developed and does not have on file, at each establishment affirmative action programs as required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2).

11. MINORITY AND WOMEN REPRESENTATION ON OVERSEAS TEAM AGREEMENT (Applicable to all contracts and subcontracts in excess of \$10,000, which involve overseas performance by U.S. Nationals, unless otherwise exempt under FPR 1-12.804.) (A10/EOP).

The offeror must submit, as part of his offer, a written statement indicating what affirmative steps will be taken to seek to include a significant number of American minority group members and women (see FPR 1-1.1310-2 for the definition of a minority group) among the personnel he will send overseas in the performance of this contract. Failure to submit such a statement for three or more persons, may result in the offer being rejected as nonresponsive.

12. CERTIFICATION OF NONSEGREGATED FACILITIES (FPR 1-12.803-10) (Applicable to (1) contracts, (2) subcontracts, and (3) agreements with applicants who are themselves performing Federally assisted construction contracts, exceeding \$10,000 which are not exempt under FPR 1-12.804.)

By submission of this offer, the offeror, applicant, or subcontractor certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. He certifies further that he will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he will not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. The offeror, applicant, or subcontractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means any awaiting rooms, work areas, rest rooms or wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation and housing facilities provided for employees which are segregated by explicit directive or, in fact, segregated on the basis of race, color, religion or national origin, because of habit, local custom, or otherwise. He further agrees that (except where he has obtained identical certifications from proposed subcontractors for specific time periods) he will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause; that he will retain such certification in his files; and that he will forward the following notice to any such proposed subcontractors (except where the proposed subcontractors have submitted identical certification for specific time periods):

NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated facilities must be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semi-annually, or annually).

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

13. AFFILIATION AND IDENTIFYING DATA (Applicable only to formally advertised solicitations.)

Each bidder shall complete (a) and (b):

(a) He is, is not, owned or controlled by a parent company.

(b) If the bidder is owned or controlled by a parent company, he shall enter in the blanks below the name and main address of the parent company and the IRS employer's identification number.

Name of parent company and main office address
(include ZIP Code)

Offeror's E.I. No. _____

Parent E.I. No. _____

This is to certify that the REPRESENTATION, CERTIFICATIONS, AND ACKNOWLEDGEMENTS above, in support of the offer dated _____, for the purpose of _____, are complete and correct.

Date _____

Signature of Individual Authorized to Sign Offer _____

Typed Name and Title of Individual Authorized to Sign _____

These REPRESENTATIONS, CERTIFICATIONS, AND ACKNOWLEDGEMENTS shall form part of any contract resulting from this solicitation/offer.

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

136

NOTICE

DISCLOSURE STATEMENT - COST ACCOUNTING
PRACTICES AND CERTIFICATION

Any contract in excess of \$100,000 resulting from this solicitation, except (1) when the price negotiated is based on: (a) established catalog or market prices of commercial items sold in substantial quantities to the general public, or (b) prices set by law or regulation, or (2) contracts which are otherwise exempt (See 4 CFR 331.30 (b) and FPR para 1-3.1203(a)(2)), shall be subject to the requirements of the Cost Accounting Standards Board. Any offeror submitting a proposal which, if accepted, will result in a contract subject to the requirements of the Cost Accounting Standards Board must, as a condition of contracting, submit a Disclosure Statement as required by regulations of the Board. The Disclosure Statement must be submitted as a part of the offeror's proposal under this solicitation (see 1, below) unless (i) the offeror, together with all divisions, subsidiaries, and affiliates under common control, did not receive net awards exceeding the monetary exemption for disclosure as established by the Cost Accounting Standards Board (see 2, below); (ii) the offeror exceeded the monetary exemption in the Federal Fiscal Year immediately preceding the year in which this proposal was submitted but, in accordance with the regulations of the Cost Accounting Standards Board, is not yet required to submit a Disclosure Statement (see 3, below); (iii) the offeror has already submitted a Disclosure Statement disclosing the practices used in connection with the pricing of this proposal (see 4, below), or (iv) post award submission has been authorized by the Contracting Officer. See 4 CFR 351.70 for submission of a copy of the Disclosure Statement to the Cost Accounting Standards Board.

CAUTION: A practice disclosed in a Disclosure Statement shall not, by virtue of such disclosure, be deemed to be a proper, approved, or agreed to practice for pricing proposals or accumulating and reporting contract performance cost data.

Check the appropriate box below:

1. CERTIFICATE OF CONCURRENT SUBMISSION
OF DISCLOSURE STATEMENTS

The offeror hereby certifies that he has submitted, as part of his proposal under this solicitation, copies of the Disclosure Statements as follows:
(1) original and one copy to the cognizant Contracting Officer; and (ii) one copy to the cognizant contract auditor.

Date of
Disclosure Statement(s)

Name(s) and Address(es) of Cognizant
Contracting Officer(s) where filed

The offeror further certifies that practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement(s).

[] 2.

CERTIFICATE OF MONETARY EXEMPTION

The offeror hereby certifies that he, together with all divisions, subsidiaries, and affiliates under common control, did not receive net awards of negotiated national defense prime contracts subject to cost accounting standards totaling more than \$10,000,000 in either Federal Fiscal Year 1974 or 1975 or net awards of negotiated national defense prime contracts and subcontracts subject to cost accounting standards totaling more than \$10,000,000 in Federal Fiscal Year 1976 or in any subsequent Federal Fiscal Year preceding the year in which this proposal was submitted.

CAUTION: Offerors who submitted or who currently are obligated to submit a Disclosure Statement under the filing requirements previously established by the Cost Accounting Standards Board are not eligible to claim this exemption unless they have received notification of final acceptance of all deliverable items on all of their prime contracts and subcontracts containing the Cost Accounting Standards clause (FPR 1-3.1204-1).

[] 3.

CERTIFICATE OF INTERIM EXEMPTION

The offeror hereby certifies that (1) he first exceeded the monetary exemption for disclosure, as defined in 2 above, in the Federal Fiscal Year immediately preceding the year in which this proposal was submitted, and (11) in accordance with the regulations of the Cost Accounting Standards Board (4 CFR 351.40 (f)), he is not yet required to submit a Disclosure Statement. The offeror further certifies that if an award resulting from this proposal has not been made by March 31 of the current Federal Fiscal Year, he will immediately submit a revised certificate to the Contracting Officer, in the form specified in 1 above, or 4, below, as appropriate, to verify his submission of a completed Disclosure Statement.

CAUTION: Offerors may not claim this exemption if they are currently required to disclose because they exceeded monetary thresholds in Federal Fiscal Years prior to fiscal year 1976. Further, the exemption applies only in connection with proposals submitted prior to March 31 of the year immediately following the Federal Fiscal Year in which the monetary exemption was exceeded.

[] 4.

CERTIFICATE OF PREVIOUSLY SUBMITTED DISCLOSURE STATEMENT(S)

The offeror hereby certifies that the Disclosure Statement(s) were filed, as follows:

Date of
Disclosure Statement(s)

Name(s) and Address(es) of Cognizant
Contracting Officer(s) where filed

The offeror further certifies that practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement(s).

138

**COST ACCOUNTING STANDARDS - EXEMPTION FOR
CONTRACTS OF \$500,000 OR LESS CERTIFICATION**

If this proposal is expected to result in the award of a contract for \$500,000 or less and the offeror is otherwise eligible for an exemption, he shall indicate by checking the box below that the exemption to the Cost Accounting Standards clause (FPR 1-3.1204) under the provisions of 4 CFR 331.30 (b) (8) (see FPR 1-3.1203 (h)) is claimed. Where the offeror fails to check the box, he shall be given the opportunity to make an election in writing to the Contracting Officer prior to award. Failure to check the box below or make such an election shall mean that the offeror cannot claim the exemption to the Cost Accounting Standards clause or that the offeror elects to comply with such clause.

Certificate of Exemption for Contracts of \$500,000 or less

The offeror hereby claims an exemption from the Cost Accounting Standards clause under the provisions of 4 CFR 331.30(b)(8) and certifies that he has received notification of final acceptance of all items or work on (i) any prime contract or subcontract in excess of \$500,000 which contains the Cost Accounting Standards clause, and (ii) any prime contract or subcontract of \$500,000 or less awarded after January 1, 1975, which contains the Cost Accounting Standards clause. The offeror further certifies he will immediately notify the Contracting Officer in writing in the event he is awarded any other contract or subcontract containing the Cost Accounting Standards clause subsequent to the date of this certificate but prior to the date of any award resulting from this proposal.

**ADDITIONAL COST ACCOUNTS STANDARDS
APPLICABLE TO EXISTING CONTRACTS -- CERTIFICATION**

(a) Cost accounting standards will be applicable and effective as promulgated by the Cost Accounting Standards Board to any award as provided in the Federal Procurement Regulations Subpart 1-3.12. If the offeror presently has contracts or subcontracts containing the Cost Accounting Standards clause, a new standard becomes applicable to such existing contracts prospectively when a new contract or subcontract containing such clause is awarded on or after the effective date of such new standard. Such new standard may require a change in the offeror's established cost accounting practices, whether or not disclosed. The offeror shall specify by an appropriate entry below, the effect on his cost accounting practice.

(b) The offeror hereby certifies that an award under this solicitation would would not, in accordance with paragraph (a)(3) of the Cost Accounting Standards clause require a change in his established cost accounting practices affecting existing contracts and subcontracts.

NOTE: If the offeror has checked "would" above, and is awarded the contemplated contract, he will also be required to comply with the clause entitled Administration of Cost Accounting Standards.

Clean Air and Water Certificate

(Applicable if the bid or offer exceeds \$100,000, or the contracting officer has determined that orders under an indefinite quantity contract in any year will exceed \$100,000, or a facility to be used has been the subject of a conviction under the Clean Air Act (42 U.S.C. 1857c-8(c)(1)) or the Federal Water Pollution Control Act (33 U.S.C. 1319(c)) and is listed by EPA, or is not otherwise exempt.)

The bidder or offeror certifies as follows:

- (a) Any facility to be utilized in the performance of this proposed contract has , has not , been listed on the Environmental Protection Agency List of Violating Facilities.
- (b) He will promptly notify the contracting officer, prior to award, of the receipt of any communication from the Director, Office of Federal Activities, Environmental Protection Agency, indicating that any facility which he proposes to use for the performance of the contract is under consideration to be listed on the EPA List of Violating Facilities.
- (c) He will include substantially this certification, including this paragraph (c), in every nonexempt subcontract.

Signature of Individual Authorized to Sign Offer

Typed Name and Title of Individual Authorized to Sign

Date of Signature

FACILITIES CAPITAL COST OF MONEY

Facilities capital cost of money (see FPR 1-15.205-51(a)) will be an allowable cost under the contract, but only if the contractor specifically identifies or proposes it in the cost proposal for the contemplated contract and elects to claim this cost by checking the appropriate box below. If the contractor does not specifically identify or propose facilities cost of money and does not elect to claim this cost, the contract will include the "Waiver of Facilities Capital Cost of Money" clause.

The prospective contractor has specifically identified or proposed facilities capital cost of money in its cost proposal and elects to claim this cost as an allowable cost under the contract.

The prospective contractor has not specifically identified or proposed facilities capital cost of money in its proposal and elects not to claim it as an allowable cost under the contract.

COST REIMBURSEMENT TYPE CONTRACT

Negotiated Pursuant to the Foreign Assistance Act of 1961, as Amended, and Executive Order 11223		Contract Number	
Contract Type		Amount Obligated \$	
Country of Performance		Total Estimated Contract Cost \$	
Contract For		Project Number	
Contracting Office (name and address)		Contractor ((name, street, city, state, zip code)	
Administration By (if other than Contracting Office)		Effective Date	
Sponsoring Scientific/Technical Office (name, office symbol, address)		Estimated Completion Date	
This is a Consulting Services Contract (AIDPR 7-4.804-50) <input type="checkbox"/> YES <input type="checkbox"/> NO		Accounting and Appropriation Data	
This is a Contract for Studies and/or Reports (AIDPR 7-4.804-50) <input type="checkbox"/> YES <input type="checkbox"/> NO		PIO/T Number	
Payment Will Be Made By		Appropriation Number	
		Budget Plan Code	
		IRS Employer Identification Number	
		Dun & Bradstreet Number	
		Type of Advance ("X" appropriate box) <input type="checkbox"/> FRLC <input type="checkbox"/> PERIODIC <input type="checkbox"/> NONE AUTHORIZED	

Types of Business ("X" appropriate box(es))	
Sole Proprietorship	Small Business
Partnership	Women-Owned Business
Joint Venture	Minority Business
Labor Surplus Area	
Corporation, Incorporated in the State of	

The United States of America, hereinafter called the Government, represented by the Contracting Officer executing this contract, and the Contractor agree that the Contractor shall perform all the services set forth in the attached Schedule, for the consideration stated therein. The rights and obligations of the parties to this contract shall be subject to and governed by the Schedule and the General Clauses. To the extent of any inconsistency between the Schedule or the General Clauses and any specifications or other provisions which are made a part of this contract, by reference or otherwise, the Schedule and the General Clauses shall control. To the extent of any inconsistency between the Schedule and the General Clauses the Schedule shall control.

(Fill in appropriate spaces)

This Contract consists of this Cover Page, the Schedule of _____ pages, including the Table of Contents, and Appendix A.

Name of Contractor	UNITED STATES OF AMERICA AGENCY FOR INTERNATIONAL DEVELOPMENT
(signature of authorized individual)	By (signature of Contracting Officer)
Typed or Printed Name	Typed or Printed Name
	Contracting Officer
	Date

SCHEDULE
COST REIMBURSEMENT TYPE CONTRACT

Contract No. _____

TABLE OF CONTENTS
SCHEDULE

The Schedule, on page 1 through , consists of this Table of Contents and the following Articles:

Article I	-	Statement of Work	Article VII	-	Budget
II	-	Technical Directions	VIII	-	Costs Reimbursable and Logistic Support
III	-	Key Personnel	IX	-	Payment
IV	-	Level of Effort	X	-	Establishment of Overhead Rate
V	-	Period of Contract	XI	-	Special Provisions
VI	-	Estimated Costs and Fixed Fee			

GENERAL CLAUSES

The General Clauses applicable to this contract are clauses 1 through 85 in Appendix A.

ARTICLE I - STATEMENT OF WORK

A. Objective

B. Scope of Work:

ARTICLE II - TECHNICAL DIRECTIONS

Performance of the work hereunder shall be subject to the technical directions of the cognizant AID Scientific/Technical Office indicated on the Cover Page. As used herein, "Technical Directions" are directions to the Contractor which fill in details, suggest possible lines of inquiry, or, otherwise complete the general scope of the work. "Technical Directions" must be within the terms of this contract and shall not change or modify the terms in any way.

ARTICLE III - KEY PERSONNEL

A. The key personnel which the Contractor shall furnish for the performance of this contract are as follows:

Key personnel

B. The personnel specified above are considered to be essential to the work being performed hereunder. Prior to diverting any of the specified individuals to other programs, the Contractor shall notify the Contracting Officer reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No diversion shall be made by the Contractor without the written consent of the Contracting Officer; provided, that the Contracting Officer may ratify in writing such diversion and such ratification shall constitute the consent of the Contracting Officer required by this clause. The listing of key personnel may, with the consent of the contracting parties, be amended from time to time during the course of the contract to either add or delete personnel, as appropriate.

ARTICLE IV - LEVEL OF EFFORT

A. The level of effort for the performance of this contract shall be _____ person-months of direct labor.

B. The estimated composition of the total person-months of direct labor is as follows:

Project Manager

Resident Advisors

Investor Search Personnel

ARTICLE V - PERIOD OF CONTRACT

A. The effective date of this contract is _____ and the estimated completion date is _____

B. Pursuant to FAR clause 52.217-9 Option to ~~Extend~~ the term of Contract - Services (Apr 1984), the U.S. Government may exercise an option unilaterally to extend this contract for an additional two years.

ARTICLE VI - ESTIMATED COST AND FIXED FEE

The total estimated cost of this contract to the Government, exclusive of the fixed fee, is \$ _____. The fixed fee is \$ _____. The total estimated cost plus fixed is \$ _____.

ARTICLE VII - BUDGET

<u>Line Item</u>	<u>Three Year Contract Period</u>	<u>Option Period</u>
1. Salaries and Wages		
2. Indirect Costs Overhead		
3. Consultants		
4. Differential and Allowances		
5. Travel and Transportation		
6. DBA Insurance		
7. Equipment and Materials		
8. Other Direct Costs		
9. Fixed Fee		
Total	_____	_____

A. The budget indicated above sets limitations for reimbursement of dollar costs for individual items. Without the prior written approval of the Contracting Officer, the Contractor may not exceed the grand total set forth in the budget nor may the Contractor exceed the dollar costs for any individual line item by more than 15% of such line item, except for the fee which is fixed.

B. The Contractor also agrees to furnish data which the Contracting Officer may request on costs expended or accrued under the contract in support of the budget information provided herein.

ARTICLE VIII - COSTS REIMBURSABLE AND LOGISTIC SUPPORT

A. United States Dollar Costs

The United States direct dollar costs allowable under the contract

142

shall be limited to reasonable, allocable, and necessary costs determined in accordance with FAR Clause 52.216-7 of this contract entitled Allowable Cost and Payment (Apr 19184).

B. Logistic Support

The Contractor shall provide or arrange for all logistic support. The direct costs of such logistic support will be reimbursable hereunder.

ARTICLE IX - PAYMENT

A. The Government shall make payments to the Contractor in accordance with FAR Clause 52.216-7 Allowable Cost and Payment (Apr 1984) and AIDAR Clauses 752.7003 Invoice Requirements Alternate 70 (Apr 1984) and 752.7003 Documentation for Payment Alternate 71 (Apr 1984).

B. All payments will be in U.S. dollars.

C. At the time of each payment to the Contractor on account of allowable dollar costs, the Contractor shall be paid a dollar amount which is in the same ratio to the total fixed fee as the related payment being made on account of allowable dollar costs is to the total estimated cost, as amended from time to time; provided however, that whenever in the opinion of the Contracting Officer such payment would result in a percentage of fee in excess of the percentage of work completion, further payment of fee may be suspended until the Contractor has made sufficient progress, in the opinion of the Contracting Officer, to justify further payment of fee up to the agreed ratio; provided further, that after payment of eight-five (85%) of the total fixed fee, the provisions of the General Provision of this contract entitled "Allowable Cost, Fixed Fee, and Payment", shall be followed.

ARTICLE X - ESTABLISHMENT OF OVERHEAD RATE

Pursuant to the General Clause of this contract entitled "Allowable Cost and Payment", a rate or rates shall be established for each of the Contractor's accounting periods during the term of the contract. Pending establishment of final overhead rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied to the base(s) which are set forth below:

Type of Rate	Rate(s)	Base	Period (FR/TO)
_____	_____	_____	_____
_____	_____	_____	_____

ARTICLE XI - SPECIAL PROVISIONS

A. Emergency Locator Information

The Contractor agrees to provide the following information to the Mission Administrative Officer on or before the arrival in the host country of every expatriate contract employee or dependent:

1. the individual's full name, home address, and telephone number.
2. The name and number of the contract, and whether the individual is an employee or dependent.
3. The Contractor's name, home office address, and telephone number, including any after-hours emergency number(s), and the name of the Contractor's home office staff member having administrative responsibility for the contract.
4. The name, address, and telephone number(s) of each individual's next of kin.
5. Any special instructions pertaining to emergency situations such as power of attorney designees or alternate contact persons.

APPENDIX A

GENERAL CONTRACT CLAUSES

52.252.2 Clauses Incorporated by Reference (Apr 1984)

This contract incorporates the following clauses by reference with the same force and effect as if they were given in full text.

1. 52.202-1 Definitions Alternate I (Apr 1984)
2. 52.203-5 Covenant Against Contingent Fees (Apr 1984)
3. 52.242-1 Notice of Intent to Disallow Costs (Apr 1984)
4. 52.244-2 Subcontracts Under Cost-Reimbursement and Letter Contracts (Apr 1984)
5. 52.203-1 Officials Not to benefit (Apr 1984)
6. 52.203-3 Gratuities (Apr 1984)
7. 52.204-2 Security (Apr 1984)
8. 52.212-13 Stop Work Order (Apr 1984)
9. 52.215-1 Examination of Records by Controller General (Apr 1984)
10. 52.215-2 Audit-Negotiation (Apr 1984)
11. 52.215-22 Price Reduction for Defective Cost or Pricing Data (Apr 1984)
12. 52.215-24 Subcontractor Cost or Pricing Data (Apr 1984)
13. 52.215-30 Facilities Capital Cost of Money (Apr 1984)
14. 52.215-3 Waiver of Facilities Capital Cost of Money (Apr 1984)
15. 52.216-7 Allowable Cost and Payment (Apr 1984)
16. 52.219-8 Utilization of Small Business Concerns and Small Disadvantaged Business Concerns (Apr 1984)
17. 52.219-9 Small Business and Small Disadvantaged Business Subcontracting Plan (Apr 1984)
18. 52.219-13 Utilization of Women Owned Small Business (Apr 1984)
19. 52.220-1 Preference for Labor Surplus Area Concerns (Apr 1984)
20. 52.220-3 Utilization of Labor Surplus Area Concerns (Apr 1984)
21. 52.222-2 Payment for Overtime Premiums (Apr 1984) - "Zero" is inserted in the space in paragraph (a)
22. 52.222-3 Convict Labor (Apr 1984)
23. 52.222-26 Equal Opportunity (Apr 1984)
24. 52.222-28 Equal Opportunity Preaward Clearance of Subcontracts (Apr 1984)
25. 52.222-29 Notification of Visa Denial (Apr 1984)
26. 52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans (Apr 1984)
27. 52.222-36 Affirmative Action for Handicapped Workers (Apr 1984)
28. 52.223-2 Clean Air and Water (Apr 1984)
29. 52.225-11 Certain Communist Areas (Apr 1984)
30. 52.228-3 Workmen's Compensation Insurance (Defense Base Act) Apr 1984)
31. 52.229-8 Taxes-Foreign Cost-Reimbursement Contracts Apr 1984) - "any country where the work under this contract is being performed" is inserted in two spaces
32. 52.230-3 Cost Accounting Standards (Apr 1984)
33. 52.230-4 Administration of Cost Accounting Standards (Apr 1984)

34. 52.232-17 Interest (Apr 1984)
35. 52.232-20 Limitation of Cost (Apr 1984)
36. 52.232-23 Assignment of Claims (Apr 1984)
37. 52.233-1 Disputes (Apr 1984)
38. 52.243-2 Changes-Cost Reimbursement Alternate II & III (Apr 1984)
39. 52.244-5 Competition in Subcontracting (Apr 1984)
40. 52.245-5 Government Property (Cost Reimbursement, Time - and - Material, or Labor-Hour Contracts (Apr 1984)
41. 52.247-1 Commercial Bill of Lading Notations (Apr 1984)
42. 52.247-63 Preference for U.S. Flag Air Carriers (Apr 1984)
43. 52.247-64 Preference for Privately Owned U.S. Flag Commercial Vessels Alternate I (Apr 1984)
44. 52.249-06 Termination (Cost-Reimbursement) (Apr 1984) and Alternate I
45. 52.249-14 Excusable Delays (Apr 1984)
46. 52.210-5 New Material (Apr 1984)
47. 52.210-7 Used or Reconditioned Material, Residual Inventory, and Former Government Surplus Property (Apr 1984)
48. 52.217-9 Option to Extend the Term of Contract - Services (Apr 1984)
49. 52.216-8 Fixed Fee (Apr 1984)

II AID Acquisition Regulations
(48 CFR Chapter 7) Clauses

50. 752.202 AID Definitions Clause - General Supplement for Use in all AID Contracts Alternate 70 (Apr 1984)
51. 752.202 AID Definitions Clause-Supplement for AID Contracts Involving Performance Overseas Alternate 72 (Apr 1984)
52. 752.203-1 Officials Not to Benefit
53. 752.219-8 Utilization of Small Concerns and Small Disadvantaged Business Concerns
54. 752.228-70 Insurance-Workers's Compensation, Private Automobiles, Marine and Air Cargo Alternate 70 (Apr 1984)
55. 752.245-70 Government Property - AID Reporting Requirements
56. 752.245-71 Title To and Care of Property (Apr 1984)
57. 752.7001 Biographical Data (Apr 1984)
58. 752.7002 Travel and Transportation Expenses Alternate 70 (Apr 1984)
59. 752.7002 Travel Expenses and Transportation and Storage Expenses Alternate 73 (Apr 1984)
60. 752-7003 Interest on Overdue Payments Alternate 70 (Apr 1984)
61. 752.7003 Invoice Requirements Alternate 70 (Apr 1984)
62. 752.7003 Documentation for Payment Alternate 71 (Apr 1984)
63. 752.7004 Source and Nationality Requirements for Procurement of Goods and Services (Apr 1984)
64. 752.7004 Languages, Weights and Measures (Apr 1984)
65. 752.7006 Notices (Apr 1984)
66. 752.7007 Personnel Compensation (Apr 1984)
67. 752.7008 Use of Government Facilities or Personnel (Apr 1984)

68. 752.7009 Marking (Apr 1984)
69. 752.7010 Conversion of U.S. Dollars to Local Currency (Apr 1984)
70. 752.7013 Contractor-Mission Relationships (Apr 1984)
71. 752.7014 Notice of Changes in Travel Regulations (Apr 1984)
72. 752.7015 Use of Pouch Facilities (Apr 1984)
73. 752.7017 Local Cost Financing with U.S. Dollars (Apr 1984)
74. 752.7020 Organizational Conflicts of Interest (Apr 1984)
75. 752.7025 Approvals (Apr 1984)
76. 752.7026 Reports (Apr 1984)
77. 752.7027 Personnel (Apr 1984)
78. 752.7028 Differentials and Allowances (Apr 1984)
79. 752.7029 Post Privileges (Apr 1984)
80. 752.7031 Leave and Holidays Alternate 70 (Apr 1984)
81. 752.7031 Leave and Holidays Alternate 72 (Apr 1984)

III AID Procurement Regulations (41 CFR Chapter 7) Clauses

82. 7-7.5001.27 Authorization and Consent
83. 7-7.5001.28 Notice and Assistance Regarding Patent and
Copyright Infringement
84. 7-7.5001.29 Patent Rights
85. 7-7.5001.30 Rights in Data

PART V

TABLE OF ALLOWANCES

The allowance information on the following pages is provided for estimating purposes. Offerors should understand that the allowances which can be paid to contract employees are set forth in the applicable AIDAR clauses referenced in Appendix A to the proposed contract format and that these allowances are revised periodically.

POST CLASSIFICATION AND PAYMENT TABLES

SECTION 920

TABLE	1	ALLOWANCES											REPORTING SCHEDULE							19	
		2	3						4	5	6			7	8	9	10	11	12		13
			QUARTERS								EDUCATION										
			T L A	F S A T M A I L U S	LOA GROUPS						P A T Z O L S L A M E T O W	T R O A M E S	SCHOOL								
2	3	4			5	6	School Grade	At Post	Away From												
ANTIGUA AND BARBUDA (9/1 - 11/30) (12/1 - 4/30)	112	61	WF	4000	3500	3500	0	3	K-8	4060	4060	10	St	Y	Jan	Jun	Mar	Jun	354A		
	186	121	WOF	3500	3500	2400			9-12	500	11400						E		373B		
BARBADOS 14/10 - 12/14) (12/15 - 4/15)	102	57	WF	11400	10800	8300	15	3	K-6	1700	1700	0	St	Y	Mar	Jun	-	Sep	369B		
	156	107	WOF	5700	8300	7400			7-12	1700	11750								373A		
BELIZE Belize City	78	44	See Footnote d					3	K-8	300	11300	25	St	Y	Jun	Jun	May	Jun	364A		
									9-12	200	11300					O					368A
DOMINICA	103	53	See Footnote d					3	K-12	150	11750	10	AID	Y	Jun	May	Mar	Jun	370B		
																E					371B
GRENADA (15/1 - 11/30) (12/1 - 4/30)	48	53	See Footnote d					3	K-10	150	150	10	St	W	Mar	May	Mar	Jun	373B		
									11-12	150	12100					E					374B
SAINT CHRISTOPHER AND NEVIS (15/1 - 11/30) (12/1 - 4/30)	100	38	See Footnote d					3	K-12	150	150	0	AID	Y	Jun	May	-	Jun	370B		
																					371B
SAINT LUCIA (15/1 - 11/30) (12/1 - 4/30)	40	45	See Footnote d					3	K-12	150	150	10	Lab	W	Jun	Jun	Mar	Jun	369A		
																E					378A
SAINT VINCENT AND THE GRENADINES (15/1 - 11/30) (12/1 - 4/30)	82	40	See Footnote d					3	K-12	150	12200	0	AID	W	Mar	May	-	Jun	370B		

POST CLASSIFICATION AND PAYMENT TABLES

SECTION 920

FOOTNOTES TO SECTION 920

- a - Effective 2-19-84
- b - Effective 3-4-84
- c - Changes were effective on both of the above dates. The allowance other revision printed in this Section 920 was effective 3-4-84. The changes effective 2-19-84 are listed at the end of these footnotes.

d - No current cost information is available as all U.S. Government employees are in Government owned or leased housing. Any U.S. Government organization with employees eligible for the LOA should submit housing cost information to the Department of State as required by Section 072 and 077 of these regulations. Until more suitable housing cost information can be used to establish LOA rates for the locality, the following LOA rates are authorized:

LQA GROUPS	2	3	4
WF	4000	4000	4000
WOF	4000	4000	4000

If these rates are considered to be insufficient, offerors should include in their cost estimates rates that are in line with housing costs in the particular country.

- e - These LOA rates are established for the benefit of only a few employees and therefore do not necessarily represent overall local quarters costs. (see Sections 072 and 077 for information on the reporting of housing cost data).
- f - The indicated 'away from post' boarding school rates are to be reduced to the 'at post' rates at the end of the current school year.
- g - There is a U.S. Government-operated school at post offering instruction in the grades shown (see Section 276.1 for special rule limiting payment of the education allowance).
- h - When payment is made directly to a DOD school rather than as an education allowance to the employee, such payment must be considered to be in lieu of the education allowance. Thus, an employee whose child changes schools (DOD school, local school, U.S. school) during a school year, must deduct any payment made, or to be made, directly to the DOD school on the child's behalf from these rates. An employee cannot be granted or have paid on his/her child's behalf, an amount greater than the rates published for any one school year.
- i - The TLA rate for the first day in any hotel may be increased by the amount of any mandatory room reservation fee levied.
- j - The 'away from post' rate of \$14,750 is for use only in attending schools located outside of South Africa. The school 'at post' rate may be used in attending day or boarding schools in South Africa.
- k - In lieu of any other differential authorized by these regulations, an employee who serves for a period of 42 consecutive calendar days or more on detail (Section 511d) at one or more places in Lebanon may be granted the post differential at the prescribed rate for the number of days served at each such place, beginning with the first day of detail in Lebanon.
- l - In addition to the listed post differential rate employees are eligible for 25% danger pay allowance (See Chapter 650).

ELLIOTT R. MORSS

Elliott Morss is an economist who has spent most of his career working on issues of economic development and public finance.

After teaching the economics of public finance for several years at the University of Michigan, Dr. Morss joined the Fiscal Affairs Department of the International Monetary Fund in 1966 where he specialized in tax policy issues for developing countries. He left the Fund after three years to teach in the International Tax Program at Harvard University. Following this assignment, he returned to Washington as a private consultant where his clients included The World Bank, the U.S. Agency for International Development (AID), The Urban Institute, and the First Boston Corporation.

In 1973, Dr. Morss and two others founded Development Alternatives, Inc. (DAI) which has become one of the largest contractors to AID. Its clients also included The World Bank, The Asian Development Bank, The Food and Agricultural Organization, and other donor organizations. In addition to being a principal in DAI, Dr. Morss was Director of Research. While in this position, he supervised more than \$5 million in research activities.

In 1982, Dr. Morss left DAI to pursue new professional interests. These have included futures work and the application of new technologies-communication (computer and telecommunication) and energy-in developing countries. In the futures field, Dr. Morss assembled and chaired a panel on international financial futures at a recent meeting of the World Futures Society in Toronto. Dr. Morss has recently assisted AID in the development of its communications policy paper. He is also providing consulting services to several multinational companies on the size and nature of the telecommunications market in developing countries. In the field of energy, Dr. Morss has just completed a benefit-cost analysis of a project in Jamaica to use bagasse as a primary source of fuel for electricity generation.

Dr. Morss recently completed a paper for the President's Task Force on International Private Enterprise in which he identified

the developing country barriers to greater U. S. trade and investment.

Dr. Moras has been a fellow at the Institute for Social Studies in the Hague. He has also worked for the International Fund for Agricultural Development in Rome. He has taught public finance and development economics component of AID's Development Studies Program for mid-career AID officials in Washington.

Dr. Moras did his undergraduate work at Williams College where he graduated cum laude in 1960. He received his Ph.D. in economics from The Johns Hopkins University where he graduated suae cum laude in 1963. He has served on the boards of numerous public interest organizations and has lectured throughout the world.

PUBLICATIONS

Books

co-editor. Implementing Rural Development Projects: Lessons from AID and World Bank Experiences. forthcoming, Boulder, Col: Westview Press.

co-author. U.S. Foreign Aid: An Assessment of New and Traditional Development Strategies. Boulder, Col: Westview Press, 1982.

co-author. Government Information Management. Boulder, Col: Westview Press, 1978.

co-author. The New Directions Mandate: A Study of U.S. AID. Boulder, Col: Westview Press, 1980.

project director and co-author. Strategies for Small Farmer Development: An Empirical Study of Rural Development. 2 vols. Boulder, Col: Westview Press, 1976.

Articles and Research Papers:

a. Public Finance

author. "Financial Resources Available for the Development of the Arusha Region: A Look into the Future" (1980).

author. "Fiscal Policy, Savings, and Growth in Developing Countries: An Empirical Study," in Finanzarchiv (1969).

author. "Using Various Statistical Measures to Analyze the Size of the Public Sector," in Quantitative Analysis in Public Finance, edited by Alan Peacock, Praeger (1969).

co-author. "The Measurement of Fiscal Performance in Developing Countries," in op. cit.

co-author. "Towards a Theory of Tax Level Determinants in Developing Countries," in Economic Development and Cultural Change (1969).

author. "Eclectic Thoughts on Intergovernmental Resource Transfers," in Measuring Local Expenditure Needs: The Copenhagen Workshop, OECD (1981).

author. "Measuring 'Tax Effort' in Developing Countries," in IMF Staff Papers (1967).

author. "Tax Policy Implications of Free Trade," in Public Finance (1966).

co-author. "Fluctuations in State Expenditures: An Econometric Analysis," in The Southern Economic Journal (1976).

author. "The Contribution of Central Government Employees to Capital City Growth in Developing Countries" The World Bank (1974).

author. "Federal Activities and Their Regional Impact on the Quality of Life" in National Tax Journal (1971).

author. "What Will Federal Aid to State and Local Governments Be in 1975?" published by the Council of State Governments.

author. "The Potentials of Competitive Subsidization," in Land Economics (1966).

b. Other

author. "How Developing Countries Discourage Greater U.S. Trade and Investment", a report prepared for the President's Task Force on International Private Enterprise, Washington, DC, 1983.

author. "Institutional Destruction Resulting From Donor and Project Proliferation in Sub-Saharan African Countries", World Development April 1984, pp. 465-70.

author. "Bilateral Development Cooperation and the Programmatic Approach", Institute of Social Studies (1982).

co-author. "A New Development Strategy for Western Kenya" (1981).

author. "Some Estimates of Aggregate Demand Needed in 1975 for Full Employment," in Industrial Relations (1965).

author. "Measuring Appropriate Technology International's Accomplishments: The First Steps" (1980).

author. "Measurable Benefits of the Last Quarter Century: Do They Have Policy Implications?" (1979).

author. "New Directions and Beyond: A Review of Accomplishments and an Agenda for the Future", paper prepared for a Congressional Research Service Seminar, Library of Congress (1980).

author. "Cross-Cutting Issues Emerging from the Arusha Regional Planning Exercise" (1980).

author. "Integrating Regional Development Objectives Into the Regional Planning Process" (1980).

coauthor. "Local Organizations and Rural Development: A Comparative Reappraisal" (1979).

author. "Alternative Approaches to Assisting the Rural Poor" (1977).

principal author. "Small Farmer Risk Taking" (1975).

author. "Changing Societal Priorities During the Development

Process: Some Preliminary Observations" The World Bank (1972).

author. "Barriers to the Utilization of Information Systems to Monitor and Evaluate Rural Development Projects" in Translating Evaluation into Policy (1979).

coauthor. "Information for Decision Making in Rural Development" (1978).

coauthor. "Regional Development Planning: A Critical Assessment of the Tanzanian Experience and Its Implications for the Arusha Planning Process" (1979).

technical consultant to Leonard Gross, author. "The Best Cities in the West," New West (1977).

co-author. "The Urban Lending Programs of the International Bank for Reconstruction and Development: The Case for Comparative Urban Information " The World Bank (1973).

co-author. "A Review of the Status of Urban and Regional Studies at Major European Institutions" The World Bank (1972).

author. "Comparative Urban Development: Seoul, Ahmadabad, Kingston, and Lima", paper presented to the Conference on Comparative Urban Economics and Development (1972).

June 8, 1984

Elliott R. Moras

Salary/Fee History to Support a Waiver for a \$325 Daily Rate

When Dr. Moras left Development Alternatives, Inc. in August of 1982, he was receiving an annual salary of \$58,500.

Dr. Moras undertook a 6-week assignment for AID's Development Support Program in 1983 at the highest allowable daily rate (without a waiver) which at the time was \$242.

Dr. Moras also worked for the President's Task Force on International Private Enterprise at the same rate in 1983.

Dr. Moras did a two-month assignment for the International Fund for Agricultural Development (IFAD) in Rome at a daily rate of \$336 in 1983.

In 1984, Dr. Moras has been working on a Sears World Trade Inc. assignment at a daily rate of \$350.

Also in 1984, Dr. Moras has worked for the Dutch aid program at a daily rate of \$300.

Most recently, Dr. Moras completed an assignment for AT&T at a daily rate of \$450.

159