

PD-ABB-773

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

July 14, 1984

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR

FROM: PRE/PPR, Bruce E. Bouchard/

Problem: You are required to authorize \$500,000 from the Investment Packaging (940-0002) project for the Commercialization of Technology (940-0002.29) sub-activity (see Authorization at Attachment 1). Of this amount your authorization is requested to obligate up to \$454,700 for the activities outlined in Attachments 3-6.

Discussion: The Commercialization of Technology activity (940-0002.29) was initiated during this fiscal year (1984) with the submission of a Congressional Notification on May 16, 1984 (see Attachment 2). The notification expired without objection on May 31, 1984. Because we view this as a continuing activity for the Bureau, we did not specify a life of project funding, indicating only that we anticipated obligating up to \$500,000 during FY 1984. This will be the initial authorization and obligations under this project.

The purpose of this project is to transfer to selected developing countries the capacity to generate and/or adapt technology for the manufacture of products by and/or for commercial business activities in those countries. The project will emphasize technologies in the agribusiness and health sectors. Appropriate activities which might be funded under the project include; 1) studies to determine the commercial viability of a technology-related product or service for manufacture in a particular LDC, 2) development of prospectus for LDC or joint venture (with U.S.) businesses allowing the prospective business to raise capital, and 3) test marketing through a new or existing LDC business of a new product or process in a developing country.

The activities which we intend to finance during this fiscal year are:

<u>Activity</u>	<u>Budget</u>
• Commercialization of Technology Strategy	✓ * \$280,000 90,000
• Analysis/Evaluation of Successful Agribusiness/Small Farmer Business Relationships	✓ \$ 51,700
• Limited R&D Partnerships	held \$100,000
• FMME Agribusiness Workshop Follow-On	missed * \$ 23,000
TOTAL	<u>\$454,700</u>

These activities will help set the pattern for the types of activities to be funded under this project in the future. A brief explanation of each is provided below:

• Commercialization of Technology Strategy (\$280,000):
This activity will explore the constraints to and opportunities for technology transfer to and commercialization in LDC businesses with an emphasis on the agribusiness and health sectors. Further, within the limitations imposed by AID's mandate, this activity will develop an appropriate strategy and plan of action for PRE to follow in its commercialization of technology program. It will also identify 2-3 initial activities which PRE might consider financing to begin implementation of the strategy (see Attachment 3 for more detail).

• Analysis/Evaluation of Successful Agribusiness/Small Farmer Business Relationships (\$51,700): This activity will analyze and evaluate completed case studies of business ventures between agribusinesses and limited resource farmers in selected countries to determine the "technologies" employed which resulted in success. Those technologies could include management, production, process or others. In this regard, a special analysis of the Joint Agricultural Consultative Corporation (JAC Corp) will be completed and the findings incorporated into the overall analysis (see Attachment 4 for detail).

• Limited R&D Partnerships (\$100,000): This activity will "piggy-back" on to a Department of Commerce (DOC) program now underway. The DOC program is designed to identify opportunities for and put together Limited R&D Partnerships (LRDPs) in promising high technology products for manufacture in the U.S. Using the mechanism they have established (a working group from the Industrial Research Institute) we will have them examine selected opportunities for forming LRDPs based on products/processes in the agriculture sector which might be manufactured in LDCs (see Attachment 5 for detail).

• FMME Agribusiness Workshop Follow-On (\$23,000): The result of the initial three workshops in Peru, Costa Rica and Panama conducted by FMME was the identification of numerous agribusiness investment opportunities which would transfer needed management and production technologies to the host country. This follow-on activity will focus on Costa Rica in taking selected businesses through the investment cycle (see Attachment 6 for detail).

With regard to procurement, this project will be handled consistent with AID guidelines. There are no human rights issues which would effect undertaking of these activities.

Recommendations: That you authorize the subject project in the amount of up to \$500,000 by signing the attached Authorization (Attachment 1).

That you approve obligation of up to \$454,700 under the Commercialization of Technology Project (940-0002.29) and indicate your approval by signing below and the PIO/Ts in Attachments 3-6.

Approved *[Signature]*

Disapproved _____

Date July 16, 1984

Clearance:

PRE/PPR, CGormly *[Signature]*
PRE/PPR, JGelb *[Signature]*
GC/PRE, SCarlson DRAFT 7/16/84 JS

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

ASSISTANT
 ADMINISTRATOR

PROJECT AUTHORIZATION

Name of Country: Worldwide
 Project Title: Commercialization of Technology
 Project Number: 940-0002.29

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Commercialization of Technology project involving planned obligations of not to exceed Five Hundred Thousand U.S. Dollars (\$500,000) in grant funds over a one year period from the date of authorization, subject to the availability of funds in accordance with A.I.D. OYB/allotment process.

2. The project ("Project") consists of providing grant funds to finance both long-term and short-term advisors to assist the Bureau for Private Enterprise, governments and businesses in selected developing countries. The advisors will identify opportunities for and constraints to technology transfer and develop programs to address the constraints resulting in the commercialization of technology in selected developing countries.

3. The Grant Agreement(s), if any, which may be negotiated and executed by the officer(s) 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 and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

- a. Source and Origin of Goods and Services. Goods and services financed by A.I.D. under the Grant(s) shall have their source and origin in the United States or the host country except as A.I.D. may otherwise agree in writing.

Signature: _____

Edgar C. Harrell
 Edgar C. Harrell
 Acting Assistant
 Administrator
 Bureau for Private Enterprise

Date _____

Jul 16, 1984

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Clearance:

PRE/PPR, CGormly

GC/PRE, SCarlson Draft 7/16/84

Drafted: PRE/PPR, BBouchard: 7/14/84: lds

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**AGENCY FOR INTERNATIONAL DEVELOPMENT
ACTIVITY DATA SHEET**

CP 01-00 (2-79)

Commercialization of Technology IN 940-0002.29		FUNDING SOURCE Selected Development Activities	PROPOSED OBLIGATION (In thousands of dollars)		
GRANT <input checked="" type="checkbox"/>	LOAN <input type="checkbox"/>	PRIOR REFERENCE None	FY 84 500	500	LIFE OF PROJECT (Auth.) Continuing
NEW <input checked="" type="checkbox"/>	CONTINUING <input type="checkbox"/>		INITIAL OBLIGATION FY 84	ESTIMATED FINAL OBLIGATION FY Continuing	ESTIMATED COMPLETION DATE OF PROJECT FY Continuing

Purpose: The purpose of this project is to transfer to selected developing countries the capacity to generate and/or adapt technology for the manufacture of products by and/or for host country private commercial business activities, and which are marketed in those countries and/or exported.

Background: Small domestic markets in many developing countries require LDC businesses to export products to foreign markets if they are to grow and stay competitive. One serious constraint to the development and growth of LDC businesses which may be or become competitive in international markets is their lack of and inaccessibility to needed technology. New, appropriate technology is required to improve product quality and increase productivity. The introduction of such technology will result in higher quality, lower cost products which will compete internationally, allowing such businesses to grow, generate foreign exchange and create new employment opportunities.

Description: This project will begin to address these problems by providing financing to project activities which focus on the transfer and adaptation of technologies from American laboratories and businesses to small businesses in developing countries. The U.S. for Private Enterprise will provide partial financing to project activities which will result in the commercialization and marketing of products and/or services transferred from the U.S. and adapted to LDC markets. Emphasis will be placed on products and services in the agribusiness and health/medical sectors. Examples of the types of project activities which may be considered for partial financing include:

- Activities which determine the financial/commercial viability of adapting a given technology-related product or service for manufacture and marketing in a particular LDC market and for export;
- Activities which result in the development of a prospectus for an LDC or joint venture (LDC/U.S.) business which allows it to raise capital for an enterprise which markets an adapted technology-related product and/or service; and
- Activities which test the market, through an existing LDC or joint venture (LDC/U.S.) business activity, for an adapted product and/or service in selected developing countries.

To assist in screening potential activities for funding, a Technology Review Board will be established. This Board, to consist of experts from academia and industry, will analyze proposed activities in terms of their potential technical and commercial feasibility.

Relationship of Project to A.I.D. Strategy: The transfer of technology to LDCs is one of the major foci of AID's development efforts. This proposed project will take technology transfer one step further to the transfer and commercialization of technology in LDC businesses. This will result in the manufacture and marketing of such agribusiness and health/medical products and services in selected developing countries for both LDC and export markets.

Beneficiaries: Direct beneficiaries will be the businesses established to manufacture and market the identified products and/or services. Indirectly, beneficiaries will be those employed by the new or expanded businesses which result from the project activities financed.

Other Participants: PRE will only participate up to 50% of the financing required for any proposed activity. The remaining 50% will come from potential investors in or sponsors of the project.

AID Financed Inputs

	FY 1984 (\$000s)
Grants for technology transfer project activities	500

Outputs

	All Years
Business start-ups which commercialize a technology in an LDC	10

U.S. FINANCING (In thousands of dollars)				PRINCIPAL CONTRACTORS OR AGENCIES
	Obligations	Expenditures	Undisbursed	
Through September 30, 1982				Various
Proposed Fiscal Year 1983				
Estimated Through September 30, 1983				
Proposed Fiscal Year 1984	500	Future Year Obligations	Estimated Total Cost	