

P.D-AA2-952

AMENDMENT NO. 4:

PROPOSAL

603118

521-0169-C-00-3039-00

CITE SIMONE COMPLEX, WITHERSPOON

INCOME GENERATION

PROPOSAL FOR CBI FUNDING

February 11, 1983

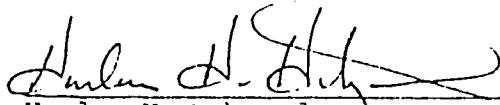
PROJECT AUTHORIZATION

Name of Recipient : Complexe Médico-Social of Cité Simone  
Name of Contractor : Witherspoon International Corporation  
Name of Project : Cité Simone Income Generation  
Number of Project : 521-0169 Input No. 11

1. Pursuant to Section 531 of the Foreign Assistance Act, as amended, and Chapter VI of the Supplemental Appropriations Act of 1982 (P.L. 97-257), I hereby authorize the Cité Simone Income Generation Project involving a planned obligation of not to exceed One Hundred Thousand United States Dollars (\$100,000) over a one year period from the date of this 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 currency costs for the project.
2. The project consists of support for a one-year fixed-price contract with Witherspoon International Corporation to identify and then to perform all essential design work and analysis needed to establish a profitable and operational business enterprise that will contribute a part of its net profits to direct budgetary support of the health and social service programs of the Complex Medico-Social of Cité Simone.
3. The Project Agreement, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority, shall be subject to such terms and conditions as A.I.D. may deem appropriate.

Clearances:

PHO:PSGibson PSG  
OPED:AWilliams AW  
PVD:MBaldwin MB  
DRE:WSRhodes WSR  
A/RCO:FHayden FH  
A/CONT:FRyder FR  
A/D/DIR:DShannon DS

  
Harlan H. Hobgood  
Director, USAID/Haiti

3/29/83  
Date

TABLE OF CONTENTS

Page No.

I. Project Summary	2
II. Background	3
A. Rationale	
B. Beneficiaries	
C. Participating Organizations	
1. Complexe Médico-Social de la Cité Simone (CMSCS)	
2. Witherspoon International Corporation (WIC)	
III. Project Description	7
A. Goal/Purpose	
B. Anticipated End of Project Status	
C. Intermediate Outputs	
IV. Implementation Strategy	9
A. Schedule of Activities	
V. Financial Analysis and Plan	13
A. AID Contribution	
B. CMSCS Contribution	
VI. Monitoring and Evaluation Plan	16
A. Project Management and Monitoring	
B. Joint Reviews	
C. Evaluation	
VII. Conditions Precedent to Disbursement	17
A. WIC	
B. CMSCS	
C. AID	

ANNEXES

1. Legal Status of CMSCS
2. Legal Status of WIC
3. CMSCS Financial Plan
4. Project Grant Chart (LOP)
5. Scopes of Work

- 1 -

## I. PROJECT SUMMARY

Health and social services are expensive. In Haiti, many private voluntary organizations complement the Government of Haiti's efforts to provide these services to the disadvantaged majority. Indigenous Haitian PVO's attract resources and grant from a variety of donors; however, assured financial support for their activities is increasingly uncertain. This project will assist one such organization to develop an indigenous financial base to support, at least in part, its health and social services program in the peri-urban slum of Cité Simone. This goal is achieved through the establishment of a unique partnership between the service provider, the Complexe Médico-Social de la Cité Simone (CMSCS), and Witherspoon International Corporation (WIC), a US Private business development firm.

The planned duration of the project is two years, with a total AID contribution of \$100,000. Its objective is the development of a profitable business enterprise, operated and partially owned by a corporate arm of CMSCS which will (1) contribute to the payment of CMSCS operating costs and (2) create jobs for Cité Simone residents.

WIC and CMSCS will work in close collaboration to achieve this objective. As CMSCS's partner, WIC's role is to provide technical assistance which will assure the completion of business feasibility and design studies, plus the financial arrangements necessary for successful project execution in accordance with its scope of work. CMSCS will be responsible for establishing a corporate structure, as a semi-autonomous agent of its current Board of Directors, to manage and eventually own the business.

## II. BACKGROUND

### A. Rationale

Since a majority of the people of Haiti cannot afford to pay the full cost of their health and social services, indigenous private voluntary organizations providing these services must rely on grants and donor agencies for the bulk of their income. This income, however, can fluctuate greatly from year-to-year, making long-range financial planning impossible. One ideal solution to this problem is for care providers to develop a strategy that will decrease their dependency on donor agencies, and, at the same time, improve the economic situation of the people they serve. This project provides such a strategy. Through the partnership created between the Complexe Médico-Social de la Cité Simone, and Witherspoon International Corporation, the project proposes the establishment of a profitable business enterprise which will (1) contribute to payment of CMSCS's operating costs and (2) create jobs for Cité Simone residents.

### B. Beneficiaries

Achievement of these objectives will have the following benefits:

1. It will provide CMSCS with a tool through which it can reduce its dependency on funds from outside sources.

CMSCS will benefit from the project both directly, from the income the business provides, and indirectly; as people become less dependent on its services, it will be able to expand its target population or reprogram its activities to serve a more economically active one. In the long run, an increase in the average per capita income will allow Cité Simone residents to pay more for health and social services, thus further reducing CMSCS dependency on outside funding.

2. It will provide an income for Cité Simone residents. This includes not only those who will benefit directly from their employment in the business, but many others who will benefit indirectly, e.g., all their family members (the average Cité Simone household has 6 persons); all the people who do commerce in their neighborhoods, and so on.

3. It will enable funding agencies to reallocate funds-from CMSCS to other needed development activities, without forcing CMSCS to reduce its comprehensive health and social service programs.

4. It will provide a model for the development of a for-profit corporate structure which can own and/or operate business enterprises for the support of non-profit public service organizations.

### C. Participating Organizations

#### 1. Complexe Médico Social

CMSCS health care includes preventive health programs: nutrition surveillance and rehabilitation; immunization; prenatal and maternity services; a center for training midwives; and curative care: control of endemic disease (especially malaria and tuberculosis) and hospitalization. A broad spectrum of educational and social services are managed, including a literacy/handicrafts center for adolescents, a women's bakery cooperative and a technical/vocational school that helps place graduates in jobs with local industry. Finally, a network of 100 trained community agents establishes liaison between CMSCS programs and community residents.

Under the statutes of its incorporation, CMSCS is headed by a permanent, 7-member Board of Directors, a majority of whom are representatives of the private business sector. The President and Vice-President are responsible for the day-to-day operations of CMSCS; however, the Board of Directors makes all major decisions.

The numerous sources of income for CMSCS come primarily from the donations of private international organizations. USAID/Haiti now provides approximately 50% of the CMSCS average annual operating budget of \$600,000. Other major donor groups include: Foster Parents' Plan, the Centre Haitiano-Arabe, OXFAM and several Roman Catholic charities. CMSCS receives in-kind assistance from the Government of Haiti, which allows it to use lands and some buildings in the area, provides electricity free of charge, and pays the salaries of Public Health Department personnel who work in CMSCS facilities. Some income results from the sale of handicrafts, baked goods and other products made in its vocational training programs (net 1981 income: about \$16,800). Modest user fees charged for patient services also provide a source of income; according to Dr. Antoine Augustin, Director of Cité Simone's hospital, user fees now cover approximately 5% of the annual operating expenses of this facility.

Annex I shows a detailed Financial Plan for CMSCS, indicating the approximate level of support provided by all of these sources of income during the four-year period of July 1980, through July 1984. This Financial Plan clearly documents: (1) increasing CMSCS dependency on USAID funding, and (2) inevitable (and often significant) fluctuations in year-to-year support levels from various donors, contrasted with: (3) commitment to the practice of requiring modest fees for services in accordance with ability to pay, and (4) the capacity of CMSCS to attract funds from a wide variety of donor organizations and manage these funds effectively.

## 2. Witherspoon International Corporation

Witherspoon International Corporation was formed in 1980 as a non-profit, non-stock corporation, to make funds available for the establishment of businesses in under-developed Caribbean nations. The company was formed to receive grants and loan funds for overseas economic development activities. It is committed to the mobilization of local resources for realization of that potential which can be most effectively carried out through the private sector, operating in response to self-interest and guided by sound business practices.

WIC participates with local entrepreneurs, through loans, equity participation, technical and marketing assistance to produce stable and profitable enterprises and a consequent absorption of a large number of the unemployed workforce. It has provided loans and equity investments to several business enterprises in Caribbean islands. In Haiti, WIC has developed three successful businesses, from concept to production, which are suited to the area and use local labor potential:

1) Les Entreprises PIDAJA - This dog chew manufacturing operation located in Port-au-Prince began operation in 1981 and now employs 30 people in production and management.

2) MARPAUL, Inc. - An agricultural project which produces hot peppers for distribution in the United States and Europe. The product is produced by three small farmers with adequate land for the growth of the peppers and has plans for expansion.

3) MITCHELL INDUSTRIES, S.A. - Produces trophy bases, lids columns, etc., from wood, which are distributed in the United States and Caribbean. They presently employ 100 people in their operation.

### III. PROJECT DESCRIPTION

#### A. Goal/Purpose

The primary goal of this project is to create, within CMSCS, the capacity to significantly contribute to the payments of its own operating costs. This will be achieved by establishing a competitive manufacturing enterprise that will divert part of its profits to direct budgetary support of CMSCS. A related goal is the creation of a limited number of jobs for Cité Simone residents.

#### B. Anticipated End of Project Status (EOPS)

By the end of the project, a business will be established that will be profitable, labor intensive and have growth potential. It is anticipated that the business will contribute at least \$50,000 to the CMSCS health and social programs over the first three years of operation. From the beginning, CMSCS will retain a majority ownership of this business. It is believed that the business(es) created by this project will reach the break-even point in no more than one year's time. The business will employ at least 30 residents of Cité Simone, providing them a minimum monthly income of \$55.

CMSCS will have a corporate management organization as a for-profit structure, represented by a board of directors. This organization will have the capacity to develop and manage more businesses in collaboration with other groups (VITA, for example) that are interested in establishing small-scale manufacturing enterprises.

A model will be in place that other PVO's may use for developing stable and independent sources of income.

The credibility of private enterprise as a funding alternative for public service programs will be enhanced among both PVO's and donor groups.

C. Intermediate Outputs

In order to achieve the EOPS described above, project resources will be allocated to achieve the following intermediate objectives, through the collaborative efforts CMSCS, WIC and USAID/Haiti:

- 1) Establish a CMSCS Corporate Structure - CMSCS will establish a for-profit Corporate Board, as a subsidiary of the existing CMSCS Board of Directors. This new entity will serve as the executive management committee for CMSCS enterprises, and will be licensed to do business in Haiti. Although the present CMSCS Board of Directors will be responsible for appointing the members of the Corporate Board, the business enterprise will be run competitively and managed separately from the CMSCS health and social services programs.
- 2) Select a product - One product will be identified for initial development, on the basis of its marketing potential and production feasibility.
- 3) Identify the production site - This may or may not be located in Cité Simone. Selection will be based on space, utilities (water, electricity), etc.
- 4) Complete financial arrangements - Identify the investors and obtain the sales agreements necessary to set up a viable business enterprise.
- 5) Plan and start production - Develop detailed specifications for the requirements of equipment, new materials, labor supply and management structure necessary to ensure that at least one business enterprise will be in a position to initiate operations by the end of the first year of the project.

#### IV. IMPLEMENTATION STRATEGY

The project implementation plan, as presented below, consists of a detailed schedule of activities. It identifies the teams responsible for completing each of these activities and cites anticipated outputs--or "Indicators"--which will be used to monitor and evaluate the status of the project.

Three project implementation phases are planned: (1) A Research/Development Phase, expected to last about three months (90 days), and followed by a one-month review period; (2) a Planning Phase of six months (180 days), including two review periods at 90-day intervals; and (3) a Production Phase of 14 months. The implementation calendar calls for all feasibility, design and financial arrangements to be completed during the first two phases, with at least one business enterprise in position to initiate operations by Phase 3 (a Gantt chart is included as Annex 4).

#### Schedule of Activities

##### Phase I - Research/Development (90 days)

<u>Activity</u>	<u>Indicator</u>
1. CMSCS and WIC establish a working committee to assure liaison throughout the project.	Memo identifying members; periodic brief activity reports
2. WIC performs pre-feasibility studies and identifies 1-5 potential products for manufacture.	WIC Report No. 1
3. CMSCS forms a for-profit Corporation to manage the enterprise.	Legal documents; by-laws
4. WIC identifies potential markets for products in the US and Haiti.	WIC Report No. 1

<u>Activity</u>	<u>Indicator</u>
5. Phase I Review (30 days) WIC/CMSCS/AID Meet to review all reports and a) Evaluate project status b) Select one product	CMSCS & WIC Phase I Reports. Memo documenting results of the review. Product prototype presented.
<u>Phase II - Planning (180 days)</u>	
1. WIC prepares technical analyses for all aspects of manufacturing the selected product, including a financial plan, production specifications, labor requirements, etc.	WIC Phase II Progress Report;
2. WIC secures formal marketing commitments with product buyers.	Signed Letters of intent
3. WIC/CMSCS continue collaborative efforts to assure project implementation.	Memos documenting collaborative sessions.
4. CMSCS performs site assessment to identify plant location with adequate space, utilities, etc.	CMSCS Report
5. WIC/CMSCS prepare and submit for AID review/approval Procurement Plan for project expenses financed with AID funds.(p. 18)	Included in WIC Progress Report

<u>Activity</u>	<u>Indicator</u>
5. Phase II Interim Review (2 weeks review period 3 months after Phase II start-up). WIC/CMSCS/AID meet; review reports; evaluate project status. AID reviews/approves Site Preparation Plan	WIC Progress Report
6. CMSCS completes site preparation	Signed lease; site visit
7. CMSCS identifies and obtains commitments from Haitian investors	Additional funds invested in Project.
8. WIC identifies and obtains commitments from US investors.	Additional funds invested in Project.
9. WIC/CMSCS submit Procurement Plan for equipment and/or raw materials for AID review.	Procurement Plan included in WIC Final Report
10. WIC/CMSCS submit Personnel Training Plan for AID review/approval.	Training Plans included in WIC Final Report.
11. Phase II - Final review (30 day review period) WIC/CMSCS/AID meet, review reports and decide: Is the business ready for Production? AID/reviews approves Procurement and Personnel/ Training Plans.	WIC Final Report Memo documenting review outcome.

<u>Activity</u>	<u>Indicator</u>
Phase III - <u>Production</u>	
1. Complete site preparation/ renovation.	Signed lease, site visit.
2. Complex equipment installation and procurement of raw materials.	Purchase orders; site visit. Shipping documents; receiving and inspection report; site visit.
3. Hire/train Management	Job descriptions; CVs.
4. Hire/train workers	Job descriptions; personnel lists; Quality control reports.
5. Plant begins production	Site visit; production records.
6. CMSCS plant makes first shipment	Transport documents.

V. FINANCIAL ANALYSIS AND PLAN

The total cost of activities to be financed under this project is <sup>at this time</sup> \$175,000, ~~\$265,000~~. The AID Cooperative Agreement will contribute <sup>\$100,000</sup> ~~\$200,000~~ to this total, and the CMSCS will provide ~~\$65,000~~ \$75,000

A. AID Contribution

The AID Cooperative Agreement will provide funds in support of the project for the following costs:

<u>AID Contribution</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Total</u>
A. Technical Assistance			
1. Research/Devlpmt Rport	\$ 35,000	-	\$ 35,000
2. Plng Phase/Progress Rprt	35,000	-	35,000
3. Final Report	<u>30,000</u>	-	<u>30,000</u>
<del>Sub</del> Total	\$ 100,000		\$ 100,000

B. CMSCS Contribution

The planned CMSCS contribution to the project includes <sup>incorporation costs, fees for the site assessment</sup> the use of office facilities, in-kind staff support and secretarial services <sup>and</sup> vehicle <sup>MSA</sup> ~~and a production site~~. The table below shows the planned CMSCS contribution by year:

<u>CMSCS Contribution (In-kind)</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Total</u>
1. Incorporation costs (lawyer's fees, etc.)	\$ 5,000	-	\$ 5,000
2. Site assessment	10,000		10,000
3. Salaries			
a) Senior staff	10,000	20,000	30,000
b) local secretarial (part-time)	3,000	3,000	6,000
4. office facilities	6,000	6,000	12,000
5. Utilities (water, elect., etc.)	3,000	3,000	6,000
6. Vehicle support	<u>3,000</u>	<u>3,000</u>	<u>6,000</u>
Total	\$ 40,000	\$ 35,000	\$ 75,000

The project has interactive technical assistance and procurement components. Under a fixed-price contract, WIC will provide technical assistance for CMSCS to complete feasibility and production specification studies and arrange for the investors and sales agreements necessary to launch a viable enterprise. This effort will, of course, be carried out in close collaboration with CMSCS. As Joint Procurement, Site Preparation and Training Plans are completed by WIC and CMSCS, and approved by USAID, the CMSCS will make procurements and arrange for site renovation, purchase of equipment and raw materials and labor.

As indicated in the budget, the project will require a high portion of consultancy support to develop the collaborative effort between CMSCS and WIC and provide the basis for successful business establishment. Although these start-up costs are high, WIC's experience in Haiti indicates sufficient preparation in the initial phases of business development is critical to its success in performing adequate product analyses and market penetration. Technical assistance funds will be extremely important in strengthening the CMSCS capacity to plan and market a successful business enterprise.

*It is intended that CMSCS will retain controlling interest in the business from the start.* The CMSCS will earn profits from the business in accordance with the size of its investment. In-kind contributions will be included in its equity. A fixed portion of its share of profits (not to exceed 50%) will be re-invested in the business, in order to assume gradual, complete ownership, to manage and expand the business, and, over time, develop new enterprises. The plant manager will receive a sales commission on the product (not to exceed 5% of net profits) as an incentive to sound business practices. The remainder of the CMSCS share of business profits will be added directly to the Complexe operating budget, to offset part of the costs of health and social service programs.

VI. MONITORING AND EVALUATION PLAN

A. Project Management and Monitoring

<sup>USAID/Haiti</sup>  
The ~~A~~ Project Manager for the current OPG in Urban Health and Community Development will also serve as Project Manager for this project. The Project Manager will work in close collaboration with WIC and CMSCS to ensure that the provisions of the Project Agreement are being met. <sup>USAID/Haiti</sup> The Project Manager will be assisted by the Public Health Officer and the Chief of the Office of Private Enterprise Development to monitor the implementation process and ensure that adequate control and management methods are being used. The Mission's Development Resources and Evaluation Office and OPED Chief will review all materials submitted to satisfy Conditions Precedent.

B. Joint Reviews

Joint Reviews, undertaken by WIC consultants, USAID/Haiti and CMSCS representatives are an essential feature of the Project Implementation Plan. In addition to the initial review periods which have been discussed here in detail, joint reviews will be held at least quarterly throughout the Life of Project.

C. Evaluation

The Project Implementation Plan calls for the completion of a specific series of activities, identifies the party responsible for each and clearly cites the key indicators that will be used to verify whether or not these activities have been carried out. These are scheduled in a time frame that includes targeted review periods for built-in, on-going project evaluation.

VII. CONDITIONS PRECEDENT TO DISBURSEMENT

- A. WIC One of the conditions of this contract will be that WIC will not re-submit material or duplicate work previously done under contract with AID.

USAID/Haiti will prepare and execute a firm, fixed-price contract of \$100,000 for one year for WIC consultants, in accordance with the Project Implementation Plan, using the detailed Scope of Work included as Annex 5. WIC and the USAID/Haiti contract officer will decide the payment schedule. Conditions precedent for payment to the contractor are as follows:

1. A mobilization payment upon submission of proper voucher for same;
2. A fixed amount upon delivery and acceptance by CMSCS and USAID of WIC's first report: "Phase I - Development/Research", and agreement of all parties that project implementation is proceeding at acceptable rate.
3. A final fixed amount upon completion of and acceptance by CMSCS and USAID of all the requirements of the contract.

B. CMSCS

Adequate advances will be made to enable CMSCS to implement project activities in accordance with Procurement plans agreed upon by CMS, AID and WIC during the Development and Planning Phases of project implementation.

Conditions precedent to ~~first~~ disbursement are the following:

1. Submission of appropriate documentation indicating the CMSCS Corporate Board has been organized, and documenting its legal status;
2. Documentation indicating a product has been identified and a manufacturing site selected, in a manner agreed upon by CMSCS, WIC and AID.

3. Preparation of a detailed procurement plan, showing how the money will be used, to be reviewed and approved by AID according to the criteria stated below.

Procurement Plans will be required for each disbursement, according to the following schedule:

a) For site preparation or renovation: Detailed architectural plans and cost estimates, with documentation indicating competitive procedures were used to obtain these estimates.

b) For equipment purchases: Product specifications, including costs, installation fees, spare parts and a maintenance plan; documentation indicating competitive procedures were used to obtain price quotations.

c) For raw materials: Identify the material, quantity and cost; identify the supplier.

d) For hiring: Job descriptions and a training plan for each position.

C. USAID/Haiti

The USAID/Haiti Project Manager will work closely with WIC and CMSCS throughout the Life of Project to facilitate its implementation. The Project Manager will be assisted by the Public Health Officer and the Chief of the Office for Private Enterprise Development at key decision-making points in project implementation, most notably during the review periods scheduled in the first two implementation phases, and for review of materials submitted to fulfill Conditions Precedent. The USAID/Haiti Mission will provide timely execution of all necessary documentation to ensure that project funds are made available as needed by all participants.

ANNEX 3Cité Simone Complexe Financial Plan (Inputs)

(U.S. \$000)

<u>Donor</u>	<u>FY 80-81</u>	<u>FY 81-82</u>	<u>FY 82-83</u>	<u>FY 83-84</u>
USAID/Haiti	240	378.5	356.5	268
Foster Parents Plan	164.6	137.7	113.2	80
Sisters of Charity	107.6	70.8	25	50
Oxfam	10.2	23.2	30	30
Centre Haitiano-Arabe	10.4	18.2	16.6	18
Misereor (Germany)	45.8	-	-	-
Canada (Embassy)	-	13	8	-
CIDA	-	-	16	83.8
Other Donors	1.1	19.4	12	30
Income: Hospital/Pharmacy	2.4	21.4	27.2	40
Income: Handicrafts	17	16.8	18.4	20
GOH	0	43	73.2	73.2
Total	599.1	742.0	696.1	693

SCOPE OF WORK

ANNEX 5

I. Witherspoon International Corporation

During the 90-day Research/Development Phases, Witherspoon International Corporation will be responsible for the following tasks:

1. Establish linkages and share ideas with CMSCS; work with members of its corporate board to get their input on types of products to investigate and facilities available; provide guidelines for CMSCS to use in site assessment.
  
2. Identify one to five (1 to 5) specific products which can be competitively produced in Haiti for existing markets. The processes used in the fabrication of these products will result in projects characterized by:
  - a) Utilization of labor intensive production processes to create employment for unskilled and semi-skilled workers.
  
  - b) Low technology input in order to minimize foreign technical assistance and training.
  
  - c) Reasonable investment requirements (\$500,000 or less), with adequate profits for potential investors.
  
  - d) Products will be primarily for the export market; however, products suggested for the local market should be items not already manufactured in Haiti, and use at least 50% native Haitian raw materials.
  
3. Identify potential markets for these products, in Haiti or offshore, providing summary descriptions of proposed buyers of each product, including financial data and the type of business relationship the buyer desires in Haiti. These markets will be characterized by:

- a) An existing market with buyers receptive to a high quality, low priced Haitian product.
  - b) Sales through consistent, non-fluctuating demand that will provide stable employment.
4. Identify potential businesses indicating anticipated profit and labor usage.

### Reports

Three months after the signing of the Project Agreement, Witherspoon will submit a detailed report on the information compiled during Phase I. This will include but not be limited to the following points:

1. preliminary feasibility studies regarding all the technical, marketing and financial aspects necessary for project execution.
2. identification of potential products and buyers for the selected product lines.
3. estimates of the profits and the numbers and types of jobs created by the projects.

B. During the Planning Phase (180 days) of the project, WIC will be responsible for the following tasks:

1. After selection of the initial product for development, WIC will complete project analyses in which the technical, financial, and marketing feasibility is clearly established. This analysis must include, but not be limited to the following points:

- a) Detailed implementation plans for each product line (from plant construction or renovation to the shipment of the finished product).

- b) The usual financial statements and projections (e.g., profit & loss, balance sheet, source and use of funds, break-even, return on investment).
  - c) Cost analysis, under Haitian conditions, of each step in the product flow (from the purchase of raw materials to shipment of the finished product).
  - d) Production estimates linked to anticipated sales over a five-year period.
  - e) Specifications for equipment needs, including installation costs and spare parts and availability of maintenance for equipment in Haiti.
  - f) Identification of raw materials suppliers and availability of these materials in Haiti.
  - g) Quality control requirements and source of any technical assistance needed during the start-up phase.
  - h) Estimates of employment potential throughout each phase of operation (start-up to normal production level).
  - i) Anticipated licensing, tax, and import/export requirements both in Haiti and the U.S.
2. Provide council to the CMSCS corporate board as to how they may best infuse their equity investment (provided by the AID contribution) into the business. In order to facilitate this investment for the business chosen for development, WIC will provide:
- a) A business plan, including operational procedures;
  - b) A procurement plan, for equipment and raw materials;

- c) A training plan for employees prior to implementation;
  - d) An implementation plan, including a time schedule;
  - e) Technical resources necessary to bring the business into an operational mode, for full implementation of the project.
3. In cooperation with CMSCS, identify and screen potential management with the qualifications for operating the business.
4. Complete marketing commitments: enter into sales agreements or sign letters of intent with buyers in the U.S. or elsewhere.
5. Identify other potential investors for the proposed projects, and the terms under which they will participate in these ventures. As part of this process, negotiations will be initiated between local investors and potential overseas joint venture partners, buyers of the product and financial institutions which are potential funding sources.
6. Determine the advisability of joint ownership and make recommendations of how it should be structured.

### Reports

Three months after the Research/Development Phase Review, WIC will submit a progress report and participate in the interim review of the Planning Phase with representatives from the CMSCS Corporate Board and USAID/Haiti. Three months after the interim review, WIC's final report will be submitted. The final report will include revisions and recommendations requested during the interim review and will be used by participants (representatives of WIC, CMSCS and USAID/Haiti) in a final review to decide whether the project is ready to move into the Phase III, Production. The final report will include the following:

1. The information compiled in the Scope of Work above for the Planning Phase of the project. This information should be sufficient in scope and detail to indicate that the business is operational, i.e. that the following conditions have been met:

- a) All project feasibility issues have been satisfactorily resolved and employment projections are complete.
- b) Both local and foreign investors are identified and have entered into formal agreements.
- c) Financial arrangements are completed in terms of identification of funding sources, and agreements signed between the participating parties.
- d) Sales agreements have been entered into with buyers in the U.S. or elsewhere.
- e) Renovation or preparation of the plant site has been completed, equipment installed, raw materials purchased and management and labor sources identified and ready to begin training.

## II. Complexe Médico-Social

A. During the Development phase, the Complexe Médico-Social de la Cité Simone (CMSCS) will be responsible for the following tasks:

1. Establish a for-profit corporate organization, as a semi-autonomous agency of the present CMSCS Board of Directors. This new board will serve as the executive management committee for CMSCS enterprises, and be licensed to do business in Haiti.

B. During the planning phase, the CMSCS Corporate Board will be responsible for the following tasks:

1. Facilitate liaison with Witherspoon in Haiti, particularly in its technical analyses of production processes.

2. Perform site assessments of available, potential locations and facilities with the infrastructures needed for business development (i.e., water, electricity, sewage availability), both in the Cité Simone area and elsewhere in Port-au-Prince; prepare a report on the results of this work.

3. In collaboration with WIC, and in accordance with Conditions Precedent for disbursement in the Cooperative Agreement, prepare and submit, for AID review and approval, Procurement Plans for all project expenses to be financed with AID funds. Procurement Plans will cover the following points:

a) For Site Preparation: detailed architectural plans for all construction or renovation, cost estimates, and documentation indicating competitive procedures were used to obtain these quotations.

b) For purchase of equipment or raw materials: technical specifications, costs and identity of supplier, including installation costs, spare parts and a maintenance plan, with documentation indicating competitive procedures were used to obtain these quotations.

c) For hiring personnel: a personnel training plan, with job descriptions.

3. Identify potential Haitian investors who will invest in and/or manage the proposed projects.

C. During the Production Phase, the CMSCS Corporate Board will have the primary responsibility for implementing the project, using the plans and procedures developed and recommended by WIC. WIC's role will be to advise as

needed or requested by this Corporate Board. The tasks necessary to complete this phase are the following:

1. Complete site preparation
2. Purchase equipment and raw materials
3. Hire and train management and workers
4. Begin production