

UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT

RABAT, MOROCCO

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June 30, 1986

Mr. Boris Sokoloff, Jr.  
International Executive Service Corps  
Country Director, Morocco  
18, Rue Colbert  
Casablanca

Subject: Cooperative Agreement No. 608-0189-A-00-6080-00

Dear Mr. Sokoloff:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or ("Grantor") hereby grants to the International Executive Service Corps (I.E.S.C.) or ("Grantee"), the sum of \$784,000 to provide support for a program in Morocco as described in the Schedule of this Cooperative Agreement and the Attachment 2, entitled "Program Description."

This Cooperative Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending June 30, 1991.

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

Please sign the enclosed copies of this letter to acknowledge your receipt of the Cooperative Agreement, and return three of the copies to me.

Sincerely yours,

*James A. Anderson*  
James A. Anderson  
Cooperative Agreement Officer *6/30/86*

Attachments: 1. Schedule  
2. Program Description  
3. Standard Provisions

ACKNOWLEDGED:

INTERNATIONAL EXECUTIVE SERVICE CORPS

By : *Chris Am... M/6*

Title: Country Director, Morocco

Date : \_\_\_\_\_

FISCAL DATA

Appropriation : 72-1161037 *PHC*  
Budget Plan Code : QESA-86-27608-KG13  
R/CTL : P600040-55500  
Project No. : 608-0189  
Total Estimated Amount : \$ 2,800,000  
Total Obligated Amount : \$ 784,000  
IRS Employer Identification Number: \_\_\_\_\_  
Funding Source : AID/W / \_ /                      USAID /XX

## ATTACHMENT NO. 1

SCHEDULEA. Purpose of Grant

The purpose of this Grant is to allow the Grantee to provide Export Production and Marketing Assistance under the U.S.A.I.D. Private Sector Export Promotion Project (608-0189) as described in detail in Attachment 2 to this Grant entitled "Program Description."

B. Period of Agreement

The effective date of this Grant is the date of the Grant Officer's signature of the Grant letter. The expiration of this Grant is June 30, 1991.

C. Amount of Grant and Payment

1. It is USAID's intent to make a total of \$2,800,000 available to the IESC for application under this Agreement. At this time, however, only \$784,000 is available for obligation. Hence, the Agreement will be incrementally funded, commencing with the first increment of \$784,000, and with future increments subject to the availability of funds and to the agreement of the parties to continue at that time.

2. Payment will be made to the Grantee in accordance with the procedures set forth below, section D, "Method of Disbursement."

D. Financial Plan

1. Cost-Sharing: Each individual IESC Export Production project, Export Marketing project, or Export Development Fund activity with a client firm, organization or institution will be funded by contributions from AID, the client, and the IESC. The total amounts available for AID contributions over the life of this Grant are stated below. In no case will the AID contribution for an Export Production project exceed \$15,000 for any individual project, and in most cases, will be substantially less. For all projects, IESC will bear costs of home office overhead support. During the negotiation of Export Production projects, IESC will attempt to obtain at least 50% of the costs of supporting the volunteer expert (i.e., travel and per diem) from the client firm, organization or institution. With regard to Export Marketing projects and activities funded from the Export Development Fund, AID's contribution can exceed \$15,000 since these projects may, on occasion, involve the participation of institutions that will only be able to make in-kind contributions, such as office space, secretarial assistance, and other logistical support. The cost-sharing formula for each individual project will therefore vary, depending upon the ability of the client to support a portion of the volunteer expert's expenses. In all cases, IESC will seek to maximize client contributions.

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2. The following is the AID Financial Plan for this grant. Revision to this plan shall be made in accordance with Standard Provision 4 of this grant entitled "Revision of Grant Budget"

This financial plan is divided into cost elements based upon the Budget Summaries for Export Production and Marketing Component, shown at the end of Attachment 2.

<u>Cost Element</u>	<u>Amount in \$'000's</u>
Export Production Projects	1,032
CMPE Advisor	
Salary	250
Support Expenses	200
Export Marketing Projects	360
Export Development Fund	208
IESC Management	710
Evaluations	40
Total	2,800

3. The Grantee may not exceed the obligated amount set forth, nor may the Grantee adjust the costs for any individual line item without prior written approval of AID.

#### E. Method of Disbursement

The method of disbursement used will be periodic advances as described in Optional Standard Provision 2 entitled "Payment - Periodic Advance." All payments will be made by the Controller, USAID/Rabat.

#### F. Purchase and Title to Property

All property will be purchased by the IESC. Property purchased for the use of the Export Advisor at CMPE will be purchased in cooperation with the Export Advisor and CMPE and title will vest with CMPE. Property purchased for the use of the IESC management and staff in Morocco will vest with the IESC. All property purchased shall be accordance with procedures set forth in Optional Standard Provision 6 entitled "Procurement of Goods and Services." Title to and use of all property shall be in accordance with Optional Standard Provisions 20 entitled "Title to and Use of Property (Grantee Title)" and Optional Standard Provision 22 entitled "Title to and Care of Property (Cooperating Country Title)."

**G. Reporting and Evaluation**

The grantee shall submit the following reports, in English:

**1. Project Reports:**

A report covering each individual project (Production, Marketing, or Export Development) will be submitted to USAID/Morocco within 30 days after completion of the project.

**2. Financial Reports**

The Grantee shall submit quarterly financial reports to the USAID/Controller, within 30 days following the close of the quarter.

**3. Quarterly Status Reports**

The Grantee shall provide quarterly status reports within 30 days following the end of each FY quarter, reporting status of projects funded during the previous quarter and projects anticipated for the current quarter. These reports should evaluate existing projects and advise as to follow-up actions planned. The Grantee shall also submit a separate report on the activities carried out by the CMPE advisor during the previous quarter and activities planned by the advisor anticipated for the current quarter.

**4. Final Report**

IESC will submit a final report to USAID/Morocco within 30 days following the termination of this Grant.

**5. Evaluations**

Two evaluations of the project will be scheduled. A mid-term evaluation will take place in early 1988, and a final evaluation will take place approximately 6 months prior to the completion of the project. Both evaluations will be carried out by at least in part by independent consultants under contract to USAID.

**H. Anticipated Substantial Involvement by USAID during Project Implementation**

USAID/Rabat expects to be involved in the management of this project throughout its life. USAID's involvement will include the following:

**1. Project Review and Approval**

Prior to using any funds for a sub-project made available pursuant to this Grant, IESC must obtain approval from USAID/Morocco of any proposed project. In order to obtain a decision from USAID/Morocco, the Grantee shall comply with the following:

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a. IESC must submit a request to USAID for approval of each contemplated advisory project. This request must be accompanied by a draft copy of the IESC/Client agreement, including terms of reference of the project and a budget estimate.

b. With regard to Export Production projects, USAID/Morocco will attempt to provide a response to IESC within five (5) working days after the USAID's receipt of the request and notify IESC upon such approval. With respect to Export Marketing projects and Export Development Fund activities, USAID/Morocco will attempt to provide a response to IESC within ten (10) working days after the USAID's receipt of the request and notify IESC upon such approval.

c. With respect to assistance projects undertaken by IESC in Morocco which do not require AID funding provided through this Grant, no USAID approval is required. However, IESC agrees to provide USAID/Morocco a copy of the proposed agreement with the client a reasonable period in advance of its final approval by the IESC home office in the U.S. in order to permit USAID the opportunity to comment.

## 2. Project Proposals

USAID anticipates that it will on occasion propose to the IESC projects that USAID considers to be of benefit to private sector exporters. USAID may work with IESC in designing such proposals.

## 3. CMPE Advisor Activities

USAID will meet with the CMPE Export Advisor periodically to discuss the Advisor's activities, review and discuss reports submitted by the advisor, and assess plans for any future activities by USAID in the export sector.

## 4. Visits to Project Sites

USAID anticipates making frequent visits to project activities in order to assess project impact and progress, and develop its knowledge of the export sector

## I. Terms and Conditions

Prior to any disbursement, or the issuance of any commitment documents for activities financed with funding made available under the Grant for the cost element designated as CMPE Advisor, the Grantee will submit to AID a copy of its sub-agreement with CMPE.

## J. Special Provisions

1. Attachment No. 3, entitled "Standard Provisions" is amended by deleting the following Optional Standard Provisions: 1, 3, 12, 13, 15, 16, 17, 18, 19, 21.

-----End of Grant Schedule-----

## ATTACHMENT NO. 2

PROGRAM DESCRIPTIONI. OBJECTIVE AND RATIONALEA. Objective

The objective of this proposal is to provide existing and potential private sector exporters in Morocco with technical and managerial assistance in the areas of export production and marketing. This will be achieved through the placement of a long term advisor at the Moroccan Center for Export Promotion (CMPE), the provision of specific export production and marketing assistance to individual firms and organizations, the design and implementation of marketing assistance to groups of firms or associations, and the creation of an Export Development Fund for special activities of benefit to exporters.

B. Rationale and Background

Morocco, in general, and the Moroccan private sector, in particular, has a strong need and desire, as well as a substantial opportunity, to broaden and expand the export of its products. However, many Moroccan companies, particularly the small and medium-sized enterprises, lack the necessary experience and knowledge to compete successfully in the key world markets. Hence, there is an urgent need to provide Moroccan exporters with the necessary technical and marketing assistance, based on experiences acquired in other countries.

Recognizing this Moroccan need for assistance, the United States Agency for International Development in Morocco (USAID) is currently considering the establishment of a five-year Private Sector Export Promotion Project which will consist of three key target components: the development of an effective export insurance program, the establishment of a targeted pre-export financing facility, and the development of a meaningful export production and marketing assistance program. It is a fundamental requirement of USAID's program that the allocated funds be channeled to specific and measurable projects, and that there be a minimum dilution or duplication of program management, manpower and costs.

The International Executive Service Corps (IESC), which has an established presence in Morocco and an on-going commitment to assist the private sector, proposes to coordinate and assume the overall management responsibility for the Export Production and Marketing Assistance Program. IESC believes that it is uniquely qualified and positioned to provide the most cost-effective and efficient services required for the implementation of the key objectives of this program.

### C. Relationship to GOM Activities and Priorities

The Government of Morocco (GOM) recognizes the importance of exports in reducing its balance of payments deficit, and the role the private export sector in particular can have in this effort. In addition, private sector export oriented industries tend to be relatively labor intensive. Thus, growth in this sector will reinforce the GOM's efforts to create jobs. The GOM has undertaken a number of reforms to assist the private sector. The activities described in this proposal will complement these reforms by providing exporters with technical and managerial skills in production, management, and marketing that will enable them to become more productive and more successful at exporting.

### D. Coordination with GOM Agencies

The placement of a long term advisor at CMPE will provide direct and close coordination with the principal GOM institution charged with assisting exporters. In addition, the advisor as well as the IESC Country Director will be in contact with other GOM institutions that affect exporters, and will seek to identify methods through which these institutions can become more effective in providing assistance to exporters.

### E. IESC Qualifications

IESC is a voluntary non-profit U.S. organization that recruits recently retired, highly skilled U.S. executives and technical advisors to share their years of know-how and expertise with private enterprise people in countries such as Morocco. About 10,000 retired executives are registered with IESC and, as a result, IESC is able to handle over 600 project assignments per year in some twenty countries around the world. Over 9500 IESC projects have been successfully completed since 1965. Organized and directed by U.S. business executives, IESC is funded primarily by grants from AID and by overseas client contributions.

The IESC office in Morocco was established in early 1985 and, since that time, it has developed over 35 projects. In 1985 alone, 19 projects, or 90% of those submitted, were accepted by AID, and over 12 were completed. Remaining projects are being implemented in 1986, as scheduled, with two recently completed.

From a tax-payer's standpoint, IESC offers the best leveraged utilization of public funds. IESC recruits executives whose services in the open market are in the range of \$500 - \$1,500 per day, plus costs, but who come to Morocco as volunteers at no salary, thus incurring only transportation and per diem expenses.

IESC is also in a strong position to administer the Export Production and Marketing Assistance Program since it already has an office in Casablanca and is working with key export-oriented companies, associations and banks, including the Moroccan Center for Export Promotion (CMPE).

## II. Scope and Description of Program

The primary responsibility of IESC will be to implement and administer the Export Production and Marketing Assistance component of the project in a most cost-effective and efficient manner, and in full compliance with IESC and AID long-term objectives and short-term performance standards. The agreement will provide for the following:

1. A Long-term Advisor at CMPE - Subject to the prior approval of CMPE and AID, IESC will proceed to select, recruit and assign a qualified long-term Export Advisor to work with and be part of CMPE. IESC will exert its best effort to select and recruit a qualified executive with hands-on experience in organizing and planning production for export, and in planning, organizing and implementing multi-product export marketing programs in developing countries. IESC will, for the duration of the program, also provide the necessary managerial and administrative support to the assigned individual, including the payment of salary or per diems, transportation and related expenses. The Export Advisor will be based in CMPE which will provide the necessary office, secretarial, and liaison facilities.\*

The long-term advisor at CMPE will have two principal functions: (i) work with the CMPE in its efforts to assist Moroccan exporters, particularly in trade promotion and informational activities; (ii) act as a resource for gaining knowledge of and experience with organizations in Morocco that play an important role in the export community and with the export community in general. The advisor will be based at CMPE and will work closely with high-level counterparts in that organization. Thus, the advisor will be in a good position to acquire in-depth knowledge of the export sector and, hence, to advise USAID on the most effective ways to move toward greater involvement in export promotion activities.

As Morocco's official export promotion institution, CMPE is the most appropriate base for AID's long-term advisor. CMPE is characterized by dynamic leadership and has been very active in promoting Moroccan exports in a wide variety of foreign markets. However, because of its public nature and modest budget, CMPE is somewhat limited in the scope of the activities it can undertake. The advisor will broaden the scope of existing CMPE activities and, in this connection, will also seek to develop close working relationships with institutions that provide services to the export community, including the Confederation Generale des Enterprises Marocaines (CGEM) -- the principal Moroccan employers' association -- as well as the Federated Chambers of Commerce and other private sector organizations.

\* An illustrative budget for the advisor is included in the budget summary for the Export Production and Marketing Component at the end of this document (Appendix 1), along with a detailed budget for the advisor's support expense, equipment, and activities (Appendix 2).

The advisor will be based in CMPE for a period of two years. During the first year, the advisor will focus on identifying exporters' needs and developing alternative strategies for meeting these needs, particularly those related to marketing. The advisor will work closely with the CMPE staff and the USAID Private Sector Office to determine if and in what ways USAID should increase its involvement in export promotion. This will include examining to what extent and through what means USAID can provide assistance that will have long-term benefits to these institutions. The advisor will also review and assess those exporters' needs that have been previously identified, rate these needs in terms of priority and viability, and prepare a detailed program to address these needs. This program will be submitted to the Private Sector Office and the IESC Country Director for review and approval within twelve months from the time the advisor's assignment begins. Some previously identified activities will be implemented during these first twelve months. Finally, based on his experience and increasing knowledge of Morocco's private sector export community, the advisor will identify other needs or concerns that have not been previously or adequately identified, and will prepare a strategy for addressing these needs. This strategy will take into account and complement activities already planned.

Based on discussions with CMPE officials and studies done to date, the project advisor and his CMPE counterparts will concentrate on the following areas:

- a. Trade Promotion - The advisor will work with CMPE officials in preparing for selected trade promotional activities both within Morocco and overseas. These preparations will include design and preparation of audio and visual aids, brochures, and other tools essential in trade promotional activities. The advisor will accompany Moroccan officials to selected promotional activities and will provide advice on effective ways for Moroccan firms to promote their products and meet prospective customers. It is estimated that the advisor will accompany officials to approximately 8 overseas trade promotional functions during the two year period.
- b. Informational and Institutional Assistance to CMPE - The advisor will develop a strategy for strengthening CMPE's capacity as an official export promotion institution. The advisor's knowledge of export promotion programs in other developing countries, backed up by CMPE's knowledge of the Moroccan governmental and business environment, will enable him to identify institutional weaknesses and suggest appropriate solutions. This will include assessing CMPE's informational resources, identifying and procuring additional resources, and designing a strategy for making the most efficient use of these resources.
- c. Export Education - With AID and IESC assistance, CPME will sponsor -- or co-sponsor with other organizations -- lectures, seminars and workshops designed to meet specific needs of private export-oriented firms. Some topics such as the General System of Preference and the Uniform Product Coding System will be of broad interest to exporters. However, other important concerns tend to be product-specific or sector-specific. These issues will be dealt with in more intensive workshop settings where industry experts will be able to address the special concerns of Moroccan entrepreneurs within particular

sectors. In cases of more highly specialized or technical interest, the advisor may work directly with one of the several industry federations that exist under the 'umbrella' of the CGEM.

As an example, a video program could be developed that could be used to educate Arabic and French-speaking exporters both in the usage of English words, terms and idioms used in international trade, and in the format of standard business correspondence. Recognizing that the English language is now used predominantly in international trade, such an educational tool will help eliminate a distinctive disadvantage now faced by Moroccan exporters. Other possible topics for this component include textile labeling and flammability standards, pure food and drug regulations, consumer safety regulations, sector-specific overseas import regulations, issues relating to product design for export and to agribusiness and manufacturing. These activities may also be organized in part by IESC and AID, and funded by AID under other provisions of the agreement between AID and IESC.

AID assistance will finance experienced and knowledgeable specialists in the above areas. As a rule, CMPE will organize and sponsor the seminars either separately, or in conjunction with other institutions such as the CGEM, or the Federated Chambers of Commerce. This will involve providing facilities, logistical support and publicity for the seminars. Small and medium firms' participation in these activities will also be encouraged. IESC can be called upon for recruitment assistance when appropriate.

d. Training - The advisor will identify and recommend AID financing of training needs and opportunities for CMPE employees and employees of other Moroccan institutions that affect exporters. This will include conferences, seminars, and short-term training courses related to export production, marketing or distribution. It will also include the design and implementation of in-house training activities for CMPE staff in critical areas identified by CMPE and the advisor.

2. IESC Activities - In an effort to meet the technical and managerial needs of Moroccan firms and institutions, AID will increase and expand its support for activities principally initiated by IESC. The aim of this support will be to improve Moroccan firms' capacity to produce and their capability to market for export. Funds will be allocated and assistance provided using a two pronged approach.

a. Technical Assistance to Firms (Export Production Projects) - The first and principal means of providing assistance will be an enlarged program of assistance to firms in the areas of production, marketing, or management. IESC will develop approximately 30 projects per year, principally directed to small and medium-sized firms, with an emphasis on the export sector. The export sector will include not only firms that export products and services, but also firms and organizations that facilitate exports, such as shipping companies, or those that earn foreign exchange, such as the tourism sector, or those that are clearly engaged in productive activities that support export activities (e.g. repair or maintenance of export vessels), or that clearly result in a net foreign exchange gain for the country.

IESC will initially attempt to obtain an average of 50 percent of the local project costs, including travel expenses, from the client. In the following years of the grant, the client contribution is expected to increase as a proportion of the total project cost from an average of \$6,000 on new projects in 1986 to \$10,000 on projects secured in 1989 and 1990. AID will grant for each project the approximate equivalent of the client's contribution. The increased AID support will cover a 60 month program of activities, with an estimated cost of \$1.032 million.

Subject to IESC's ability to develop projects that qualify and that are accepted by AID, and contingent on IESC's ability to recruit volunteer executives who are appropriate for the approved projects, the technical assistance program to companies will be in accordance with the following program schedule and budget.

Export Production Projects  
(by fiscal year)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>Total</u>
(US \$ 000's)	(4 months)	(year)	(year)	(year)	(year)	(8 months)	(year)
Number of projects	7	30	30	30	30	0	127
Average client contribution.	6	7	8	9	10	0	-
Average AID contribution *****	6	7	8	9	9	-	-
<b>Total Average</b>	<b>12</b>	<b>14</b>	<b>16</b>	<b>18</b>	<b>19</b>	<b>0</b>	<b>-</b>
<b>Total Client contribution</b>	<b>42</b>	<b>210</b>	<b>240</b>	<b>270</b>	<b>300</b>	<b>0</b>	<b>1062</b>
<b>Total AID contribution</b> *****	<b>42</b>	<b>210</b>	<b>240</b>	<b>270</b>	<b>270</b>	<b>0</b>	<b>1032</b>
<b>Total Funding</b>	<b>84</b>	<b>420</b>	<b>480</b>	<b>570</b>	<b>570</b>	<b>0</b>	<b>2094</b>
<b>% AID Contribution to total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>47</b>	<b>47</b>	<b>0</b>	<b>49</b>

b. Export Marketing Projects - A second IESC activity will involve technical assistance to groups of exporters facing similar export problems. IESC will identify industry-wide sectors where common export problems exist, and it will exert its best efforts to recruit and provide qualified experts.

An example would be providing an expert in quality standards for fruit and vegetable exports. The expert, working through or in conjunction with an association of firms, could establish testing standards that would satisfy quality or grading requirements in the principal markets to which products are currently shipped, as well as to markets in which exporters seek to establish a niche.

It is estimated that approximately eighteen Export Marketing projects will be carried out during the life of the project. Some of these projects could be organized in cooperation with CMPE and partially financed through funds provided for the CMPE advisor's activities, or through the Export Development Fund.

The overall program schedule and budget for Exporting Marketing projects is projected as follows:

Export Marketing Projects  
(by fiscal year)

<u>Total</u> (US \$ 000)	<u>1986</u> (4 months)	<u>1987</u> (year)	<u>1988</u> (year)	<u>1989</u> (year)	<u>1990</u> (year)	<u>1991</u> (8 months)	<u>TOTAL</u>
Total No. projects	-	3	4	5	6	-	18
Cost per project	-	25	25	25	25	-	-
Client Cont.*	-	5	15	25	50	-	90
AID Cont.	-	70	85	100	105	-	360
Total Funding	-	75	100	125	150	-	450
AID % of total	-	93	85	80	70	-	82

\* Client Contribution includes only partial estimate for value of office space and other logistical support that GOM agencies and other institutions are expected to contribute.

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c. Export Development Activities Fund This fund will be administered through the Cooperative Agreement and will be used principally to fund activities agreed upon by USAID and the IESC Country Director. The fund could also be used to respond to GOM requests for assistance in specific export development activities. AID has already received several requests from GOM to fund conferences and activities supporting exporters. One example is a conference on development of export market strategies. Given the newness of the private sector program and the varied nature of the opportunities which may arise, the export development fund can provide the flexibility to take advantage of such opportunities when they arise.

### III. Eligibility Criteria

The AID grant to IESC, under the overall Export Promotion and Marketing Assistance Program, will be for a five year period, with clearly defined program objectives and performance standards for each year, including quarterly reporting requirements. The average length of each IESC Production and/or Marketing Project will be estimated at between one-and-a-half and three months. The following criteria will be used in determining eligibility for technical assistance under the Cooperative Agreement.

a. Export Production Projects -- IESC's primary activity under the Cooperative Agreement will be to implement approximately 130 export production projects at an estimated cost to AID of \$1.032 million. Technical assistance will be provided on a firm-specific basis in these projects. Export production projects will be selected and approved in the following order of priority:

Group A: The firm must be at least 50% privately owned and meet one of the following criteria:

1. The firm exports goods or services.
2. The firm has export potential and IESC assistance is directly related to developing that potential.
3. The firm provides goods or services essential to exporters. A demonstrable linkage between the firm and export industries must be described in the project proposal.

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Group B: The firm must be 100% privately-owned and meet the following criterion:

4. In recognition of IESC's demonstrated ability to provide expertise to virtually all sectors, a minority of projects will be selected on the basis of their contribution to overall economic growth and investment in Morocco. No more than 15% of the annual dollar value of export production projects will fall into this category.

b. Export Marketing Projects - IESC will also manage a relatively small number of export marketing projects to address export marketing problems at the industry-specific level. IESC will carry out approximately 18 export marketing projects at an estimated cost to AID of \$360,000. The following eligibility criteria will be applied to export marketing projects.

1. Technical assistance will be rendered to groups of exporters, eitherly directly or through organizations that service exporters. In order of preference, eligible organizations will include:
  - (i) private trade or business associations, and (ii) autonomous public or semi-public institutions. The end-beneficiaries will be private sector exporters, and the project proposal must describe how IESC assistance will benefit these exporters.

#### IV. Program Support

In order to support the activities described in this proposal, an element of management and administrative support funding will be necessary. The following is a summary and description of the items that will be required to adequately support the necessary level of management and administrative personnel. It is understood that it is the long-term intent of IESC to maintain in Morocco a representative office that will be partially supported by the local private sector by 1991 and, consequently, the AID support will be in a diminishing percentage of the total during the latter years of the program period. It is also understood that it is IESC's intent to maintain at this office a staff that is particularly qualified to help and assist in the implementation of the Export Promotion Program in Morocco.

The current IESC office consists of a U.S. expatriate manager (Country Director), two Moroccan assistants (accounting/marketing and administration/secretarial), and occasional part-time help (typing, consultant, etc.). As follows, the 1986 Budget of the group represents a 17% decrease in costs from 1985, primarily in the CD's and organizational expenses.

The key elements of the 1986 budget, in \$US, are as follows:

<u>1. Country Director</u>	Per diems & housing	24,850
	medical, insurance, etc.	3,700
	Travel to/from U.S.	1,200
	moving, storage, etc.	250
	Sub-total	30,000
<u>2. Local staff</u>	Salaries, taxes, insurance	15,450
<u>3. Office</u>	Rent, utilities, supplies, etc.	12,300
<u>4. Services</u>	Audit, legal, consultants, etc.	3,200
<u>5. Operating Expenses</u>	In-country travel, auto, meetings	17,965
<u>6. Fixed Assets</u>	Office equipment, etc.	3,800
<u>7. Recruiting</u>	U.S. and/en route expenses	2,100
		=====
<b>Total</b>		<b>84,815</b>

Whereas the present IESC staff in Casablanca is sufficient to carry out efficiently the initial 1986 part of the program, the implementation of the full five year program will necessitate a strengthening of the staff to ensure proper continuity of program management and support. The five-year budgetary projections that follow take into account a de facto dollar devaluation of 9%, projected local cost increases of 5% per annum, and increased staff requirements.

Staffing will be increased in two areas. First, the IESC Country Director will be backed-up by either a volunteer Assistant Country Director or a series of medium-term Assistant Country Directors specializing in specific areas of export production assistance such as agriculture, textiles or leather. The Assistant Country Director can also serve as Acting Country Director when the Country Director is out of the country. Secondly, additional local staff, some of it seasonal or temporary, will be budgeted to provide necessary secretarial, typing, word processing, and translation support, including consulting services in various implementation stages of production and marketing assistance work, if necessary.

Finally, the existing IESC office will be relocated to a slightly larger facility, as has been planned and approved since 1985 to provide necessary working space for visiting project volunteers and for the computer/word-processing facility. Appropriate provisions for the needed fixed assets requirements are included in the five year budget and are also listed separately below.

Total IESC Budget\*  
(by fiscal year)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>Total</u>
<u>(U.S. \$000's)</u>							
IESC/U.S. Staff	10	60	66	63	62	22	283
Local Staff	5	22	23	25	26	8	109
Office	4	21	20	21	24	6	96
Support Services	1	2	3	4	5	1	16
Operating Expenses	1	25	32	34	35	11	138
Recruiting	1	5	9	10	7	2	34
Miscellaneous	0	2	2	1	-	-	5
Subtotal	22	137	155	158	159	50	681
=====							
Fixed Assets	2	19	5	2	1	-	29
Total	24	156	160	160	160	50	710

\* Budget is illustrative.

Fixed Assets\*

<u>FIXED ASSETS</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>Total</u>
PC/Printer	-	6,900	-	-	-	-	6,900
Duplicating machine	-	3,500	-	-	-	-	3,500
IBM typewriter	-	3,000	-	-	-	-	3,000
Calculator	-	600	-	300	-	-	900
Desks	1,000	600	-	-	-	-	1,600
Chairs	300	700	-	200	-	-	1,200
Small table	200	-	-	-	-	-	200
Telex table	100	-	-	-	-	-	100
Telephone Machine	300	100	-	-	-	-	400
Steel Shelves	-	500	-	-	-	-	500
Safe	-	-	1,500	-	-	-	1,500
Car	-	9,000	-	-	-	-	9,000
Curtains	-	200	-	-	-	-	200
=====	=====	=====	=====	=====	=====	=====	=====
Totals	1,900	25,100	1,500	500	-	-	29,000

\*Illustrative

V. Project Financing

As described in attachment 1, the Schedule, AID plans to provide funds in an amount not to exceed \$2,800,000 to support IESC activities pursuant to this Grant. The IESC will support all overhead and administrative costs in the U.S.

The client firm, organization or institution for each project will also pay a portion of the volunteer expert's expenses. IESC will seek to obtain a contribution of 50% percent of the volunteer's local project costs, including travel to and from Morocco, from the client.

Eligible costs under this Grant are limited to the following:

a. IESC volunteer expert's authorized per diem expenses and travel costs, including economy roundtrip air fare for the volunteer expert and his or her spouse from the city of residence, 22 lbs excess baggage for the expert's personal effects, and local travel costs to and from project site/residence in Morocco.

b. Recruitment costs incurred in the U.S. that are associated directly with travel expenses of volunteers assigned to Morocco.

c. Costs associated with the support of IESC in Morocco. An illustrative budget for management expenses is attached to this program description. The total amount of this budget shall be limited to \$710,000, but adjustments of up to 25 percent can be made within the sub-elements of that budget.

d. Costs associated with the CMPE Export Advisor and his activities as indicated in the illustrative budget attached to this program description (Annex 1).

#### VI. Administration of Program

Whereas IESC will exert its best efforts to administer the five-year Export Production and Marketing Assistance program within the framework of the budgetary breakdown given for its office operations and operating requirements during the period 1986-1991, IESC reserves its right, subject to prior advice to and review by AID, to change the ratio of its planned expenditures, specifically in two areas:

1. Since IESC follows the policy of discontinuing the Country Director's (and any other expatriate staff) residence per diems when the Country Director is either on business travel, vacation, or on consultation in the U.S., there will be an inevitable fluctuation and change between the budgeted costs of IESC'S monthly per diems for U.S. staff in Morocco and the operating costs (which include in-country business travel).
2. Since IESC possesses a wealth of export-related information, promotional material and practical know-how at its U.S. headquarters and at some of its overseas branches (e.g., Egypt, Tunisia), IESC may find it more expedient and less costly to procure such data or services from outside rather than develop these in Morocco. This would apply primarily to existing promotional material in Arabic and French, and to trade information about outside markets. The utilization of such data and services might alter the relative breakdown of expenses between operating expenses and support services.

**VII. Funding of Program**

As a non-profit organization, IESC does not have the necessary financial resources or cash flow flexibility to provide IESC in Morocco with the required working capital to enable it to manage and administer the Export Production and Marketing Assistance Program without funding assistance from AID.

Therefore, IESC proposes to establish a convertible U.S. dollar account with a branch of a U.S. bank in Morocco, to which AID will deposit a revolving advance fund in U.S. dollars equivalent to three months of budgeted expenses for the Export Advisor at CMPE and the IESC office expenses.

**VIII. Duration of Proposed Program**

It is anticipated that the program will start on July 1, 1986 and conclude on March 1, 1991, with an additional provision of three months for the completion and evaluation of the undertaken projects for which funds have been committed during the term of the five-year program.

It is understood that this proposal is subject to AID review and approval, and subject to the review and approval of the Board of Directors of IESC.

Appendix 1ILLUSTRATIVE SUPPORT BUDGET FOR CMPE ADVISOR  
(for a two year period)

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## 1. Support Expenses

car	\$10,000
in-country travel	13,000
international travel	25,000
documentation, reference materials	<u>3,000</u>
Subtotal	51,000

## 2. Office Equipment

copying machine	\$ 4,000
computer hardware and software	7,000
off-set machine	3,500
support equipment	<u>2,500</u>
Subtotal	17,000

## 3. Audio-visual equipment

video-cassette player	\$ 1,000
video-camera	1,200
simultaneous slide projector	1,500
other	<u>2,300</u>
Subtotal	6,000

## 4. Development of promotional materials

brochures and materials for trade fairs	\$26,000
film presentation for trade fairs, etc	20,000
slide presentations for industries	<u>10,000</u>
Subtotal	56,000

## 5. Export Education

seminars, workshops, in-house training, direct promotional costs, supports costs	\$ 70,000
	<u>          </u>

TOTAL	\$200,000
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Appendix 2

Budget Summaries for Export Production  
and Marketing Component (\$'000's)  
(by Fiscal Year)

IESC - AID Cooperative Agreement

<u>A. Export Production Projects</u> (Number of Projects)	<u>1986</u> (4 months) (7)	<u>1987</u> (30)	<u>1988</u> (30)	<u>1989</u> (30)	<u>1990</u> (30)	<u>1991</u> -	<u>Total</u> (127)
1. Avg. AID Contribution	6	7	8	9	9	-	-
2. Avg. Client Contribution	6	7	8	9	10	-	-
<b>Total AID Funds</b>	<b>42</b>	<b>210</b>	<b>240</b>	<b>270</b>	<b>270</b>	<b>-</b>	<b>1,032</b>
 <b><u>B. CHPE Advisor</u></b>							
1. Salary*	-	125	125	-	-	-	(250)
2. Support Expense, Equipment, and Activities	-	120	80	-	-	-	(200)
<b>Total</b>	<b>-</b>	<b>245</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</b>
 <b><u>C. Export Marketing Projects</u></b>							
	-	60	100	100	100	-	360
 <b><u>D. Export Development Fund</u></b>							
	-	67	47	47	47	-	208
 <b><u>E. IESC Management</u></b>							
	24	156	160	160	160	50	710
 <b><u>F. Evaluations</u></b>							
	-	-	20	-	-	20	40
<b><u>Total</u></b>	<b>66</b>	<b>738</b>	<b>772</b>	<b>577</b>	<b>577</b>	<b>70</b>	<b>2,800</b>

\* (includes housing, transfer costs, shipment of household goods, etc.)