

PD-ABC-754

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UNCLASSIFIED

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

DOMINICAN REPUBLIC

PROJECT PAPER

AGRIBUSINESS PROMOTION

Amendment No. 1

AID/LAC/P-576
CR P-240

Project Number: 517-0186
Loan Number: 517-T-051

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PD-ACC-754

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

COUNTRY/ENTITY: Dominican Republic

1. TRANSACTION CODE

A = Add
C = Change
D = Delete

Amendment Number: 1

DOCUMENT CODE: 3

4. BUREAU/OFFICE: Latin America and the Caribbean

2. PROJECT NUMBER: 517-0186

3. PROJECT TITLE (maximum 40 characters): Agribusiness Promotion

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY: 11 23 91

7. ESTIMATED DATE OF OBLIGATION (Under 8: below, enter 1, 2, 3, or 4)

A. Month FY [85] B. Quarter [3] C. Final FY [910]

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

A. FUNDING SOURCE	FIRST FY 85			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total (Grant)				4,930	17,870	22,800
(Loan)	1,740		1,740	4,930		15,500
Other 1. U.S.		4,200	4,200		570	17,300
2. Host Country						
Other Donor(s)		15,000	15,000			
TOTALS	1,740	19,200	20,940	4,930	55,153	60,083

9. SCHEDULE OF AID FUNDING (\$000)

A. APPRO-PRATION	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) FN	160B	150	150	2,500	17,300,000	1,500		5,500	17,300
(2)									
(3)									
(4)									
TOTALS				2,500	17,300,000	1,500		5,500	17,300

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each): 840, 150, 140

11. SECONDARY PURPOSE CODE: 730

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each): A. Code BF, BL; B. Amount 50%, 50%

13. PROJECT PURPOSE (maximum 480 characters)

The purpose of the Project Supplement remains basically the same as in the original Project but added focus under the Supplement is given to institutionally strengthening the JACC so that it can provide technical advice and other services to private agribusinesses producing for export and domestic markets and to improve the policy framework within which agribusinesses operate.

14. SCHEDULED EVALUATIONS

Interim MM YY: 06 91; Final MM YY: 09 92

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 91 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 32 page PP. Amendment)

Approval of Methods of Implementation and Financing.

Richard A. Lawrence
R. Lawrence, A/CONT

17. APPROVED BY

Signature: Thomas W. Stukel
Title: Mission Director

Date Signed: MM DD YY: 09 22 91

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

Project Authorization Amendment Number one

Name of Entities : Joint Agricultural Consultative Committee/
Dominican Republic

Name of Country : Dominican Republic

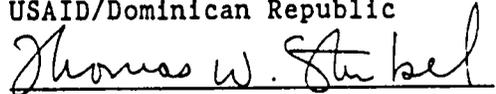
Name of Project : Agribusiness Promotion

Number of Project : 517-0186

1. Pursuant to Sections 103 and 106 of the Foreign Assistance Act of 1961, as amended, the Agribusiness Promotion Project for the Dominican Republic was authorized on August 22, 1985. That authorization is hereby amended as follows:
 - a. In paragraph 1, delete the phrase "\$2,500,000 in grant funds over three years" and insert in lieu thereof, "\$5,500,000 in grant funds over six years".
 - b. In paragraph 1, the planned life of project is changed to seven years and 4 months and eighteen days from the date of initial obligation.
 - c. It is expected that \$1.5 million dollars of the \$3 million dollars herein authorized will be obligated in FY 1989.

2. The authorization cited above remains in force except as hereby amended.

Thomas W. Stukel, Director
USAID/Dominican Republic



Date

9/22/89

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I. SUMMARY AND RECOMMENDATIONS FOR THE PROJECT AMENDMENT

A. Summary Problem

Over the past several years, the USAID and other donors have been providing assistance to help the Dominican Republic reduce its dependence on traditional export crops. Efforts to date have demonstrated the extremely high potential gains which exist in the country through agricultural diversification.

The Agribusiness Promotion Project, authorized by USAID/DR on August 22, 1985, established a \$17.3 million dollar loan fund in the Central Bank and a \$2.5 million grant to fund the Joint Agricultural Consultative Committee (JACC) to develop the institutional and financial capacity to assist the private agribusiness sector in diversification efforts. The two components were intended to complement one another in achieving the project purpose (See Section IIIA.). However, the loan portion of the project managed by the Reserve Bank has disbursed to date only \$8.07 million of the \$17.3 million obligated. AID has requested that the Development Investment Fund (FIDE) reach an agreement on interest rate policy for AID funds that would approximate market rates for end-borrowers. The Central Bank is undertaking a comprehensive study to examine interest rate policy for on lending to the agricultural sector. And AID has extended the loan completion date to June 30, 1989 in order for FIDE to reach an agreement on interest rates. The loan portion also is plagued with management and audit problems. FIDE and its financial intermediaries are not in full compliance with the terms and conditions of the loan which will have to be satisfied before any additional disbursements are made.

The JACC, on the other hand, has been much more successful in its implementation. JACC has made great strides since its founding in February 1985 and has the potential of becoming a strong self-supporting association of private agribusiness enterprises. To become self-sufficient JACC now needs to expand the services already offered and offer many new services for its growing membership some of which are normally expected of, but not sufficiently provided by, the public sector. These would include transferring improved production technology; obtaining and disseminating technical and marketing information; regulation of pesticide imports and their use; and the provision of services such as laboratory analyses of soils, meat and pesticide residues that are vital to diversification activities. JACC also needs to offer recommendations and assistance to the GODR on policy issues affecting the agricultural sector, and strengthening the national economy by promoting programs that contribute to agribusiness development in the D.R. The Project Paper Supplement involves additional grant assistance to the JACC in the amount of \$3 million in order to meet these needs.

B. Summary Rationale and Justification

The rationale for the Project Supplement is to extend the project and provide additional resources to the JACC to build upon its institutional evolution and its specific accomplishments. JACC is the only organization of its kind in the Dominican Republic. It has a reputation as a non-political, technical assistance organization with an enthusiastic and professional staff who get things done. However, the rapid growth in its membership is creating increased demand for services. JACC needs not only to expand its present services, but to add new ones. The JACC Board has decided to develop a national agricultural laboratory which will have the capability to analyze soils, fertilizers, pesticide formulations and residues and water quality. Each new service will require financial assistance initially, but the emphasis will be to attain self-financing as quickly as possible.

C. Summary Description

The purpose of the Project Supplement remains basically the same as the original Project, but added focus under the Supplement is given to institutionally strengthening the JACC so that it can provide technical advice and other services to private agribusinesses producing for export and domestic markets and to improve the policy framework within which agribusinesses operate.

The Project supplement consists of two major components (1) core institutional development and (2) development of JACC's program of services provided to its members. Under the core institutional development plan, AID will provide: technical assistance, commodities, training, and operating expenses in order to directly strengthen JACC as an institution. JACC has developed a Planning Process consisting of four-year strategic plans, action plans, financial plans, and a 1-year detailed budget and business plan. These plans now need to be refined through technical assistance help. In addition, JACC's long-term strategy is predicated upon the effective implementation of sound management strategies.

AID's assistance would provide for: (a) an institutional consultant who will work with JACC's key management staff intermittently over a three year period providing management guidance with emphasis on organizational development, membership relations and communications; (b) a financial consultant who will assist JACC to expand its current accounting system to accommodate the comprehensive planning system; (c) training for key JACC staff to include one three week training trip to the U.S. per year for each of five management staff; and (d) equipment requirements which will consist of office equipment, computers and vehicles.

JACC has modified its services to its members based upon a market survey conducted in late 1988. New services include an agricultural laboratory, improvements in some of the previously offered services and de-emphasis of some others. Under the Program of Services

component of the project, AID will provide funding for technical assistance; commodities, training; operating expenses and salaries. Specifically, assistance will be given to provide: (a) an increase in the USDA/APHIS staff who work on the preclearance program and training of Dominican inspectors in U.S. ports; (b) laboratory equipment, computers, vehicles and technical and managerial assistance for the agricultural laboratory; (c) commercial information assistance to cover the costs of databank subscriptions, in addition to the technical assistance and computer equipment mentioned under the institutional development component; (d) technical assistance directly to JACC members through commodity sub-sector committees for new projects and services which have not yet been identified; and (e) agribusiness sector promotion and networking to include activities such as policy dialogue with the GODR, promotion of foreign investment by disseminating pertinent information and facilitating contacts and organizing mini-conventions to permit networking among JACC members, government officials and others. JACC will work closely with the Investment Promotion Council (IPC) in investment promotion activities.

D. Implementation Arrangements

The project will be implemented over a three and one half year period. Under this Supplement, AID is authorizing an additional \$ 3 million, in grant funds that will bring the total project authorization to \$ 22.8 million, \$ 17.3 million in loan funds under the original authorization and \$ 5.5 million in grant funds of which \$ 2.5 million were authorized under the original project. A counterpart contribution of \$ 1.224 million in RD peso equivalent will be provided by the GODR, which is in addition to the \$ 368 thousand RD peso equivalent provided to date by the GODR. The JACC will provide \$ 5.185 million RD pesos equivalent in addition to the \$ 60 thousand RD peso equivalent which they currently have on hand. These resources will be provided by the GODR and the JACC for the period July 1, 1989 until the Project Activity Completion Date (PACD) of December 31, 1992.

The implementing agency (grantee) for the grant portion of the project will continue to be the JACC. USAID's Agricultural and Rural Development Division will monitor the Project activities. An individual in this office is designated as the Project Officer and will serve as the liaison to the JACC Executive Director and the Board of Directors. JACC will administer expenditures and maintain accounts in essentially the same manner as under the current project. JACC will also manage several technical assistance contracts under the project as well as procure commodities with the assistance of short-term experts for preparation of specifications for the laboratory equipment. Short-term training envisioned for key JACC personnel will be developed by the Institutional Development Consultant.

E. Summary Findings

The Project Review Committee has reviewed all aspects of the proposed Project Supplement and finds that it is financially,

economically, technically and socially sound and consistent with both the development objectives of the GODR and those of USAID/Dominican Republic, as set forth in the USAID/DR FY 1986 CDSS. The Project Review Committee has further determined that JACC is administratively capable of implementing the Project.

F. Recommendations

That USAID/DR approve a grant supplement for \$ 3 million to be funded in increments over a three and a half year period, beginning with \$ 1.5 million in FY 1989 for Project (517-0186); and that the PACD be established at December 31, 1992.

II. OVERVIEW AND RATIONALE FOR PROJECT AMENDMENT

A. Overview of the Project

1. The Evolution

The Agribusiness Promotion Project 517-0186 was authorized by USAID/DR on August 22, 1985. The project included a \$ 17.3 million loan to the GODR for the purpose of establishing a loan fund in the Central Bank and \$ 2.5 million grant to fund the Joint Agricultural Consultative Committee (JACC) to develop the institutional capacity of the JACC to assist the private agribusiness sector. The present Project Paper Supplement involves only the grant portion of the original project.

JACC was established as a non-profit association under the laws of the Dominican Republic on February 18, 1985. Its purpose is to assist the private Dominican agribusiness sector, through its affiliation with a similar organization in the United States, JACC/USA, to link Dominican entrepreneurs with U.S. investors for private agribusiness ventures, and to transfer U.S. technology to the Dominican Republic. JACC/DR was to organize and support a technical service unit that would provide consulting services for fees and carry out investment promotion activities to agribusiness, especially those with potential to access the agribusiness loan fund. This unit was to attain financial self-sufficiency within the life of project.

The JACC experienced several major organizational changes as it matured. A review of five key issues illustrates the contrasts and conflicts between the way the project was initially conceived and the way it has evolved.

Linkage with JACC/USA: The proposed affiliation with JACC/USA was envisioned as the primary resource that would enable JACC/DR to identify prospects and promote joint ventures between U.S. and Dominican private agribusiness. The JACC/USA was also viewed as a potential resource for accessing technology, equipment and other Agroindustrial 'inputs' from the U.S. The

termination of JACC/USA within months after initiation of the DR project (due to suspension of funding from AID/PRE) left JACC/DR without a U.S. counterpart to implement its role as facilitator of U.S./Dominican joint ventures.

Contract with U.S. Firm: The project agreement specified that JACC would contract with a U.S. firm to provide a full-time resident advisor and short-term technical assistance to assist the Board and members. With Mission concurrence, the JACC Board decided not to contract with a U.S. firm for TA. JACC did contract with one individual to serve as long-term advisor. JACC also contracted with various U.S. and local firms for short-term consultations and technical assistance. This arrangement limited JACC's capability to implement its mission of outreach to the U.S. market as initially envisioned.

Networking: The essential function of JACC outlined in the PP was the development of "a system of investment identification, analysis and promotion which would draw upon the resources of public and private sector organizations and individuals in the Dominican Republic and the U.S." Although some activity has been carried out, JACC has not developed the "networking" capability envisioned in the original PP. Investment identification, analysis and promotion is being carried out in conjunction with the Investment Promotion Council (IPC).

JACC as a TA/Consulting Firm: The JACC technical assistance unit was to provide relatively sophisticated services, such as feasibility studies, project packaging, etc. The revenues generated by this service was to enable JACC to become self-sustaining within three years. This unit was not created and thus the revenues were not generated.

JACC as a quasi PVO/Not-For-Profit Corporation: The founding members were comprised of a core group that was affiliated with FUDECO (a PVO that focuses on development assistance to small farmers) and a few individuals with varying levels of interest in agribusiness. Initially, the governing Board functioned like a 'volunteer' board of a PVO or not-for-profit organization, with an agenda driven in part by the AID project and in part by the different, and often conflicting, perspectives and expectations of the its members.

Given the loss of the JACC connection and the realization that the substantial revenues anticipated from TA services would not be

forthcoming, the Board shifted the concept of JACC in the direction of a membership association. There is now a very clear consensus among both the Board and the membership that the survival and continued growth of the JACC is dependent on its ability to attract a larger membership willing to support the JACC with membership dues and fees for services. Annex A contains, in tabular form, a complete analysis of the evolution of JACC.

2. The Accomplishments

JACC held a meeting of the general membership in February, 1989 at which time a new Board of Directors was elected. The new Board is led by a full time agribusinessman. Other members of the Board are considerably more representative of the agribusiness community than the previous Board. The new Board developed a clear Statement of Mission which defines its basic role and purpose:

To become a strong self-supporting association of private agribusiness entrepreneurs which can speak for the Dominican agribusiness sector. It will provide services needed by its members to pursue successful agribusiness activities, offer recommendations and assistance to the GODR on policy issues affecting the sector, and strengthen the national economy by promoting and supporting programs that contribute to agribusiness development in the D.R.

In order to accomplish the goals expressed in its Mission Statement, JACC has developed a four-year strategic plan. The plan involves six specific strategies which are outlined below:

- a. Consolidate and strengthen JACC as a private self-supporting membership organization.
- b. Contribute to the development of the Dominican agribusiness sector primarily by providing services and technical assistance to members of the association.
- c. Organize membership into sub-sector committees in order to develop programs and services that will meet their particular common needs and to provide a forum for their sub-sectorial interest in the overall activities of the association.
- d. Organize a core staff to manage the business activities of the association and to provide administrative assistance to the sub-sector committees.
- e. Engage an established and reputable consulting firm in the U.S. to assist JACC in developing its staff and strengthening its institution.

- f. Establish a fee structure and financial plan that will lead JACC to gradually achieve self-sufficiency with respect to its basic operation and core programs within three years.

For each strategy, an action plan has been developed (see Annex B).

The Board has more clearly defined the role of the Executive Director and has given him increased authority for conducting the day-to-day affairs of JACC. Each of the sub-sector committees held meetings to outline their priorities for the next several years. These were compiled by the Executive Director and the Board and were the basis for the establishment of the strategy outlined above.

Membership in JACC has grown rapidly. JACC had 41 members on September 30th 1986. By September 30th 1988, membership had grown to 283 and to 390 by March 30th 1989. The spectacular increase in membership is due to the fact that JACC is seen as an active and purposeful organization, providing essential services, and with potential to provide even more assistance to members in the future.

JACC has provided a menu of services to members. Those which have been heralded by the agribusiness sector as the most valuable are the market information service and the pre-clearance program for fresh fruits and vegetables destined for the U.S. market. The market information service basically consists of the electronic access and downloading of information requested by individual members. The USDA/APHIS pre-clearance program has enjoyed a steady increase in the number of containers of product cleared. A total of 1,573 containers were cleared during the year March-88/February-89. This represents an increase of 8 percent over the same period of the previous year. Requests from members indicate that demand for this service will again increase next season.

Using a variety of mechanisms, JACC has been able to provide technical assistance to members. Based on requests, JACC arranges on a fee basis for experts to visit individual projects or farms to review and recommend solutions to problems. Invariably, because of member interest, the consultants do not have enough time to attend to all requests. JACC has provided a total of 9 man-months of offshore TA to its members.

JACC has also conducted a number of training courses for banker's. The original project envisioned a linkage between JACC and the Agribusiness Loan Fund. This program has conducted 22 courses and seminars for 268 banker's. While this training program has been successful, it is not seen as pertinent to the role of JACC as it has evolved.

3. Objectives, Expectations and Focus:

The objective of the additional support to JACC is to build on the institutional evolution and specific accomplishments and to help it become self-sufficient. JACC is the only organization of its kind in the Dominican Republic. It has an enthusiastic, professional and hard working staff who require additional experience in management. The rapid growth in membership, while laudable, has created high expectations. JACC must be further strengthened, both institutionally and financially, if it is to fulfill these expectations. Finally, JACC enjoys a reputation as a non-political technical service organization that gets things done. Building on this reputation, JACC will revise its dues and fee structure for services. The objective is to charge the full cost of each service, plus some portion of the core overhead to the members. Additional core costs will be covered by the dues. JACC will continue to carry-out developmental activities which will require funding (at least partial funding) from outside sources.

As mentioned above, the expanding membership is creating increased demand for services. JACC needs to expand the services already offered and add new services. The JACC Board has decided to develop a national agricultural laboratory which will have the capability to analyze soils, fertilizers, pesticide formulation and residues and water quality. Each new service will require financial assistance initially, but the emphasis will be to attain self financing as quickly as possible.

JACC needs to continue to increase and sustain its network with both private and public institutions contributing to agribusiness in the Dominican Republic. JACC has cooperative agreements with the Secretariat of Agriculture (SEA), the Dominican Agency for Export Promotion (CEDOPEX), the Superior Institute of Agriculture (ISA), the Central Bank and the Agricultural Development Foundation. JACC and SEA cooperatively operate the pre-clearance program. JACC and CEDOPEX are collaborating on market information, both domestically and internationally. JACC's Board, recognizing the importance of the interface between the public and private sector, is planning a regional conference later this year which will have this issue as its main theme. JACC has and will continue to work closely with the IPC on investment promotion efforts in the agricultural sector.

B. Project Rationale

1. Potential for Diversification

For the past several years, the USAID and other donors have been providing assistance to help the Dominican Republic reduce its dependence on traditional agricultural export crops. Foreign exchange earnings from the traditional crops (sugar, coffee, tobacco and cocoa) have declined from 71 percent of total exports in 1977 to only 43 percent in 1987. Sugar quota reductions and weak world prices for the traditional crops have provided the impetus for the crop diversification efforts. These efforts have been able to capitalize on two decades of

investment in infrastructure such as irrigation and drainage, feeder roads and major highways, as well as savings and investment programs and export marketing mechanisms. As a result, the production of non-traditional agricultural exports and crop import substitutes has risen by over 40 percent during the last three years.

Although the increases in non-traditional crop production have been significant in percentage terms, they began from small bases and have therefore not yet had a major impact on foreign exchange earnings. The efforts to date, however, have demonstrated the potential which exists in the Dominican Republic for agricultural diversification.

As mentioned above, the Dominican Republic has a relatively well developed system of rural feeder roads and major highways. There are excellent port facilities within short distances of all major agricultural production areas. High quality, irrigated agricultural land is abundant. The Dominican Republic has developed the basic irrigation infrastructure for 760,000 acres and has an equal amount which is potentially subject to irrigation. Land is being made available as acreage devoted to traditional crops is being reduced. The Dominican Republic has a comparative advantage in the production of many fresh fruits and vegetables for the U.S. winter market (November-April). This period, when prices are highest, coincides with the primary production period in the DR (dry season). The DR's proximity to the U.S. and very low labor costs combined with the favorable climate and production factors mentioned above, create a high level potential for export diversification.

2. Obstacles to Realization of Potential

Perhaps the greatest obstacle to growth of non-traditional agriculture in the Dominican Republic is the weakness of public sector institutions. This weakness impacts on the availability of production technology, availability and dissemination of commercial information, the regulation of agriculture (such as pesticide imports and use, standards for grades and quality, etc.), the establishment and enforcement of policies, and the provision of services (such as laboratory analyses of soils, meat, pesticide residues, etc.). A basic problem in the public sector is the high rate of personnel turnover due to extremely low salaries and a system of political patronage which results in a constant shifting of people. There are few individuals in positions of authority who have sustained their positions for more than a year. Short of a major overhaul of the entire public sector, this obstacle will be difficult to remove.

In order to realize the potential which exists for increasing production, employment and foreign exchange earnings, the gaps in technical assistance, commercial information, laboratory analytical capability must be met. Even though these are often provided by the public sector, they also can be effectively provided by a private organization such as JACC. In some cases such as commercial information and technical assistance for members, JACC can provide services

directly. In other cases, such as the USDA/APHIS pre-clearance program, JACC can provide the services under a cooperative agreement with the Secretariate of Agriculture.

3. USAID and Other Donor Related Activities

As mentioned above, the ADF supported by the Commercial Farming Systems Project (517-0214) is highly complementary to the JACC, because it fills the significant gap in capacity to produce relevant agricultural technology. The JACC, with its large agribusiness membership can assist in the dissemination of technology, as well as in the definition of problems requiring research. The University Agribusiness Partnership Project (517-0243) is also highly complementary to the JACC in that its objective is to improve the quality of manpower trained for the agribusiness sector. The Agricultural Policy Analysis Project (517-0156) is designed to carry out relevant policy analyses. These analyses have been useful to JACC as it conducts policy dialogue with the public sector.

Another crucial area of both USAID and other Donor activity is that of agricultural credit. Most notably, the Sugar Diversification (517-0236), the Bridge Credit Fund (517-0214) and Agribusiness Promotion Loan Fund (517-0186) make financing available for agribusiness. In addition, the IDB is financing a \$90 million agribusiness loan fund. It is also anticipated that with implementation of the Section 108 program, additional funds will be available to finance agribusiness.

4. Relationship to AID Agricultural Sector Strategy and Policies

The activities of the Project are in accord with both the A.I.D. Sector Strategy in Agriculture (November 1983) as well as the A.I.D. Policy Paper of Food and Agricultural Development (May 1982, pages 4 and 5) which states, "A major priority of AID policy is to assist countries to develop and/or strengthen private and public institutions dealing with the host of technical, administrative, economic and social problems constraining increased and more efficient food and agricultural production, marketing and consumption." Furthermore, "A.I.D. will also encourage: 1) an expanded role, where appropriate, for private enterprise in the provision of agricultural research and the dissemination of improved technology as well as in the processing, preservation and marketing of agricultural commodities, 2) research and other institutions that expand access by low-income, small producers to improved technology, productive resources and services...".

5. Alternatives Considered

There are no other organizations or associations of agribusinesses which could assume the information and technical assistance functions being provided by JACC. While many small regional and/or commodity specific associations exist, none has the national level

organization and staff capability which is present in JACC. The public sector has been incapable of providing services, such as pesticide residue analysis. Some of the functions which will be carried out by JACC are, in effect, filling the gap left by the loss of capacity in the public sector.

III. PROJECT AMENDMENT DESCRIPTION

A. Goal and Purpose of the Project Amendment

The project goal remains as stated in the original Project Paper which is to increase employment, incomes and foreign exchange earnings or savings, while fostering an equitable distribution of benefits produced by private sector enterprise.

The purpose is to initiate new or expanded agribusiness projects under the management of private firms devoted to production of raw or processed agricultural products for sale in export and domestic markets and to improve the mechanism for agribusiness promotion and financing. This project supplement does not provide any additional funding for the credit fund. While the original project purpose continues basically unchanged, the focus of this amendment is to institutionally strengthen the JACC so that it can: (a) provide technical advice and other services to private agribusinesses producing for export and the domestic market; (b) improve the policy framework within which agribusinesses operate; and (c) operate on a self-sufficient basis.

B. Components of the Project Amendment

For purposes of describing the project amendment, the activities have been divided into two major components. The first deals with actions designed to directly strengthen JACC as an institution and the second relates to assistance to JACC to develop its program of services.

1. Core Institutional Development

The resources required to carry out the actions demanded by the strategic plan were determined as part of a comprehensive planning process. This process was utilized by JACC for the first time to prepare its proposal for supplemental USAID funding. Introduction of a comprehensive planning process denotes the substantial progress JACC is making towards achieving professional maturity.

Having developed a Strategic Plan and Action Plans for each established strategy, JACC was in a position to assess its needs in terms of human and material resources. The results of a needs assessment in turn served to develop a detailed budget for the first year with projections for three additional years. The complete planning process involved the development of:

- o 4-year strategic plan
- o 4-year action plan
- o 4-year financial plan
- o 1-year detailed budget and business plan

The process is expected to be refined with the assistance of a U.S. institutional advisor and financial consultant. The financial planning will become more reliable with the introduction of a cost accounting system and the maintenance of accurate records of resource utilization.

The comprehensive planning process has been designed as an annual exercise that will be initiated at least four months prior to the start of each fiscal year. It will permit a review and update of the long-term strategy to reflect any changes in the socio-political and economic environment. Normally a 3-year financial plan would be prepared including a first year detailed budget plus two additional years of financial projections. However for reasons explained below, JACC developed this time a 4-year plan. The planning cycle provides an opportunity every year to review and revise previous financial projections and produce a realistic budget for the coming year. The schedule is designed to permit ample time for JACC's executive committee and the board of directors to study and approve the budget prior to the beginning of a new fiscal year. (The annual and long-term planning cycle is presented in detail in the proposal presented by JACC and on file in the USAID).

The institutional development plan was designed from the same "bottom-up" perspective as the other components of the long-term strategic plan and annual action plans. Each major activity and organizational unit was analyzed to assess the staff development and training activities required to expand and strengthen JACC's capability to accomplish it's mission.

This organization and staff development effort will focus on the following areas:

- On site technical assistance and training to support ongoing planning and management activities, and to design and implement management information and reporting systems, including financial accounting, planning and reporting systems.
- Assistance in expanding JACC's network of information, technical and agribusiness resources in the U.S. market, including the identification and screening of potential short-term consultants, and the scheduling, coordination and logistical support of JACC staff and Board member meetings, conferences, training programs, etc. in the U.S.

JACC's long-term strategy devotes a considerable effort during the early years to institutional strengthening and staff

development. The success, indeed the continuing existence of JACC as a self-sustaining membership association, is predicated on the effective implementation of sound management practices. This effort will be supported through an allocation of US\$1,368,500 for institutional development activities.

a. Institutional Consultant

JACC will contract with a U.S. consulting firm to assign an institutional advisor to work with its key management staff intermittently over a three year period. His tasks will include:

- Providing management guidance with emphasis on organizational development, membership relations and communications.
- Designing and implementing a management information and reporting system.
- Assisting with the ongoing development and implementation of a comprehensive planning process.
- Assessing the training needs of JACC's key personnel and staff and designing specific training programs, appropriate workshops, seminars, etc. to fulfill the training needs.
- Assisting the sub-sectoral committees to prioritize their objectives, prepare action plans for each objective, assess their resource requirements, and identify and screen short-term consultants.
- Assisting in developing operating procedures of the committees and training JACC's staff to perform staff functions for the committees.
- Assisting JACC in establishing a network of trade, institutional and technical contacts in the U.S.
- Identifying and screening short-term U.S. consultants needed by JACC
- Providing guidance in the preparation of industry profiles for each sub-sector (list of products and enterprises with indication of large, medium or small producers, contribution of the industry to the economy of the country, foreign currency earnings, balance of payment, unemployment, etc, competitive advantages in the DR and constraints to growth.).

A total of \$300,000 has been allocated for the first year cost of the technical assistance contract with a U.S. consulting firm. This amount will decrease to \$95,000 in the second year and \$70,000 in the third year. The level of effort of short-term assistance is estimated at 213 person/days and 25 trips to the Dominican Republic during year 1.

b. Financial Consultant

Services from a financial management consulting firm will be limited to the first 19 months at an estimated cost of \$100,000. The prime role of the financial management consultant will be to assist JACC to expand their current accounting system to accommodate the new comprehensive planning process. In the process of implementing the expanded system, the financial consultant will conduct on-the-job training of JACC's staff. At the same time he will assess the staff's training needs, and recommend specific workshops and seminars for complementary training. Another important task will be to cooperate with the institutional management advisor in designing and implementing a financial management information system and help refine the financial reporting process.

c. Training for Key JACC Staff

An important aspect of institutional strengthening is the training in the U.S. of JACC's key personnel and selected Secretariate of Agriculture/Vegetable Health inspectors of fresh produce. A total of \$225,000 has been allocated for this purpose of which \$198,000 for JACC personnel and \$27,000 for SEA/SV inspectors are contemplated. This includes one 3-week training trip to the U.S. per year for each of five key JACC management staff, and the training of three SEA/SV inspectors annually in Puerto Rico and/or the U.S. East Coast ports of entry of Dominican exports. A Training Cost Analysis was performed and is on file in the USAID.

d. Commodity Requirements

JACC will require additional office equipment, computers and vehicles in order to accommodate the larger staff and increased services that will be provided. As mentioned elsewhere, JACC will move into a building which is being partially donated by a member. This building will not only house the agricultural laboratory, but also the offices of JACC. The building will require some renovation. The total amount budgeted for equipment and office furniture is \$371,609.

2. Development of the Program of Services

A market survey conducted in late 1988 was used as the basis for modifying the services offered by JACC to its membership. The new service menu adopted includes a proposal for a new service (agricultural laboratory), improvements of some of the previously offered services and de-emphasis of some others. Implicit in the installation of

the financial management systems discussed above and the annual review process presented by JACC in their proposal is that new services will be initiated on a pilot basis. During the annual review process, the Board will determine which services are contributing to the objective of financial self-sufficiency and which are not. Several vehicles have been budgeted under the service development component of the project. These will be used to support the services described below. A total of \$92,000 has been budgeted.

a. USDA/APHIS Preclearance and Certification of Fresh Produce Exported to the U.S.

This program will be expanded to increase the precleared proportion of Dominican exports of fresh produce from 19 to 38 percent over the next three years. The increased percentage together with a 5% annual growth of exports will require an expansion of the program's staff from the present 12 employees to 20 individuals. This number includes a resident U.S. Federal Inspector whose contract would be extended from the present termination date of 6/30/90 to 12/31/92. In addition, it is anticipated that the resident Inspector will need to be supplemented by TDY Inspectors during the peak growing season. The budget includes \$269,938 for the USDA/PASA agreement to provide these services.

b. Agricultural Laboratory

This is a new service proposed by JACC in response to an AID sponsored study on "Agricultural Export Protection". The recently completed study notes the inadequacy of the three existing Secretariate of Agriculture (SEA) laboratories (San Cristobal, airport and animal science) and suggests JACC as the most qualified private sector organization to manage a user-fee supported agricultural laboratory. The laboratory would test pesticide residues in fresh fruits and vegetables, water and soil, in addition to conducting analyses on meat and seafood, fertilizers, etc. A JACC member has offered to donate laboratory equipment valued at RD\$1,200,000 plus 50% of the value of a 3,500 sq.mt. parcel of land with an existing structure which, with some improvements, could be utilized to house a laboratory and JACC's headquarter office. The property has been appraised at RD\$3,000,000. Funds have been budgeted to provide additional laboratory equipment, computers and laboratory furniture in the amount \$409,000. A major consulting contract will involve technical and management advice for the agricultural laboratory. The cost of this contract was estimated at \$475,000 with \$250,000 spent in the first year, \$150,000 the second year and \$75,000 in the last year.

c. Commercial Information

This is one of the most important and valuable services provided by JACC to its members. JACC subscribes to a number of data banks in the U.S. which it can access by computer. It has also contracted with several U.S. firms and one Puerto Rico-based consulting

firm to provide specific market reports and commercial intelligence upon request. These services are sold by JACC to its members and are much in demand. In addition, JACC subscribes to a series of trade, technical and news publications in the U.S. and locally. Members have access to these publications on a "come-and-get-it" basis. JACC plans to expand the sources of information material, establish a technical and business library and produce a new publication to disseminate abstracts of articles of interest to its members and inform its readership of new materials received by its library. In contrast to the sold services mentioned above, the latter service will be provided free of charge to JACC members. Resources and equipment for the provision of this service were already included under the institutional development component. These resources include some additional computer equipment and staff training.

d. Technical Assistance to Members through Sub-sector Committees

The bulk of technical assistance services will be provided to and through sub-sector committees. Short-term experts will be contracted by JACC directly as needed to provide technical assistance or training for specific programs offered to its members. JACC has considerable experience in direct contracting of this type of short-term expertise. JACC already has a considerable database of available experts and will add to this during the course of project implementation. Direct technical assistance provided to a member will be billed to the member with total cost recovery expected in the second year of the project. The cost of providing technical assistance to a specific service or program will be covered by the programs benefitting from the assistance. About 20% of JACC's human and material resources will be allocated for new projects or special services which have not been identified as yet. These potential new services will be developed over the course of the project based on demand from members. The project has budgeted a total of \$373,839 for technical assistance (special projects) in this area.

e. Agribusiness Sector Promotion and Networking

This program comprises activities that will benefit the Dominican agribusiness sector as a whole and JACC's members as individual business enterprises. Included are activities such as policy dialogue with the GODR, promotion of foreign investment by disseminating pertinent information and facilitating contacts, and organizing mini-conventions ("encuentros") to permit networking among JACC members, government officials and others. These are core function of JACC staff and the resources are provided in the institutional development section of the project.

Under both components of the project, AID funds will be used on a decreasing basis to cover both salaries and operating expenses of JACC. The total amount allocated to these items is \$570,659. Also, the project budget contains \$ 185,000 for evaluations and audits, as well as 10 percent for contingencies.

C. End of Project Status

JACC will be operating without need for external financing, except for activities which are clearly developmental in nature.

Technical assistance, pre-inspection, commercial information and the agricultural laboratory will all be functioning for members benefit.

JACC staff will be engaged in meaningful policy dialog with the GODR for the benefit of the membership.

D. Planned Project Outputs

1. Service Menu: Improved services to members will include the continuation of the pre-inspection, technical assistance to members and the commercial information programs. In addition, JACC will establish the agricultural laboratory and will initiate other services depending on members demand. During the project JACC will provide technical assistance to 400 members; provide pre-inspection services of 2,000 containers; deliver commercial information to at least 100 members monthly; and establish an agricultural laboratory capable of soils, pesticide residue, pesticide and fertilizer formulation, water quality analyses, as well as meat inspection.

2. Commodity Sub-sector Committee: JACC will continue to operate programs through the commodity committees, All 11 commodity sub-committees will be operating programs for the benefit of the members.

3. Management Information and Cost Accounting System: Due to the growth in membership and the increased demand for services, JACC will develop and install a working management information and cost accounting system.

4. By-Laws and Fee Structure: By-Laws and fee structure for both annual membership dues and the fees for individual services will be increased during project implementation in accordance with the financial self-sufficiency plan presented in the JACC proposal which is on file in the USAID.

5. JACC Staffing: The development of the program of work which is outlined in the project will require that JACC staff increase from 18 to 32 employees. The detailed list of positions and corresponding salaries are contained in the JACC proposal which is on file in the USAID. Job descriptions for key personnel are presented in Annex D.

6. Training for Key Staff: The project will provide for short-term training for five key staff members of JACC annually and for three Secretariate of Agriculture inspectors who are engaged in the pre-inspection program.

IV. IMPLEMENTATION AND MONITORING ARRANGEMENTS

A. Project Initiation

Since this is an on-going project, start-up will involve a relatively simple transition from the current implementation arrangements. JACC has developed the scope of work for the management information and cost accounting technical assistance. Simultaneously, JACC will initiate the procedures to contract with the institutional development contractor. Work will also proceed on the acquisition and remodeling of the offices and laboratory. Using short-term assistance to prepare equipment specifications, JACC will initiate commodity procurement.

JACC is already in the process of preparing the proposed changes in the By-Laws and the fee structure for presentation and ratification at the annual membership meeting scheduled for November, 1989.

B. Project Administration and Management

1. USAID Project Monitoring

USAID's Office of Agriculture and Rural Development will monitor Project activities. An individual in this office is designated as the Project Officer and will serve as the liaison to the JACC Executive Director and the Board.

2. JACC Project Administration

JACC will administer expenditures and maintain accounts in essentially the same manner as under the current project. Most commodity procurement will be managed by JACC. The Executive Director, in collaboration with the Administrative Director, will work closely with the USAID Project Officer on the expenditure of project funds.

JACC will operate two revolving funds, one in U.S. dollars and one in pesos. The U.S. dollar revolving fund will be used to make payments for short-term technical assistance contractors, commodity procurement and U.S. subscriptions and databanks. The peso revolving fund will be used to make payments of salaries and operating expenses. USAID will make ninety day rolling advance of funds to these revolving funds. JACC will liquidate a months expenditures every 30 days and request an advance of funds to cover projected expenditures for the next 90 days. The table presented in Annex H will be used to report expenditures and control the advance of funds.

a. Technical Assistance

JACC will manage several technical assistance contracts under the project. The Financial and Institutional Development Consultants will be among the first. These contracts will be paid

directly by AID upon presentation of proper documentation. In addition, JACC will continue as in the past to contract short-term technical assistance in the form of technical experts for specific member or program needs. JACC will utilize its dollar revolving fund for direct payment of the short-term technical experts. The extension of the PASA agreement with the USDA for the provision of Pre-inspection services of the Animal and Plant Health Inspection Service (APHIS) will, of course, be a direct AID procurement.

b. Commodity Procurement

Most of the commodity procurement will be done directly by JACC. Assistance will be provided by short-term experts for preparation of the specifications for the laboratory equipment, the computers and computer software. Because of past difficulties with customs clearance and the requirement to procure vehicle in the U.S., it is anticipated that AID will directly procure the project vehicles.

c. Training

The short-term training program envisioned for key JACC personnel will be developed by the Institutional Development consultant. Since the numbers of staff are relatively small, these arrangements will be made through the USAID Training Office. In addition, the training arrangements for the Secretariate of Agriculture inspectors will be made by USDA/APHIS.

3. Evaluation and Audit

The USAID envisions that two evaluations and one audit will be conducted during the extended life of the project. The scopes of these evaluations will involve an assessment of the basic objective of moving JACC toward self-sufficiency by the end of the project. The evaluations will include surveys of the membership to determine the degree of satisfaction with the institutional development of the organization. Both the evaluations and the audit will be contracted directly by USAID, based on a scope of work agreed upon with the Board of JACC.

D. Implementation Schedule

The current PACD is June 30, 1990 and funds remain in the project, hence, project implementation is on-going. The budgets for the PP supplement have been prepared assuming July 1, 1989 as the beginning of year one of the supplement. Since funds remain in the project, many activities may take place, even before actual signing. The implementation schedule begins with July 1, 1989.

Table 1: Project Implementation Schedule - Agribusiness Promotion-517-0186

Activity	Project Year			
	1	2	3	4
Project Amendment Signed	--			
Initial CP's met	-			
Subsequent CP met		-		
Technical Assistance:				
Financial Consultant Contracted	-			
Institutional Development		-		
Laboratory TA		-		
Financial Consultant Working		-----		
Institutional Consultant Working		----	----	----
Laboratory Consultant Working		----	----	----
Initiate Procurement of Commodities	-			
Finalize all Procurement			-	
Training:				
JACC Staff	--		--	--
SEA Inspectors		--	--	--
Evaluation/Audit		--		--

E. Procurement Plan

Procurement of the bulk of the goods and services will occur during the first year of project implementation. Many of the scopes of work as well as the commodities are already specified. JACC has considerable experience with procurement.

F. Methods of Implementation and Financing

Table 2: Methods of Implementation and Financing (US\$ 000)

<u>Project Element</u>	<u>Method of Implementation</u>	<u>Financing</u>	<u>Amount</u>
Technical Assistance:			
Institutional	Direct AID	Direct Pay	957
Short-Term TA	JACC Contract	Reimbursement	600
Pre-Inspection	USDA/PASA Direct AID Contract	Direct Pay	300
Evaluation/Audit	Direct AID Contract	Direct Pay	205
Training	Direct AID Contract	Direct Pay	248
Commodities:			
Vehicles	Direct AID Contract	Direct Pay	215
Other commodities	JACC Contract	Direct L/Com	745
Operating Expenses	JACC Contract	Reimbursement	630
Total			<u>\$3,900</u>

Note: The approximately 10% contingencies have been allocated across all items in this table.

The methods of financing, with the exception of the D/LCOM, shown above are preferred methods of financing under the Administrator's Payment Verification Policy Statements. The justification for the use of the D/LCOM is made due to the current GODR foreign exchange regulations, it is difficult to ensure that JACC would be able to purchase dollars and therefore project implementation would be impeded.

All contracting for procurement of imported commodities, with the exception of vehicles will be performed directly by the host country institution. This institution has been implementing the project for three years and has demonstrated a capacity and efficiency in procuring imported commodities under USAID projects. It is fully aware of and will continue to follow the norms of Handbook 11, Host Country Procurement.

V. FINANCIAL PLAN AND ANALYSIS

A. Financial PlanTable 3: Summary Financial Plan - Agribusiness Promotion 517-0186
(\$ 000)

	AID			GODR	JACC	Total
	FX	LC	Total	LC	LC	
Institutional Development:						
Technical Assistance	565	0	565	0	0	565
Commodities	372	0	372	60	159	591
Training	198	0	198	0	0	198
Buildings	0	0	0	239	80	319
Salaries (25%)	0	68	68	0	197	265
Operating Expenses (50%)	0	148	148	419	1,872	2,439
Service Development:						
Technical Assistance	1,129	0	1,129	0	0	1,129
Commodities	501	0	501	0	0	501
Training	27	0	27	0	0	27
Salaries (75%)	0	206	206	0	592	798
Operating Expenses (50%)	0	148	148	419	1,872	2,439
Evaluations/Audits	185	0	185	0	0	185
Contingencies (10%)	353	0	354	113	478	945
Totals	3,330	570	3,900	1,250	5,250	10,400

Table 3 above presents the summary financial plan for the project. In addition, detailed expenditure and income tables have been prepared by JACC. These tables are contained in the JACC proposal which is on file in the USAID. Although USAID funding is expected to be utilized during the first three years, JACC's tables project expenditures and income for a fourth year in order to demonstrate financial self-sufficiency. Detailed financial plan tables are included in Annex C.

Table 4 presents the original obligated amounts and the balances which will be available on July 1, 1989 and will be applied to Project. Utilizing the totals from Table 3, less the balances available, Table 4 presents the new resources required as part of this Project Supplement. Table 4 also presents the total life of project funding and the percentage contribution of AID (45%), the GODR (12%) and the JACC (43%).

Table 4: Agribusiness Promotion 517-186
(US\$ 000 Dollars)

	Funds Obligated (As per PILs Issued)			Amounts Utilized (Committed as of 6/30/89)		
	AID	GODR	JACC	AID	GODR	JACC
JACC/RD	1,498	0	0	811	0	0
Association of Development Banks	300	0	0	90	0	0
US Trade & Development Program	48	0	0	48	0	0
Secretariat of Agriculture	350	0	0	350	0	0
Agribusiness Advisor	205	0	0	201	0	0
Evaluation/Audit	100	0	0	100	0	0
Commodities		7	0		7	0
Operating Expenses		220	0		206	0
Feasibilities Studies		119	0		107	0
Preinspection Program		21	0		21	0
Totals	2,500	368	0	1,600	342	0
Balances Available				900	25	60
New Resources Required				3,000	1,225	5,190
Total Project Resources				5,500	1,593	5,250
Percentage Contribution				44.6%	12.9%	42.5%

The 4-year financial plan includes a detailed cash flow expense budget and income projections. A summary of incomes, expenses and surpluses or deficits for each of the four plan years. All figures are shown in U.S. dollars. The pesos expenses were converted for the purpose of this chart into dollars at the current exchange rate of 6.28. The 4-year plan shows a steady improvement of JACC's operations with operating results turning from red to black in a three year period.

B. Expense Budget

The expense budget is a cash flow budget. It was divided into two sections: capital expenses and operating expenses. Capital expenses were subdivided into tangible investments and institutional development costs. Funding of the capital budget will come primarily from donors (USAID, GODR, special gifts from JACC members) and secondarily from accumulated membership dues and fees.

Operating expenses were subdivided into (A) program expenses and (B) core expenses, both of which are expected to become self-supporting activities from user fees and general membership revenues, respectively. The program expenses include (1) specific

budgeted expenses, (2) JACC's logistic support expenses, and (3) JACC's overhead expenses.

Specific budgeted expenses represent direct costs incurred by each program as listed below:

<u>Program</u>	<u>Specific Budgeted Expenses</u>
USDA/APHIS Preclearance	o Separate operating budget.
Agricultural Laboratory	o Separate operating budget.
Commercial Information	o Access fees to U.S. computer data banks; o Market reports from U.S. consultants; o Commercial reports from U.S. consultants; o Subscription to trade, technical and news publications.
Sub-sector Committees	o Direct technical assistance provided by U.S. and/or local consultants; o Training seminars conducted in the Dominican Republic.

The depreciation of capital investments is a non-cash cost and was therefore not included in this cash flow budget. It was computed, however, to enable JACC to determine the true and full cost of its core operation and programs. Institutional development costs are not being amortized at this stage of sophistication in JACC's financial planning.

Expenses are incurred in both U.S. dollars and Dominican pesos. The detailed budget shows these expenses in the currency in which they are incurred as well as the corresponding sources of funding. The sources include USAID funds in dollars and pesos, GODR funds in pesos and JACC generated revenues in pesos.

Projections for years 2, 3 and 4 include a 5% inflation escalator for each year and, in the case of salaries, a 10% merit increase per year. The 5% inflation escalator is based on a forecast of the inflation rate in the United States. The inflation escalator satisfies projected dollar expenses but ignores the more likely higher inflation of peso expenses. Since it is more difficult to forecast the Dominican inflation, the peso-denominated expenses of years 2, 3 and 4 were converted into U.S. dollars at the current exchange rate of 6.28 and should subsequently be reconverted into pesos at the exchange rate in effect at the time the expenditures occur.

The expense budgets for years 1, 2, 3 and 4 are presented in the JACC proposal which is on file in the USAID.

C. Income Projections

JACC will generate income from general membership revenues and from fees charged for services. These revenues will be complemented by donations from USAID, GODR and the JACC members.

Income projections were based on general revenues and program generated revenues. The general revenues assume that JACC's membership will increase to 500, 575 and 600 members respectively in years 1, 2 and 3 and then level off. It is also assumed that members will pay annual dues averaging RD\$1,000 in the first year, RD\$2,000 in the second year and RD\$3,000 in the third and subsequent years. Additional revenues will be generated from the sale of advertisements in JACC publications, charges for use of JACC's FAX and other miscellaneous sources totalling 20% of membership dues. The estimated 20% income from such charges is an estimate which will be reviewed on the basis of actual experience in subsequent financial plans.

Program generated revenues include income from charges for the USDA/APHIS preclearance and certification, laboratory analyses, commercial information and services to subsector committees. The USDA/APHIS program assumes a 5% annual increase in fresh produce exports with an increasing percentage (29, 34 and 38% respectively in years 1 through 3) of containers precleared in the D.R. Inspection charges for ocean shipment containers will be US\$40, 50 and 60 respectively for years 1, 2 and 3 and for air freight containers US\$25, 31 and 37. No further increases are planned at present for the fourth year.

The agricultural laboratory income assumes a recovery of 60% of the laboratory operating cost and JACC's logistic support and overhead expenses in the first year, and 80% of such costs in the second year. In the third year, 100% of all costs including depreciation are scheduled to be recovered. These are rather optimistic projections which need to be reassessed on the basis of a more thorough market analysis and business plan which JACC should prepare during the next 3-6 months.

The commercial information program provides certain services on a fee basis and others free-of-charge. Sold services include information obtained through access to U.S.-based computer data banks, and market reports and commercial intelligence provided by U.S. consulting firms. Fees charged by JACC will include its direct costs, logistic support and overhead plus a 25% mark-up during the first year and a 35% mark-up during the second and subsequent years.

D. Financial Self-Sufficiency

The 4-year financial plan indicates that, with the exception of any new programs (ad hoc projects and special services) that may be initiated in the future, JACC's basic operation and existing programs will become self-supporting within the 3.5 year timeframe of the proposed project amendment. This projection assumes a firm commitment by JACC to charge, on the basis of current projections, annual membership dues

averaging at least RD\$1,000, 2,000, and 3,000 per member respectively in years 1, 2 and subsequent years adjusted to reflect in full any inflation of the Dominican economy, and a firm commitment to charge no less than 60 and 80% of full cost for services provided in years 1 and 2 and 100% thereafter.

During the project evaluation conducted in October/November 1988, a survey of the membership was conducted and is referenced elsewhere in the PP supplement. The survey asked, among other things, how much more members would be willing to pay in annual dues and in fees for specific services. The fee structure outlined below is based on the results of the survey and is considered feasible. The income projects are based on the fee structure.

Sub-sector committee activities include direct technical assistance from U.S. and local consultants and training (seminars and workshops). Income projections assume that the direct cost of these activities, plus JACC's logistic support and overhead expenses will be recovered at the rate of 60 and 80% respectively in years 1 and 2, and 100% in the third and subsequent years.

No income is included at this juncture for new projects and special services although some cost recovery may be expected.

A 5% annual inflation escalator was factored into the second, third and fourth plan years for JACC's general revenues and for the USDA/APHIS program revenues. Income from the other three programs (Agricultural Laboratory, Commercial Information and Sub-sector Committees) were adjusted for inflation automatically by projecting revenues as a percentage of costs which already include the inflation escalator.

The following table summarizes the minimum fee structure to which JACC is committed in order to achieve financial self-sufficiency within the specified timeframe.

<u>Revenue Source</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3 and Thereafter</u>
<u>General Membership Revenues</u>			
- Annual Dues (RD\$ equivalent at the exch. rate in effect at time of collection)	US\$160	US\$320 + 5% inflation adjustment	US\$480 + 10% inflation adjustment
- Miscellaneous income	Approximately 20% of annual dues income.		
<u>USDA/APHIS Preclearance</u> (RD\$ equivalent at the exch. rate in effect at time of collection)			
- Ocean freight container	US\$40	US\$50 + 5% inflation adjustment	US\$60 + 10% inflation adjustment

- Air freight container	US\$25	US\$31 + 5% inflation adjustment	US\$37 + 10% inflation adjustment
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Commercial Information

(Total of direct cost + logistic support + overhead)

- Price information (Comp. data bank)	125% of total	135% of total	135% of total
- Market reports	125% of total	135% of total	135% of total
- Commercial reports	125% of total	135% of total	135% of total

Sub-sector Committee Activities

(Total of direct cost + logistic support + overhead)

- Direct technical assistance	60% of total	80% of total	100% of total
- Training seminars	60% of total	80% of total	100% of total

Agricultural Laboratory

(Total of direct cost + logistic support + overhead) + depreciation commencing in year 3

	60% of total	80% of total	100% of total
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The following observations should be made:

- Self-sufficiency will be achieved with respect to operations only and does not include capital investments, nor institutional development expenses.
- No depreciation of fixed assets, nor amortization of good will (institutional development cost) were included in the 3-year financial plan. Consequently, no funds are accumulated for replacement of assets. Thus, it will be necessary for JACC to include depreciation in future financial plans starting with fiscal year 1993 or sooner.
- In the present plan, 25% of JACC's basic operating expenses were allocated as overhead to its various programs. This transfer alleviates JACC's basic operating cost supported through membership dues and burdens the program costs to be charged to users in the form of fees. The percentage allocation may be modified from time to time by decision of the Board of Directors based on information developed by the new cost accounting system and MIS, in order to fine tune the degree of users fee income versus general membership dues.

- Should any of the projected programs be discontinued, modified or not initiated, i.e. agricultural laboratory, their projected contribution to overhead would not materialize. Additionally, JACC's logistic support, which to a large degree is a fixed cost, would not be absorbed. This would increase JACC's basic operating cost and would require raising annual dues and/or trimming some costs.

E. Financial Analysis

In analyzing the worth of the additional investment for this project, reference was made to the comprehensive evaluation, the "Agricultural Export Production" study and actions taken by the JACC (section II.A) during the ensuing months. For Institutional Development, the costs for additional staff with more training and permanent headquarters are necessary if the JACC is to carry out the actions demanded by the strategic plan. In order to assist the JACC in achieving the goals, the proposed financial and institutional development technical assistance appears reasonable.

Fifty three percent of AID funds will be used to fund costs under the Service Development component of the project. This includes the cost of the USDA/APHIS Inspector, the agricultural laboratory as well as technical assistance to the programs of JACC. The recovery period on the laboratory is projected at 100% by the third year. The same recovery period has been projected for the fee for service programs. Additionally, the JACC has factored these services as basic elements into their comprehensive planning process as necessary for the assumed membership growth. All of these assumptions support the self-sufficiency goal.

In analyzing the worth of the investment over the total life of the project and the end of planned project outputs, the projected income must be taken into consideration. In their proposal to AID (on file in the USAID) JACC very carefully estimated the membership fee and fee for services which will be generated over the four years of the remainder of the project. The fee policies are outlined in Section V.C.. These policies and the projections appear reasonable and should ensure financial self-sufficiency.

During the design stage, meetings were held with the JACC to arrive at the costs and therefore the proposed costs were considered reasonable and attainable by both USAID and the JACC. Proposed cash flow with diminishing dependence on the Grant funds as well as on GODR resources is clearly demonstrated in the JACC proposal. Replacement of certain capital equipment is budgeted for the third year in order to allow JACC to enter the fourth year without heavy capital replacement costs. Depreciation and replacement have been included in the fourth year comprehensive planning process.

An eighteen month financial management technical assistance element in conjunction with JACC yearly audit should minimize the vulnerability for fraud, waste or misuse of funds.

VI. PROJECT ANALYSIS SUMMARY

A. Institutional

Reference is made to the project evaluation completed in November, 1988, (copy on file in ARD) in which the JACC is thoroughly analyzed as an organization. This Project amendment is based on the findings of that assessment and the need for additional strengthening of the institutional development of JACC. The description of the amendment (Section III) details the plans for the JACC. Section II provides an ample description of the evolution of JACC as an institution. Annex A contains a chart outlining the evolution and a profile of JACC as it exists at this time.

B. Social Soundness

1. Socio-economic Context

The social soundness analysis contained in the original Project Paper is still largely valid for the this amendment. That analysis examined the aspect of labor and wages in the Dominican Republic. At that time, there was high unemployment and wages were relatively low. This is one of the primary factors which places Dominican agribusiness in a favorable competitive position in the production of many of the non-traditional crops. Many of these crops, such as flowers, melons, pineapple, tomato, are labor intensive. Even though agricultural wages have risen in peso terms, they are lower in dollar terms today than when the original Project was designed.

2. Socio-economic and Cultural Feasibility

Many agribusinesses in the Dominican Republic operate on the basis of direct production supplemented by contract with small farm outgrowers. This model is not new in the DR, but has been used for many years and is well accepted by agribusinesses and small farmers alike. This model has the advantage that the agribusiness requires less capital investment, especially in land and the small farmer receives the benefit of technical assistance, financing and a market for the product.

This issue was also examined in the original social soundness analysis. The implementation of the project to date has validated the socio-economic and cultural feasibility of this production arrangement. The DR has witnessed many new ventures and a substantial expansion of existing ventures using the outgrower model.

3. Potential Impact

Private sector agribusiness owners who are members of JACC will be the immediate beneficiaries of the project amendment by gaining access to the services described in Section III. With nearly 500 members of an estimated potential of 700, the project will provide benefits to a broad segment of the agribusiness community. There are no socio-cultural barriers to becoming a member of JACC. Current membership includes the largest and smallest companies, male and female owners and a companies from every part of the country.

Indirectly, the unemployed and under-employed workers who will be provided jobs in the expanding agribusiness sector and the suppliers of agricultural inputs will also benefit. Other beneficiaries will be the people indirectly supported by those involved in agribusiness enterprise. These include worker families and the general merchants from whom employed agribusiness workers purchase their daily food and household needs.

Agricultural work by women was traditionally in the informal agricultural sector where they received little or no monetary remuneration for their efforts. These activities included growing subsistence crops in the home garden and helping their husbands and families during the harvest. In the past 20 years, the number of women employed as salaried agricultural workers has increased. Mechanization of farming has displaced many women who worked in the fields, while packing and processing industries have provided increased employment. Women are preferred labor by many agribusiness because they are more reliable, loyal, dexterous and can be paid somewhat lower wages than men.

4. Conclusions and Implications for Project Management

Based on the above summary and the experience to date, the proposed activity will be socially beneficial. There are some areas where information is scarce which deserve attention during project implementation. The project evaluations contemplate the use of surveys of agribusinesses. USAID will ensure that the surveys include information regarding the role of women, the effects of expansion of non-traditional agriculture on the availability of food crops for domestic consumption, effects on school attendance and other data on the socio-cultural impact of the project.

C. Economic Analysis

An illustrative economic analysis indicates how employment, incomes, and foreign exchange earnings or savings can be improved by expected increases in agricultural productivity, which may be assumed attributable to the adoption of technical innovations provided through the project. Even with a very conservative treatment of the increased private sector investment from expected project flows, and totally ignoring spill-over investment effects in the public sector, the project's economic IRR is of the order of 22 percent. This is

substantially higher than the implicit social discount rate of 17 percent available to project alternatives. Annex I contains the complete Economic Analysis.

D. Environmental Analysis

In the Original IEE which was prepared for this project, a negative determination was recommended and approved by AID/W due to the nature of the activities. The objective of this supplement is to provide resources to institutionally strengthen the JACC so that it can provide technical assistance and other services to private agribusiness and to improve the policy environment for the sector. The original project goal remains the same.

Given the nature of the activities supported under the PP supplement; i.e. technical assistance, training, laboratory and management information services, no significant negative environmental impacts are expected and the negative determination therefore remains unchanged.

VII. EVALUATION PLAN

The USAID envisions two project evaluations during the life of the project supplement. The first evaluation will be carried out early in the second year of implementation and will involve a survey of the membership. The survey will utilize the same questionnaire which was used in the October 1988 survey, so as to be able compare change over time in member attitudes. The primary objective of that evaluation will be to determine if adequate progress is being made toward financial self-sufficiency.

The second evaluation will be conducted near the end of the final year of project implementation. This final evaluation will focus on the end of project status. Specifically, the evaluation will assess the following:

- Progress toward institutional self-sufficiency
- Assessment of the service being provided
- Assessment of the policy dialog initiatives of JACC
- Identification of potential new services
- Identification of any problems

JACC will continue to have all of its accounts audited annually by an outside audit firm. Copies of the audit reports will be made available to USAID. One USAID contracted audit has been budgeted. The timing of this audit will depend on progress made by the financial consultant and USAID's review of the annual audits contracted by JACC.

VIII. CONDITIONS PRECEDENT TO DISBURSEMENT

A. Negotiating Status

Implementation letter No. 27, December 23, 1988, indicated USAID's opinion regarding the final evaluation of the JACC Project and identified the issues which JACC needed to address in order for USAID to make a decision regarding future assistance to JACC. The major negotiating issues were:

1. A firm commitment by JACC to a planning process, including a strategic plan and an institutional development plan;
2. Changes in JACC By-Laws and operating procedures to reflect a policy of decentralization and appropriate delineation of roles and responsibilities on the Board, sub-sector committees and executive staff;
3. Board elections that result in a rotation of Board members and a leadership that is more representative of JACC's evolving agribusiness membership;
4. A revised fee structure and financial plan to guide JACC toward financial self-sufficiency within the three year timeframe anticipated for the project amendment;
5. A plan for JACC's proposed activities to promote the agribusiness sector (in addition to the provision of services to members).

JACC's actions and accomplishments during the ensuing months (outlined in the "Overview of the Project" section II.A.), as well as its formal request for additional assistance and the accompanying proposal, demonstrate concurrence with USAID's position on all of the above issues.

B. Conditions Precedent for Subsequent Disbursement

Prior to any disbursement of grant funds made available under this Amendment, JACC will provide a copy, acceptable to the Agency for International Development, of the modified By-Laws and fee structure ratified by its annual membership at the meeting to be held in November, 1989.

PROJECT EVOLUTION

PROJECT COMPONENT	ORIGINAL EXPECTATIONS	MODIFICATIONS DURING INITIAL PROJECT IMPLEMENTATION	PROPOSED FOR PROJECT EXTENSION
1. INSTITUTIONAL DEVELOPMENT	Develop JACC as a private sector institution capable of developing the Dominican agribusiness sector. This was an implied rather than explicit expectation.	Develop JACC as a membership association that provides services to its members	No change
2. TECHNICAL ASSISTANCE UNIT	Establish a technical assistance unit within JACC that will: <ul style="list-style-type: none"> - identify promising agribusiness ventures - package investment proposals - foster partnerships among prospective investors 	Establish a technical assistance unit within JACC that will: <ul style="list-style-type: none"> - provide direct technical assistance in producing, processing, packaging and marketing agricultural products. 	No basic change but with expanded service menu
3. AGRIBUSINESS ADVISOR	Contract a U.S. firm to assist JACC's technical assistance unit by providing a full-time resident agribusiness advisor and other short-term U.S. based specialists.	Hire a local professional as the resident agribusiness advisor and contract short-term U.S. based specialists on a case-by-case basis.	Institutional development and financial management contract for two years for: <ol style="list-style-type: none"> (1) Overall institutional development of JACC, including the development of a cost accounting and management information system. (2) Mechanism to identify and contract various short-term agribusiness technical specialists

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PROJECT EVOLUTION

PROJECT COMPONENT	ORIGINAL EXPECTATIONS	MODIFICATIONS DURING INITIAL PROJECT IMPLEMENTATION	PROPOSED FOR PROJECT EXTENSION
4. SELF-SUFFICIENCY	The technical assistance unit should become financially self-sufficient over the 3-year life of the project.	The entire JACC institution should become financially self-sufficient.	No change
5. FINANCIAL PLAN	The financial plan developed in U.S. dollars which included both the USAID grant of US\$2,500,000 and the GODR grant of US\$770,000 in local currency would adequately fund JACC's 3-year program.	Devaluation of the local currency cuts the GODR grant to the equivalent of US\$542,295. The cut may become greater should there be further devaluations before the balance of the grant is disbursed.	Plan will phase out GODR local currency over time. New local currency will be required in first two years of project.
6. AGRIBUSINESS LOAN FUND SUPPORT	Support the implementation of the agribusiness project loan fund by working closely with the Central Bank and by assisting potential borrowers to: <ul style="list-style-type: none"> - analyze their credit needs - prepare feasibility studies and business development plans - package their proposals in a form acceptable to banks 	JACC's emphasis on supporting the implementation of the agribusiness project loan fund has decreased (but has not been eliminated) due to the delays experienced in disbursement of the loans. The Central Bank did not invite JACC to participate in loan review meetings but an agreement for such an arrangement was signed recently.	When the loan becomes active again, JACC will participate in accordance with agreement with FIDE.

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PROJECT EVOLUTION

PROJECT COMPONENT	ORIGINAL EXPECTATIONS	MODIFICATIONS DURING INITIAL PROJECT IMPLEMENTATION	PROPOSED FOR PROJECT EXTENSION
7. AGRIBUSINESS VENTURES	<p>Provide direct assistance in planning and implementing agribusiness investments by:</p> <ul style="list-style-type: none"> - carrying out specific market and technical surveys on behalf of clients - providing short term assistance to clients in production, management, finance, marketing, etc. - assisting potential new investors to develop investment strategies and carry out pre-investment negotiations. - identifying potential U.S. partners for D.R. businesses. 	<p>The emphasis has shifted from providing assistance in planning and implementing new agribusiness investments to providing:</p> <ul style="list-style-type: none"> - market information and access to computerized data banks to existing agribusiness enterprises. - technical assistance as outlined under item 2 above. 	No change
8. MANAGERIAL WORKSHOPS	<p>Enhance local managerial capacity by working with local institutions to develop and conduct managerial workshops.</p>	No change	No change
9. POLICY CLIMATE	<p>Improve the policy climate for agribusiness development by working with local institutions to analyze policy constraints and assisting appropriate government agencies in the resolution of constraints.</p>	No change	No change

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PROJECT EVOLUTION

PROJECT COMPONENT	ORIGINAL EXPECTATIONS	MODIFICATIONS DURING INITIAL PROJECT IMPLEMENTATION	PROPOSED FOR PROJECT EXTENSION
10. USDA/APHIS INSPECTION	Establish support services for the inspection of export commodities that are subject to U.S. phytosanitary regulations.	No change	Continuation/expansion of APHIS program and development of a new program for agricultural exports protection.
11. BANKER'S TRAINING	Strengthen the project appraisal capacity of commercial and development banks by providing training and advisory services.	Execution of a technical assistance and training program for bankers was delegated to association of bankers.	This program will be eliminated and assumed under the Development Training project with the Consejo Nacional de Hombres de Empresa.
12. FEASIBILITY STUDIES	Assist U.S. and Dominican investors in conducting feasibility studies.	Assistance in funding feasibility studies is no longer a priority because JACC's emphasis has shifted away from promoting new ventures towards providing technical assistance and market information to existing agribusiness enterprises, and also because of a decreased interest in the U.S. for agribusiness investments in the D.R.	

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PROJECT EVOLUTION - II

JACC was founded on December 12, 1984, and incorporated as a non-profit association on February 18, 1985. It is governed by a Board of Directors formed by 14 members including a President, Vice President, Secretary and Treasurer. These officers plus one other Board Member appointed by the President constitute an Executive Committee. The day-to-day operations are managed by a salaried Executive Director assisted by three Department Heads. The Executive Director is a non-voting member of the Executive Committee.

The Board of Directors is elected for a 2-year period by the General Membership at its Ordinary Annual Meeting. Continuity is provided by the reelection of at least five members who had served the previous term. The Board as a whole establishes the general policies of the organization and the Executive Committee of the Board executes these policies.

The original Board of Directors was elected by JACC's founding members on December 12, 1984. Its composition changed little over the first three years. The election in February, 1989, resulted in several new members including more representation of agribusiness as well as two members from Santiago.

Membership grew slowly at first but increased significantly as a result of a concerted membership drive initiated upon the recommendation of the mid-term evaluation. As of March 30, 1989 JACC had 390 members. The number of members at fiscal years ending September 30, 1986, 1987 and 1988 are shown below:

<u>Fiscal Year Ending</u>	<u>Number of Members</u>
9/30/86	41
9/30/87	150
9/30/88	283

In accordance with the revised bylaws adopted on April 3, 1986, JACC members are classified into four categories. Category A are the producers of agricultural products. Producers include growers, processors and packers. Agricultural products includes farm animals and derivatives, fish and forestry. Category B are the suppliers of inputs and Category C, the suppliers of services. Category D comprises all others which do not fit in the previous categories such as associations, educational institutions and consulting firms.

B and C members have identical rights and the only difference between these two categories and category A members is that only a member of the latter group can become president. Category D members have no voting rights.

Of the 390 members currently on the roster of JACC, 63.4% are A members, 8.4% are B and 12.4% C members, and 15.8 belong to the D category.

JACC's total staff includes 20 employees, as detailed below:

1 Executive Director
3 Department Heads
1 Publicity Specialist
1 Accountant
1 Secretary/Personnel Chief
1 Computer Operator
1 Accounting Assistant
2 Typists
1 Receptionist
3 Drivers
2 Messengers
2 Guards
1 Office keeper
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Their structure and function were defined in a document approved by the Board in October 1986. This document has changed by actual practice. The current structure and functions are those shown in the chart below, together with biographical data of key personnel.

Internal operating procedures and manuals have been developed to guide JACC's Technical Assistance Program and its Documentation and Statistical Information Center. These manuals are in need of revision to conform to actual practice.

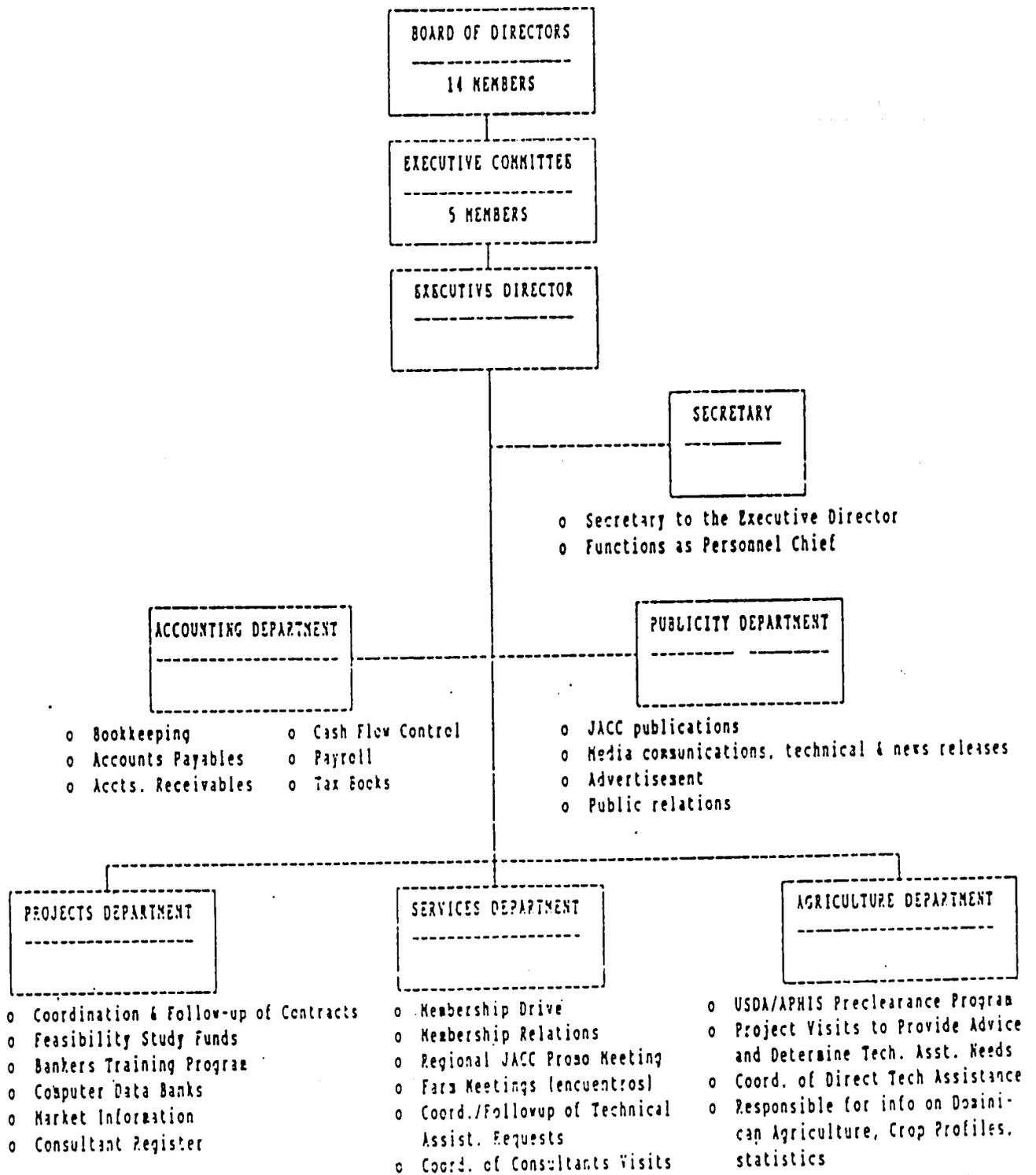
In addition to the Executive Committee, there are three other management committees: Finance, Promotion and Publicity, and Internal Coordination. The Finance Committee is composed of the President, the treasurer, one banker, one producer of agriculture products and the executive director. The Promotion and Publicity Committee includes the executive director, the three department heads, the accountant and the publicity specialist. This committee holds weekly staff meetings.

There are several sub-sector Committees whose functions are to group members of similar interests and technical needs. The committees constitute the backbone of JACC membership services. JACC provides the physical facilities and staff support, contracts technical specialists to hold seminars and to provide direct technical assistance. It also supports their lobbying efforts to resolve common problems with governmental agencies, etc. New committees are formed whenever there are at least 10 interested members. At present there are ten different committees and several new ones in the planning stage. Each committee has one coordinator, who is usually the most active member and who may or may not belong to JACC's Board of Directors.

JACC offices are located in a residential single story building in Santo Domingo leased for three years at a cost of RD\$33,000 annually. The lease has recently been extended for another year (May 1989) at an annual rent of RD\$60,000. The facility is inadequate, provides little space for the existing staff and no room for expansion. It includes a small conference room and an office for the U.S. federal inspector of the USDA/APHIS preclearance program.

In addition to the usual typewriters, copiers and other office equipment, JACC has two small computers. One is an IBM/AT with a 30MB hard disk, three terminals and one printer. The other is an IBM/PC with two soft disk drives and one printer. Two of the three terminals have not yet been placed into use because of some missing components.

JACC ORGANIZATIONAL STRUCTURE



PROFILES OF KEY PERSONNEL OF JACC

Executive Director

- Dominican, 32 years old, married, fluent English
- B.S. in Food Technology, Universidad Católica Madre y Maestra (1979); M.B.A. in Agribusiness, Ohio State University (1983).
- Executive Director of JACC/DR since 1987, Project Manager 1985-87.
- Prior experience includes: Manager of Agribusiness Development Program, Plan Sierra, Inc. 1979-81; Regional Manager, Industrial Development Corporation, 1981-84; Professor of Financial Management and Agribusiness Finance, Universidad Católica Madre y Maestra, 1981-84.

Project Department Head

- Dominican, 32 years old, single, fluent English
- B.S. in agronomy, Universidad Católica Madre y Maestra (1981); M.B.A., Babcock School of Management, Wake Forest University, Winston - Salem, NC (1984).
- Joined JACC in September 1987.
- Prior experience includes: Economic planning, Coffee Department, Secretary of Agriculture, 1981; Instructor Agribusiness Management, School of Agriculture 1981-82; Professor at Business School, Universidad Católica Madre y Maestra and at School of Agriculture, 1984-86; Director of Finance Department, Secretary of Agriculture, 1986-87.

Services Department Head

- Dominican, 37 years old, single, fluent English
- B.A. in Education, Universidad Católica Madre y Maestra (1972); M.S. Fordham University (1976).
- Joined JACC in November 1987.
- Prior experience includes: Teacher at the Educational Center of Bonao, 1972-74; Professor of Mathematics, Universidad Católica Madre y Maestra, 1976-1979; Coordinator Social Services various programs, 1979-83; Regional Administrative Manager at the Dominican Electric Corporation, 1983-86; Training Coordinator at the Dominican Electric Corporation, 1986-87.

Agricultural Department Head

- Dominican, 37 years old, single, fluent English
- B.S. in Agronomy, Universidad Autónoma de Santo Domingo (1974);
- Post-graduate studies in horticulture, Versailles, France (1977).
M.A. in Tropical Agriculture, University of Florida.
- Joined JACC in September 1988.
- Prior experience includes: Agricultural Extension Service, Instituto Agrario Dominicano, 1975-78; Professor, School of Agronomy, Universidad Nacional Pedro Henríquez Ureña, 1978; Director of Center for Applied Research in Arid Zones, 1978-83; Professor, School of Agronomy, Universidad Autónoma de Santo Domingo, 1982-85; Technologist, Extension Service, Secretariat of Agriculture, 1985-87.

Accountant

- Dominican, 35 years old, married.
- C.P.A., Universidad Autónoma de Santo Domingo (1981).
- Joined JACC in June 1986.
- Prior experience includes various jobs as an accountant.

Strategy and Action Plan

Strategy: Consolidate and strengthen JACC as a private self-supporting membership association.

Action Plan Revise the bylaws to reflect more adequately JACC's objectives, long term strategies and operating procedures.

The Executive Director will review the current bylaws and suggest to the Board of Directors the changes needed to address the following issues:

- o Define the "Mission" or objectives of JACC
- o Redefine membership categories
- o Assure that a majority of the Board are category A members
- o Assure adequate rotation of the Board membership by a staggered replacement process
- o Assure that the President is a category A member and full-time agribusinessman
- o Assure representation of subsectorial committees at Board deliberations through some form of participation of committee chairmen
- o Delineate the role and responsibilities of the Board, executive committee, executive director and subsectorial committees
- o Delegate day-to-day management to the Executive Director

The proposed modifications will be reviewed by the Executive Committee before presentation to the Board. After appropriate deliberation by the entire Board, a proposal will be prepared for submission to the membership and adoption at the next annual membership meeting scheduled for November 1989.

Until such time as new or revised bylaws are approved by the general membership, the Board has expressed its intention that JACC will operate in the spirit of the contemplated bylaw modifications.

Strategy

Contribute to the development of the Dominican agribusiness sector primarily by providing services and technical assistance to members of the association.

Action Plan

A market survey conducted in late 1988 was used as the basis for modifying the services offered by JACC to its membership. The new service menu adopted includes a proposal for a new service (agricultural laboratory), improvements of some of the previously offered services and deemphasis of some others.

The new menu comprises the following services:

1. USDA/APHIS preclearance and certification of fresh produce exported to the U.S. - This program will be expanded to increase the precleared proportion of Dominican exports of fresh produce from 19 to 38 percent over the next 3 years. The increased percentage together with a 5% annual growth of exports will require an expansion of the program's staff from the present 12 employees to 20 individuals. This number includes a resident U.S. Federal Inspector whose contract would be extended from the present termination date of 6/30/90 to 12/31/91.
2. Agricultural Laboratory - This is a new service proposed by JACC in response to an AID sponsored study on "Agricultural Export Protection". The recently completed study notes the inadequacy of the three existing SEA laboratories (San Cristobal, airport and animal science) and suggests JACC as the most qualified private sector organization to manage a user-fee supported agricultural laboratory. The laboratory would test pesticide residues in fresh fruits and vegetables, water and soil, in addition to conducting analyses on meat and seafood, soils, fertilizers, etc. A JACC member has offered to donate laboratory equipment valued at RD\$1,200,000 plus 50% of the value of a 3,500 sq.mt. parcel of land with an existing structure which, with some improvements, could be utilized to house a laboratory and JACC's headquarter office. The property has been appraised at RD\$3,000,000.

3. Commercial Information - This is one of the most important and valuable services provided by JACC to its members. JACC subscribes to a number of data banks in the U.S. which it can access by computer. It has also contracted with several U.S. firms and one Puerto Rico-based consulting firm to provide specific market reports and commercial intelligence upon request. These services are resold by JACC to its members and are much in demand. In addition, JACC subscribes to a series of trade, technical and news publications in the U.S. and locally. Members have access to these publications on a "come-and-get-it" basis. JACC plans to expand the sources of information material, establish a technical and business library and produce a new publication to disseminate abstracts of articles of interest to its members and inform its readership of new materials received by its library. In contrast to the resold services mentioned above, the latter service will be provided free of charge to JACC members.
4. Sub-sector Committees - The bulk of services will be provided to and through sub-sector committees. An action plan supporting these committees will be discussed under the specific sub-sector committee strategy.
5. Ad hoc Projects - About 20% of JACC's human and material resources will be allocated for new projects or special services which have not been identified as yet.
6. Agribusiness Sector Promotion and Networking - This program comprises activities that will benefit the Dominican agribusiness sector as a whole and JACC's members as individual business enterprises. Included are activities such as policy dialogue with the GODR, promotion of foreign investment by disseminating pertinent information and facilitating contacts, and organizing mini-conventions ("encuentros") to permit networking among JACC members, government officials and others.

Strategy

Organize membership into sub-sector committees in order to develop programs and services that will meet their particular common needs and to provide a forum for their sub-sectorial interests in the overall activities of the association.

Action Plan

The plan calls for the formation and/or strengthening of the sub-sector committees. Each committee would represent enterprises engaged in the same type of activities. There are eleven committees as indicated below:

1. Fruit Growers
2. Vegetable Growers
3. Flower Growers
4. Spice Growers
5. Traditional Agricultural Products
6. Forestry
7. Animal Husbandry
8. Acuaculture
9. Food Processors
10. Agriproject Consultants
11. Transportation

Some of these committees are stronger than others and already have already a record of accomplishments. However, all committees need institutional strengthening, and more adequate administrative support than JACC's limited staff has been able to provide heretofore.

In order to be able to allocate substantial staff and technical assistance resources to meet the committees needs, JACC's proposed new organization structure and budget will:

1. Establish a unit headed by a "Director of Technical Assistance" which will focus primarily on supporting, planning and coordinating the sub-sector committee activities; and
2. Add three "Specialists" to this new unit to make available to the committees qualified staff that can help identify, analyze and prioritize sub-sector problems and needs. The specialists will help develop solutions or plans; recruit, screen and select short term technical consultants; organize workshops and training activities; and provide follow-up staff support.

A preliminary list of programs has been developed by the committees. These include direct technical assistance from short term U.S. consultants and local professionals as well as training courses or seminars to be offered in the D.R. by U.S. and local trainers. The programs must be worked out with further details, prioritized and then implemented.

Strategy

Organize a core staff to manage the business activities of the association and to provide administrative assistance to the sub-sector committees.

Action Plan

The proposed strategic plan and detailed action plans served to develop a list of the principal activities expected to be performed by JACC's staff. The list of activities was used as a basis to assess the human resources needed to implement the various strategies.

A new organization chart, job descriptions and salary structure were developed. The new organization creates three functional units and two separate cost centers. The functional units, each headed by a director reporting to the Executive Director, are: Administration, Services and Technical Assistance. The Administration Unit will be in charge of all financial, accounting and contracting activities. It will install and maintain a management information system, prepare periodic reports, keep all corporate records, direct the planning process and supervise the office staff and all staff development activities. The Services Unit will be responsible for all membership activities and meetings, agribusiness promotion, and commercial information. It will organize and manage a technical and commercial library, and assist in public relations matters. The Technical Assistance Unit will provide assistance, coordination, logistic support and follow-up staff support to all sub-sector committee activities.

A Director of Communications reporting to the Executive Director completes the group of five key personnel. He will be in charge of JACC's publications, prepare news releases and public speeches, and assist with public relations activities.

The two cost centers reporting directly to the Executive Director are: the USDA/APHIS Preclearance Program and the Agricultural Laboratory. Each cost center will operate as a semi-autonomous unit with its own staff and operating budgets. Organizing these special services into separate cost centers facilitates the tracking of expenses and monitoring their financial self-sufficiency.

The financial plan and budget reflect JACC's new structure. The proposed staffing plan will be implemented upon approval of JACC's budget.

A premise for the successful implementation of this strategy is a comprehensive institutional strengthening and staff development effort. Substantial staff time and resources will be allocated to provide technical assistance and training to enhance JACC's capabilities and productivity.

Strategy

Engage an established and reputable consulting firm in the U.S. to assist JACC in developing its staff and strengthen its institution

Action Plan

A preliminary institutional development plan was developed which contemplates assistance from U.S. based consulting firm in two areas: institutional management and financial management. The institutional management consultant would be involved in:

- o providing management guidance.
- o designing, in cooperation with the financial consultant, a Management Information System (MIS).
- o providing training and technical support to assist the JACC staff in implementing the M.I.S.
- o developing and assisting with the implementation of a formal planning process which should involve an annual revision of the long term strategic plan, action plans, financial plan and budget.
- o assessing specific training needs for the five key personnel (Executive Director and Directors of Communication, Administration, Services and Technical Assistance) and for middle level staff such as coordinators, accountant, computer operators and secretaries.
- o designing specific training programs to meet the needs determined by the above assessment and identifying appropriate training seminars in the U.S. and the D.R.
- o assisting in the preparation of appropriate management reports
- o Assisting JACC in establishing a network of trade, institutional and technical contacts in the U.S.
- o identifying and screening short-term U.S. consultants needed by JACC

The financial management consultant would cooperate with the institutional consultant in designing and implementing a MIS. In addition he would design an appropriate bookkeeping system, a cost accounting system and financial controls. He would implement the systems and controls and provide "on-the-job" training for JACC's staff for initial implementation of the MIS. He would also assess additional training needs for ongoing implementation and identify appropriate sources for such training.

Additionally, technical assistance and training will be provided for the two separate cost centers, USDA/APHIS Preclearance and the Agricultural Laboratory.

Strategy

Establish a fee structure and financial plan that will lead JACC to gradually achieve self-sufficiency with respect to its basic operation and core programs within three years.

Action Plan

A preliminary 4-year financial plan with a detailed first year budget has been developed. A complete description of this plan is presented in a subsequent section in this PP Supplement. The budget was prepared by JACC from the bottom up rather than from the top down. In other words, the budget is based on resource requirements determined from action plans designed according to an established strategy. The financial plan identifies costs related to specific programs. This will allow JACC to determine the degree of financial self-sufficiency that may be achieved by each program for each of the four plan years based on various fee levels which might be charged. The fee structure needed to make a particular program and JACC's core organization self-supporting will be determined by the Board based on this financial information framework and the established target timeframes to achieve self-sufficiency.

The preliminary budgeting and financial planning system should be further refined with the assistance of a financial consultant hired to develop an adequate cost accounting system. Ideally, this should be included in the Scope of Work for the financial consultant, as mentioned above in the discussion of the Institutional Development Plan, and should be scheduled as soon as possible.

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Page 1 of 6
 ANNEX C: TABLE 1
 AGRIBUSINESS PROMOTION-517-0186
 PROJECT SUMMARY

	AID			GOOR	JACC	TOTAL
	FX	LC	TOTAL	LC	LC	
INSTITUTIONAL DEVELOPMENT						
TECHNICAL ASSISTANCE	\$565,000	\$0	\$565,000	\$0	\$0	\$565,000
COMMODITIES	\$371,609	\$0	\$371,609	\$60,302	\$159,236	\$591,147
TRAINING	\$198,000	\$0	\$198,000	\$0	\$0	\$198,000
BUILDINGS	\$0	\$0	\$0	\$238,854	\$79,618	\$318,471
SALARIES (25%)	\$0	\$68,452	\$68,452	\$0	\$197,334	\$265,786
OPERATING EXPENSES (50%)		\$148,427	\$148,427	\$418,530	\$1,872,194	\$2,439,151
SERVICE DEVELOPMENT						
TECHNICAL ASSISTANCE	\$1,128,777	\$0	\$1,128,777	\$0	\$0	\$1,128,777
COMMODITIES	\$501,000	\$0	\$501,000	\$0	\$0	\$501,000
TRAINING	\$27,000	\$0	\$27,000	\$0	\$0	\$27,000
SALARIES (75%)		\$205,355	\$205,355	\$0	\$592,003	\$797,357
OPERATING EXPENSES (50%)		\$148,427	\$148,427	\$418,530	\$1,872,194	\$2,439,151
EVALUATIONS/AUDITS	\$185,000	\$0	\$185,000	\$0	\$0	\$185,000
CONTINGENCIES (10%)	\$353,305	\$0	\$353,305	\$113,622	\$477,258	\$944,185
=====						
TOTALS	\$3,329,691	\$570,659	\$3,900,350	\$1,249,838	\$5,249,836	\$10,400,025

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	(FUNDS OBLIGATED) (AS PER PILS ISSUED)			(AMOUNTS UTILIZED OR) (FIRMLY COMMITTED AS OF 6/30/89)		
	AID	GOOR	JACC	AID	GOOR	JACC
	----- (US DOLLARS) -----			----- (US DOLLARS) -----		
JACC/RO	\$1,497,500	\$0	\$0	\$811,059	\$0	\$0
ASSOCIATION DEVELOPMENT BANK	\$300,000	\$0	\$0	\$90,052	\$0	\$0
US TRADE & DEVELOPMENT PROGRAM	\$47,500	\$0	\$0	\$47,504	\$0	\$0
SECRETARY OF AGRICULTURE	\$350,000	\$0	\$0	\$350,000	\$0	\$0
AGRIBUSINESS ADVISOR	\$205,000	\$0	\$0	\$201,385	\$0	\$0
EVALUATION/AUDIT	\$100,000	\$0	\$0	\$100,000	\$0	\$0
COMMODITIES		\$7,165	\$0		\$7,165	\$0
OPERATING EXPENSES		\$219,746	\$0		\$206,353	\$0
FEASIBILITY STUDIES		\$119,427	\$0		\$107,484	\$0
PREINSPECTION PROGRAM		\$21,496	\$0		\$21,496	\$0
	\$2,500,000	\$367,834	\$0	\$1,600,000	\$342,498	\$0
BALANCES TO BE APPLIED TO PROJECT				\$900,000	\$25,336	\$60,134
NEW RESOURCES REQUIRED				\$3,000,000	\$1,224,502	\$5,189,702
TOTAL PROJECT RESOURCES				\$5,500,000	\$1,592,336	\$5,249,836
PERCENTAGE CONTRIBUTION				44.56%	12.90%	42.54%

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Page 3 of 6
 ANNEX C: TABLE 3
 AGRIBUSINESS PROMOTION-517-0186
 TECHNICAL ASSISTANCE BY COMPONENT-AID

	YEAR 1	YEAR 2	YEAR 3	TOTAL
A. INSTITUTIONAL DEVELOPMENT				
INSTITUTIONAL DEVELOPMENT	\$300,000	\$95,000	\$70,000	\$465,000
FINANCIAL MANAGEMENT	\$65,000	\$35,000		\$100,000
B. SERVICE DEVELOPMENT				
PREINSPECTION	\$96,693	\$118,016	\$65,229	\$279,938
LABORATORY	\$250,000	\$150,000	\$75,000	\$475,000
SPECIAL PROJECTS	\$149,780	\$109,398	\$114,661	\$373,839
TOTAL	\$861,473	\$507,414	\$324,890	\$1,693,777

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Page 4 of 6
 ANNEX C: TABLE 4
 AGRIBUSINESS PROMOTION-517-0186
 COMMODITIES BY COMPONENT-AID

	YEAR 1	YEAR 2	YEAR 3	TOTAL
A. INSTITUTIONAL DEVELOPMENT				
VEHICLES				
JEEP TYPE	\$34,000		\$17,000	\$51,000
MINIBUS	\$20,000			\$20,000
PICK-UP	\$9,000			\$9,000
MOTORCYCLE	\$5,000			\$5,000
OFFICE EQUIPMENT				
FURNITURE	\$67,771			\$67,771
AUDIOVISUAL	\$78,878			\$78,878
COMPUTERS	\$66,460		\$15,000	\$81,460
COMMUNICATIONS	\$16,500			\$16,500
AIR CONDITIONERS	\$30,000		\$12,000	\$42,000
<hr style="border-top: 1px dashed black;"/>				
SUB-TOTAL	\$327,609	\$0	\$44,000	\$371,609
B. SERVICE DEVELOPMENT				
VEHICLES				
JEEP TYPE	\$17,000			\$17,000
PICK-UP (3)	\$27,000		\$20,000	\$47,000
PICK-UP (4 WD)	\$11,000			\$11,000
MOTORCYCLES	\$15,000		\$2,000	\$17,000
OFFICE EQUIPMENT				
LABORATORY FURNITURE	\$24,000			\$24,000
COMPUTERS & SOFTWARE	\$18,000			\$18,000
LABORATORY EQUIPMENT	\$270,000	\$57,000	\$40,000	\$367,000
<hr style="border-top: 1px dashed black;"/>				
SUB-TOTAL	\$382,000	\$57,000	\$62,000	\$501,000
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GRAND TOTAL	\$709,609	\$57,000	\$106,000	\$872,609

ANNEX C: TABLE 5

AGRIBUSINESS PROMOTION-517-0186

TRAINING BY COMPONENT-AID

	YEAR 1	YEAR 2	YEAR 3	TOTAL
A. INSTITUTIONAL DEVELOPMENT				
JACC STAFF	\$62,000	\$66,000	\$70,000	\$198,000
B. SERVICE DEVELOPMENT				
SEA/SV STAFF	\$8,000	\$9,000	\$10,000	\$27,000
TOTAL	\$70,000	\$75,000	\$80,000	\$225,000

ANNEX C: TABLE 6

AGRIBUSINESS PROMOTION-517-0186

SUMMARY OF AID FINANCING

	YEAR 1	YEAR 2	YEAR 3	TOTAL
COMMODITIES	\$709,609	\$57,000	\$106,000	\$872,609
TECHNICAL ASSISTANCE	\$861,473	\$507,414	\$324,890	\$1,693,777
TRAINING	\$70,000	\$75,000	\$80,000	\$225,000
SALARIES	\$147,958	\$97,652	\$28,196	\$273,806
OPERATING EXPENSES	\$132,811	\$105,501	\$58,541	\$296,853
EVALUATIONS/AUDITS	\$10,000	\$100,000	\$75,000	\$185,000
CONTINGENCIES	\$192,305	\$94,000	\$67,000	\$353,305
PROJECT TOTAL	\$2,124,156	\$1,036,567	\$739,627	\$3,900,350

ANNEX C: TABLE 7

AGRIBUSINESS PROMOTION-517-0186

LOCAL CURRENCY EXPENDITURES (DOLLARS) JACC

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL
OFFICE AND FURNITURE	\$159,236				\$159,236
LABORATORY BUILDING	\$79,618				\$79,618
PRE-INSEPCION	\$80,957	\$131,715	\$184,430	\$104,906	\$502,008
LABORATORY OPERATIONS	\$47,555	\$92,346	\$141,541	\$164,311	\$445,754
COMMERCIAL INFORMATION	\$5,762	\$30,215	\$66,695	\$111,924	\$214,596
SUB-COMMITTEES	\$147,976	\$264,598	\$342,284	\$518,695	\$1,273,553
SPECIAL PROJECTS	\$55,291	\$152,841	\$166,226	\$337,974	\$712,333
SALARIES	\$63,410	\$146,478	\$253,773	\$325,676	\$789,337
OTHER OPERATING EXPENSES	\$58,337	\$90,353	\$189,431	\$258,021	\$596,143
CONTINGENCIES	\$69,814	\$90,855	\$134,438	\$182,151	\$477,258
	\$767,956	\$999,402	\$1,478,820	\$2,003,659	\$5,249,836

LOCAL CURRENCY EXPENDITURES (DOLLARS) GODR

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL
OFFICE AND FURNITURE	\$60,302				\$60,302
LABORATORY BUILDING	\$238,854				\$238,854
PRE-INSEPCION	\$0	\$0	\$0	\$0	\$0
LABORATORY OPERATIONS	\$93,087	\$55,852	\$14,661	\$0	\$163,600
COMMERCIAL INFORMATION	\$0	\$0	\$0	\$0	\$0
SUB-COMMITTEES	\$89,896	\$53,938	\$14,159	\$0	\$157,993
SPECIAL PROJECTS	\$136,559	\$103,083	\$111,826	\$0	\$351,468
SALARIES	\$0	\$0	\$0	\$0	\$0
OTHER OPERATING EXPENSES	\$56,646	\$80,756	\$26,597	\$0	\$164,000
CONTINGENCIES (10%)	\$67,534	\$29,363	\$16,724	\$0	\$113,622
	\$742,879	\$322,992	\$183,967	\$0	\$1,249,838

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JACC KEY POSITION DESCRIPTIONS

Executive Director

The Executive Director is the Chief Operating Officer of JACC reporting directly to the Board of Directors. Responsibilities include:

- o Managing all operations, programs, activities and affairs of JACC within the framework of policies established by the Board.
- o Developing strategic and financial plans, annual program plans and budgets, and submitting them to the Board for deliberation and approval.
- o Employing and terminating personnel and determining their compensation within a Board approved salary structure and budget.
- o Recommending an appropriate structure of membership dues and fees to the Board aimed at achieving and maintaining financial the self-sufficiency of JACC.
- o Presiding the Executive Committee meetings as a full voting member.
- o Participating as a non-voting member at the Board meetings.
- o Assuming such other duties as may be prescribed by the Board.

DIRECTOR OF COMMUNICATIONS

The Director of Communications reports to the Executive Director and is responsible for:

- o Developing and implementing a communication plan.
- o Producing JACC's publications, including: the annual report, the bimonthly magazine AGROEMPRESA, the "Manual del Empresario" and various brochures and bulletins.
- o Preparing press releases and maintaining media contacts.
- o Assisting JACC's Board and staff with public relation activities, including speech writing for public presentations.
- o Editing reports.
- o Writing copy for newspaper ads.

Director of Administration

The Director of Administration acts as the Chief Financial Officer and Office Manager. He reports to the Executive Director and is responsible for:

- o Designing and maintaining a management information system.
- o Supervising all financial and accounting activities.
- o Developing and directing the planning process and producing business plans and annual budgets.
- o Producing periodic financial and activity reports for internal and external requirements.
- o Assessing resource requirements.
- o Managing all resources including the transportation pool and supervision of the secretarial and logistic support.
- o Negotiating and administrating all contracts.
- o Supervising procurement.
- o Coordinating staff development and training.
- o Keeping all corporate (association) records.

Administrative Assistant

The Administrative Assistant reports to the Director of Administration and assists him in all administrative functions. Responsibilities include:

- o Personnel, including personnel records.
- o Managing vehicles including scheduling of their utilization, controlling fuel purchases, keeping maintenance records, etc.
- o Managing the receptionist, computer operator and office support staff, i.e. messengers.
- o Procurement and inventories of office supplies.
- o Maintenance of computer and other office equipment.
- o Desk top publishing.
- o Physical and logistic arrangements of meetings.
- o Scheduling of conference room.

General Accountant

The General Accountant reports to the Director of Administration and supervises all accounting staff including accounting personnel assigned to cost centers such as the agricultural laboratory. Responsibilities include all accounting functions: i.e., payables, receivables, bookkeeping, record keeping, tax payments and production of all financial reports.

Director of Services

The Director of Services reports to the Executive Director whom he assists in (1) providing all services to the general membership not charnelled through the sub-sector committees and separate cost centers, (2) managing membership and public relations activities in general, and (3) managing policy reform activities. Specific responsibilities includes:

- o Developing new members.
- o Maintaining the membership registers.
- o Organizing all membership meetings, i.e. encuentros, annual meetings, etc.
- o Receiving visitors and prospective agribusiness investors.
- o Cooperating with the Director of Communications in the production of bulletins, publications, news releases, etc.
- o Managing the General Agribusiness Promotion Program.
- o Managing the Commercial Information Program.
- o Establishing and maintaining a library.

Agricultural Economist

The Agricultural Economist reports to the Director of Services and is responsible for:

- o Collecting, reviewing, selecting and disseminating commercial information and trade statistics.
- o Serving as a clearing house for information, reviewing publications received by JACC, clipping articles or preparing abstracts and special bulletins to disseminate the information to members.
- o Supervising JACC's library.
- o Attending visitors and members.

Agribusiness Specialist

The Agribusiness Specialist reports to the Director of Services and is responsible for:

- o Developing background information and data for policy reform discussions with the GODR.
- o Directing prospective investors to existing business opportunities.

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- o Assisting potential new investors in accessing information or directing them to sources of information and other resources.
- o Developing new programs and services for JACC.
- o Attending visitors and members.

Information Services Assistant

The Information Services Assistant reports to the Agricultural Economist. Responsibilities include operating the computer, retrieving information from data banks as requested, and serving as a librarian.

Director of Technical Assistance

The Director of Technical Assistance reports to the Executive Director and assist him on all technical matters. Responsibilities include:

- o Providing staff and logistical support to all the sub-sector committees, coordinating all their activities, assisting in developing the committees' strategic and action plans, implementing their resolutions, and providing the necessary follow-up.
- o Organizing seminars and workshops for the sub-sector committees.
- o Identifying the technical assistance needs of the various sub-sectors, helping screen and select short term consultants to provide such assistance, and monitoring and coordinating the work of the short term consultants.
- o Advising the Directors of Administration and of Services on all technical matters.

Technical Specialists

The Technical Specialists report to the Director of Technical Assistance and help manage all activities of the sub-sector committees. Each specialist will specialize in one or more sub-sector.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title and Number: Agribusiness Promotion Project (517-0186)

Life of Project: FY 1989-93
PAC :
Date Prepared : May 1989
Date Revised :

<u>Narrative Summary</u>	<u>Objectively Verifiable Indicators</u>	<u>Means of Verification</u>	<u>Important Assumptions</u>
<p><u>Program or Sector Goal:</u> To increase employment, incomes and foreign exchange earnings or savings, while fostering an equitable distribution of benefits produced by private sector enterprise.</p>	<p><u>Measure of Goal Achievement:</u> Increased employment in the agricultural sector. Increased incomes of farm residents.</p>	<p>Surveys of Agricultural employment and information reported by AID funded credit programs.</p>	<p>The policy climate for export oriented agricultural diversification does not deteriorate. Sector can produce at competitive prices.</p>
<p><u>Project Purpose:</u> To institutionally strengthen the JACC so that it can provide technical advice and other services to private agribusinesses producing for export and the domestic market and to improve the policy framework within which agribusinesses operate.</p>	<p><u>End of Project Status (EOPS):</u> JACC will be operating without need for external financing, except for clearly developmental activities. Technical assistance, pre-inspection, commercial information and the agricultural laboratory will all be functioning for members benefit. JACC staff will be engaged in meaningful policy dialog with the GODR for the benefit of the membership.</p>	<p>End of project institutional evaluation of JACC. Periodic surveys of the JACC membership.</p>	<p>Continued effective management of JACC staff and strong interest and support by the Board of Directors.</p>

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Project Title and Number: Agribusiness Promotion Project (517-0186)

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p><u>Outputs:</u> -Improved services to the membership of the JACC: Technical assistance to members Pre-inspection Commercial Information Agricultural Laboratory Others to be designed -Improved operation of the commodity sub-committees of JACC -Developed management information and cost accounting system -Revised set of organizational statutes and fee structure -Increased staff to accommodate increase demand for services -Trained key JACC personnel</p>	<p><u>Output Indicator:</u> Technical assistance provided to 400 members; Pre-inspection of 2,000 containers; Commercial information delivered to at least 100 members monthly; Fully functioning agricultural laboratory capable of soils, pesticide residue, pesticide and fertilizer formulation, water quality analyses, as well as meat inspection.</p> <p>All 11 commodity sub-committee functioning smoothly.</p> <p>Working management information and cost accounting system.</p> <p>Statutes and fee structure serving the needs of the organization.</p> <p>JACC staff increased from 18 to 32 employees.</p> <p>Five JACC staff and three SEA inspectors trained per year.</p>	<p>Project records, including contractor reports and implementation files.</p>	<p>Total commitment by JACC staff to the Mission of JACC.</p> <p>Effective selection of outside technical assistance.</p>

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Project Title and Number: Agribusiness Promotion Project (517-0186)

<u>Narrative Summary</u>	<u>Objectively Verifiable Indicators</u>				<u>Means of Verification</u>	<u>Important Assumptions</u>
Inputs:	(US\$ 000)				Controller records and JACC audited financial statements.	Funds available and timely disbursements.
	AID	GODR	JACC	Total		
Institutional Development:						
Technical Assistance	565	0	0	565		
Commodities	372	60	159	591		
Training	198	0	0	198		
Buildings	0	239	80	0		
Salaries (25%)	68	0	197	266		
Operating Expenses (50%)	148	419	1,872	2,439		
Service Development:						
Technical Assistance	1,019	0	0	1,019		
Commodities	501	0	0	501		
Training	27	0	0	27		
Salaries (75%)	205	0	592	797		
Operating Expenses (50%)	148	419	1,872	2,439		
Evaluations/Audit	185	0	0	185		
Contingencies (10%)	353	114	477	944		
Totals	3,900	1,250	5,250	10,400		

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

LAC-IEE-89-45

ENVIRONMENTAL THRESHOLD DECISION

Project Location : Dominican Republic
Project Title : Agribusiness Promotion,
PP Supplement
Project Number : 517-0186
Funding : \$3 million
Life of Project : 6 years
IEE Prepared by : Dwight Steen, ADO
USAID/Santo Domingo
Recommended Threshold Decision : Negative Determination
Bureau Threshold Decision : Concur with Recommendation
Comments : None
Copy to : Thomas Stukel, Director
USAID/Santo Domingo
Copy to : Dwight Steen, ADO
USAID/Santo Domingo
Copy to : George Hazel, LAC/DR/CAR
Copy to : Andre DeGeorges, REMS/CAR
Copy to : IEE File

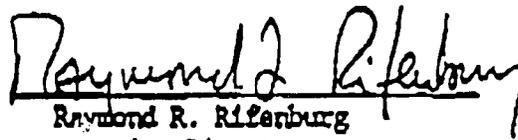
James S. Hester Date JUN 15 1989

James S. Hester
Chief Environmental Officer
Bureau for Latin America
and the Caribbean

INITIAL ENVIRONMENTAL EXAMINATION

PROJECT LOCATION : Dominican Republic
PROJECT TITLE : Agribusiness Promotion
PROJECT NUMBER : 517-0186
FUNDING : \$ 3,000,000
LIFE OF PROJECT : 6 years
IEE PREPARED BY : Dwight Steen,
Agricultural Officer
DATE : May 30, 1989
ACTION RECOMMENDED : Negative Determination

CONCURRENCE:


Raymond R. Rifenburg
Acting Director

Date: 6/6/89

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Agribusiness Promotion, PP Supplement

1. Project Description

The project goal remains unchanged in this supplement and is to increase employment, incomes and foreign exchange earnings or savings, while fostering an equitable distribution of benefits produced by private sector enterprise. The original project had two purposes which were: 1) to establish a credit fund and provide technical advice to private agribusiness firms and their supporting industries that produce commodities for export and domestic markets; and 2) to improve the mechanism and policy framework for promoting and financing agribusiness. This project supplement does not provide any additional funding for the credit fund. The project purpose continues to be the provision of technical advice and other services to private agribusinesses producing for export and the domestic market and to improve the policy framework within which agribusinesses operate.

In essence, the project supplement will strengthen the institution which was created by the original project known as the Joint Agricultural Consultative Committee (JACC). This will involve the development of JACC into a strong self-supporting association of private agribusiness entrepreneurs which can act as the spokesman for the Dominican agribusiness sector. JACC will provide services needed by its members to pursue successful agribusiness activities, offer recommendations and assistance to the GODR on policy issues affecting the sector, and strengthen the national economy by promoting and supporting programs that contribute to agribusiness development in the Dominican Republic.

A key element of this PP supplement is to assist the JACC to develop and expand its program of services. These services include: 1) USDA/APHIS preclearance and certification of fresh produce for export to the United States; 2) user-fee supported agricultural laboratory for analyses of pesticide formulations and residues, fertilizers, soil and water quality analysis, and meat testing; 3) commercial information service; 4) technical assistance to the members of the JACC; and 5) agribusiness sector promotion and networking.

By the end of the project:

JACC will be operating without the need for external financing, except for clearly developmental activities;

Technical assistance, pre-inspection, commercial information and the agricultural laboratory will all be functioning for members benefit;

JACC staff will be engaged in meaningful policy dialog with the GODR for the benefit of the membership.

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2. Impact Identification and Evaluation

Agricultural export production has greatly increased over the past few years, accompanying a shift from low intensity to high intensity agriculture. This more intensive technology requires a closer management of the productive cycle, and relies strongly on the use of high levels of fertilizers and frequent application of numerous pesticides. The rapid growth of the non-traditional agriculture sector, lack of experience with pesticides, ready availability and overdependence on pesticides and fertilizers, and lack of adequate technical assistance, have combined to pose significant pesticide management and environmental contamination problems for the Dominican Republic.

Coordinated efforts to rationalize pesticide and fertilizer use are urgently needed. Establishment of an agricultural laboratory and provision of technical assistance through the JACC will play an important role in meeting these needs. The laboratory will provide the capability to conduct pesticide formulation and residue analyses. The lab will also provide facilities for fertilizer analysis, and determination of levels of soil and water quality. These services will be provided to agribusiness to promote economically sound, rational use of pesticides and fertilizers, and promote more sustainable agriculture.

The project is expected to have a beneficial impact on the environment which would more than offset any indirect negative impacts. The JACC will not directly engage in production or in the use of land or water resources, nor procure pesticides for its members. JACC will mount a significant effort designed to assist its membership in the proper use of pesticides through training and dissemination of information related to proper application procedures, permissible products and the regulations governing import requirements for the United States and other potential importing countries. These efforts, combined with the services of the agricultural laboratory, should have a significant, beneficial impact reducing levels of pesticide misuse and environmental contamination in the Dominican Republic.

Recommendation:

Given the nature of the activities which will be supported under the PP Supplement, including technical assistance, training, laboratory and management information services, the project is expected to have a positive, beneficial effect on the environment, and a negative determination is requested.

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CONSEJO DE DIRECTORES

1402/89

Juan Barceló Salas
 Presidente

Carlos Aquino González
 Vicepresidente

Alexander Rood
 Secretario

Alberto de los Santos
 Tesorero

Vocales:

- Jaine Bonetti
- Virgilio Pérez Bernal
- Jerry Dupuy
- Quirilio Viloria
- W. Stanley Black
- Miguel Crouch
- Fernando González
- Alvaro Román
- Emilio Annando Olivo
- Manuel Arsenio Ureña

Osmar C. Benítez
 Director Ejecutivo

19 de Mayo de 1989

RECEIVED
 AID C&R

Señor
 Thomas Stukel
 Director Agencia Internacional
 para el Desarrollo (AID)
 Ciudad

Estimado señor Stukel:

En su Carta de Ejecución No. 27 del 23 de diciembre de 1988 nos indicaba la opinión de AID con referencia a la Evaluación Final del proyecto de JACC, e identificaba las principales acciones que debían tomarse para conseguir el futuro respaldo de esa Agencia a los programas de nuestra Institución.

Estas acciones eran las siguientes:

1. El compromiso firme de parte de JACC de abocarse a un proceso de planificación que incluyera planes estratégicos y de desarrollo institucional.
2. Cambios en los Estatutos y procedimientos operativos que reflejaran una política de descentralización y apropiada definición de funciones y responsabilidades del Consejo de Directores, del personal ejecutivo y de los comités sub-sectoriales.
3. Lograr una mayor representación de empresarios agrícolas (Categoría A) en el Consejo de Directores, donde la rotación siempre asegure que el Presidente sea un Agroempresario a tiempo completo.
4. Establecer un plan financiero y estructura de cuotas que guíe al JACC hacia la autosuficiencia financiera para los próximos tres años.

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ACTUON: PE	
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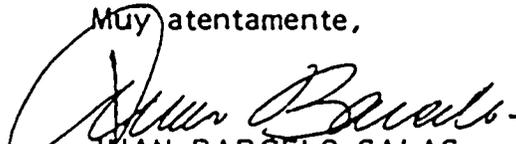
Junta Agroempresarial de Consultoría y Coinversión, Inc.

5. Desarrollar un plan de actividades de JACC que promueva el desarrollo del Sector Agroempresarial en adición a la función principal de ofrecer servicios a su membresía.

El nuevo Consejo de Directores que presido, cortésmente, le informa que los logros y las acciones de los últimos meses, así como la esencia de la propuesta que le estamos remitiendo demuestra claramente nuestro compromiso con la membresía y con los puntos señalados en su carta de diciembre para que JACC pueda continuar recibiendo el apoyo de AID.

En nombre del Consejo de Directores, le solicito formalmente tenga a bien considerar nuestra propuesta de obtener asistencia financiera adicional para ejecutar los planes y programas delineados en el documento que aparece anexo.

Muy atentamente,


JUAN BARCELO SALAS
Presidente

JBS/mr.

cc: Consejo de Directores
Director Ejecutivo

REPORT OF EXPENDITURES AND FUNDS ADVANCE CONTROL
 AGRIBUSINESS PROMOTION-JACC 517-0186

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INITIATION DATE 01-Jul-89 DATE: 05-Aug-89
 PACD 31-Dec-92 % LOP ELAPSED 2.74%
 REPORT NUMBER 1

	1	2	3	4	3+4	2-(3+4)	5	6	7
EXPENDITURE CLASSIFICATIONS	APPROVED BUDGET PER MAX	CURRENT ADVANCE OUTSTANDING 90 DAYS	CUMULATIVE EXPENDITURES CLAIMED	EXPENDITURES CLAIMED THIS REPORT JULY 89	TOTAL CLAIMED TO DATE	UNLIQUIDATED BALANCE OF ADVANCE	PROJECTED EXPENDITURE NEXT 90 DAYS AUG-OCT 89	ADDITIONAL ADVANCE REQUESTED THIS REPORT	PERCENT EXECUTION (3+4)/1

US DOLLAR ACCOUNT

SHORT TERM TA	\$350,000	\$12,000	\$0	\$2,500	\$2,500	\$9,500	\$10,500	\$1,000	0.71X
COMMODITY PROCUREMENT	\$450,000	\$10,000	\$0	\$2,000	\$2,000	\$8,000	\$9,500	\$1,500	0.44X
US SUBSCRIPTIONS	\$75,000	\$1,200	\$0	\$300	\$300	\$900	\$1,000	\$100	0.40X
US DATA BANKS	\$50,000	\$1,000	\$0	\$500	\$500	\$500	\$750	\$250	1.00X
TOTALS	\$925,000	\$24,200	\$0	\$5,300	\$5,300	\$18,900	\$21,750	\$2,850	0.57X

PESO ACCOUNT

SALARIES	\$275,000	\$10,000	\$0	\$4,000	\$4,000	\$6,000	\$8,500	\$2,500	1.45X
OPERATING EXPENSES	\$300,000	\$20,000	\$0	\$6,000	\$6,000	\$14,000	\$22,000	\$8,000	2.00X
TOTALS	\$575,000	\$30,000	\$0	\$10,000	\$10,000	\$20,000	\$30,500	\$10,500	1.74X

NOTE: THE UNLIQUIDATED BALANCE PLUS THE ADDITIONAL ADVANCE AMOUNT (COLUMN 6) WILL BE THE COLUMN 2 OF THE NEXT REPORT
 ALSO COLUMN (3+4) BECOMES COLUMN 3 IN THE NEXT REPORT

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 AGRIBUSINESS PROMOTION-JACC 517-0186

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INITIATION DATE 01-Jul-89 DATE: 05-Sep-89
 PACD 31-Dec-92 % LOP ELAPSED 5.16%
 REPORT NUMBER 2

	1	2	3	4	3+4	2-(3+4)	5	6	7
EXPENDITURE CLASSIFICATIONS	APPROVED BUDGET PER MAX	CURRENT ADVANCE OUTSTANDING 90 DAYS	CUMMULATIVE EXPENDITURES CLAIMED	EXPENDITURES CLAIMED THIS REPORT AUGUST 89	TOTAL CLAIMED TO DATE	UNLIQUIDATED BALANCE OF ADVANCE	PROJECTED EXPENDITURE NEXT 90 DAYS SEP-NOV 89	ADDITIONAL ADVANCE REQUESTED THIS REPORT	PERCENT EXECUTION (3+4)/1
US DOLLAR ACCOUNT									
SHORT TERM TA	\$350,000	\$10,500	\$2,500	\$3,500	\$6,000	\$4,500	\$12,000	\$7,500	1.71%
COMMODITY PROCUREMENT	\$450,000	\$9,500	\$2,000	\$2,860	\$4,860	\$4,640	\$9,000	\$4,360	1.08%
US SUBSCRIPTIONS	\$75,000	\$1,000	\$300	\$435	\$735	\$265	\$900	\$635	0.98%
US DATA BANKS	\$50,000	\$750	\$500	\$395	\$895	(\$145)	\$600	\$745	1.79%
TOTALS	\$925,000	\$21,750	\$5,300	\$7,190	\$12,490	\$9,260	\$22,500	\$13,240	1.35%
PESO ACCOUNT									
SALARIES	\$275,000	\$8,500	\$4,000	\$5,500	\$9,500	(\$1,000)	\$15,000	\$16,000	3.45%
OPERATING EXPENSES	\$300,000	\$22,000	\$6,000	\$9,200	\$15,200	\$6,800	\$25,000	\$18,200	5.07%
TOTALS	\$575,000	\$30,500	\$10,000	\$14,700	\$24,700	\$5,800	\$40,000	\$34,200	4.30%

NOTE: THE UNLIQUIDATED BALANCE PLUS THE ADDITIONAL ADVANCE AMOUNT (COLUMN 6) WILL BE THE COLUMN 2 OF THE NEXT REPORT
 ALSO COLUMN (3+4) BECOMES COLUMN 3 IN THE NEXT REPORT

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REPORT OF EXPENDITURES AND FUNDS ADVANCE CONTROL
 AGRIBUSINESS PROMOTION-JACC 517-0186

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INITIATION DATE 01-Jul-89 DATE: 05-Oct-89
 PACD 31-Dec-92 % LOP ELAPSED 7.51X
 REPORT NUMBER 3

	1	2	3	4	3+4	2-(3+4)	5	6	7
EXPENDITURE CLASSIFICATIONS	APPROVED BUDGET PER MAX	CURRENT ADVANCE OUTSTANDING 90 DAYS	CUMMULATIVE EXPENDITURES CLAIMED	EXPENDITURES CLAIMED THIS REPORT SEPTEMBER 89	TOTAL CLAIMED TO DATE	UNLIQUIDATED BALANCE OF ADVANCE	PROJECTED EXPENDITURE NEXT 90 DAYS OCT-DEC 89	ADDITIONAL ADVANCE REQUESTED THIS REPORT	PERCENT EXECUTION (3+4)/1
US DOLLAR ACCOUNT									
SHORT TERM TA	\$350,000	\$12,000	\$6,000	\$4,300	\$10,300	\$1,700	\$14,500	\$12,800	2.94X
COMMODITY PROCUREMENT	\$450,000	\$9,000	\$4,860	\$3,300	\$8,160	\$840	\$9,500	\$8,660	1.81X
US SUBSCRIPTIONS	\$75,000	\$900	\$735	\$320	\$1,055	(\$155)	\$1,000	\$1,155	1.41X
US DATA BANKS	\$50,000	\$600	\$895	\$240	\$1,135	(\$535)	\$500	\$1,035	2.27X
TOTALS	\$925,000	\$22,500	\$12,490	\$8,160	\$20,650	\$1,850	\$25,500	\$23,650	2.23X
PESO ACCOUNT									
SALARIES	\$275,000	\$15,000	\$9,500	\$5,500	\$15,000	\$0	\$16,500	\$16,500	5.45X
OPERATING EXPENSES	\$300,000	\$25,000	\$15,200	\$8,230	\$23,430	\$1,570	\$26,000	\$24,430	7.81X
TOTALS	\$575,000	\$40,000	\$24,700	\$13,730	\$38,430	\$1,570	\$42,500	\$40,930	6.68X

NOTE: THE UNLIQUIDATED BALANCE PLUS THE ADDITIONAL ADVANCE AMOUNT (COLUMN 6) WILL BE THE COLUMN 2 OF THE NEXT REPORT
 ALSO COLUMN (3+4) BECOMES COLUMN 3 IN THE NEXT REPORT

ECONOMIC ANALYSIS

The major expected impact of the Project on the economy will be to increase agricultural employment, incomes and foreign exchange earnings or savings, while fostering an equitable distribution of benefits produced by private sector enterprises, as stated in the original Grant Agreement.

During the ten year period, 1970 to 1980, agricultural productivity, measured in terms of value added per agricultural worker increased an average 3.2 percent a year, rising from RD\$4,265 to RD\$5,877*. Since 1980, however, there has been a significant erosion of these productivity gains, averaging 1.9 percent a year and sector growth has stagnated.

The failure of agricultural value added to grow is largely due to shrinking markets for traditional commercial agricultural products without corresponding increases in non-traditional agricultural products, despite a tendency for improvement in the GODR's macroeconomic and food policies in recent years that now make non-traditional agricultural products relatively more profitable than in earlier years. Exchange rate developments since 1984, for example, have substantially improved the terms of trade for non-traditional agricultural products, particularly for export and tourist markets, vis a vis additional investment in alternative productive activities. The improved policy environment may be a reason why net agricultural productivity in 1987 did not reflect any deterioration, as compared to 1984. Exchange rates were allowed to float in 1985, and real exchange rate adjustments have generally tracked trends in domestic inflation relative to international inflation.

Farmers and investors have been slow to respond to improved prospects for profitable agricultural activities. In 1982/1983, private sector investment in agricultura amounted to 13.4 percent of agricultural value added. During the recession year 1985 investment in agriculture fell to less than 10 percent of value added, and by 1988 was still at less than capital replacement levels, estimated at 11.6 percent of agricultural value added during the period 1982-1988. Accordingly, it is not surprising that agricultural output has stagnated.

The Mission is optimistic, however, that agricultural output can be increased, and that improved macroeconomic and food policies will allow agricultural output to grow at about 2.0 percent a year, beginning in 1991. This growth would be accompanied by increased productivity of the order of 0.4 percent a

* 1987 pesos.

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year. Growth of 2.0 percent a year and average productivity increases of the order of 0.4 percent a year are feasible without a project designed to provide technical advice and other services to private agribusinesses producing for export and the domestic market, and to improve the policy framework within which agribusinesses operate.

The proposed project will significantly strengthen an agribusiness, technical user's association by substantially improving its ability to provide technical assistance and information.

The project's purpose level outputs will be:

- 1) High quality technical services such as pre-inspection, soil, water and pesticide residue analyses, investment studies, and commercial information;
- 2) Associative mechanisms to access the above services at lower cost;
- 3) Wide-spread dissemination of investment opportunity information.

The economic analysis could evaluate in detail all design components of the project, and specify impact by product sub-groups in terms of improved productivity, increased output, increased employment, reduced import content, reduced spoilage, improved utilization of by-products, etc. However, this kind of exercise would be tedious and highly speculative.

Accordingly, an illustrative analysis has been prepared that shows how employment, incomes and foreign exchange earnings or savings can be improved by expected increases in agricultural productivity due to technical innovations adopted because of the project. The large reduction in risk resulting from project activities and new market developments will attract substantial new investment and result in raising average annual growth in agricultural value added over the period 1991-2010 from 2.0 percent a year that could be obtained without the project to over 4.0 percent; result in raising agricultural employment growth from an estimated annual maximum of 1.6 percent a year to an estimated 2.3 percent; and attract new investment of the order of 45% over what can reasonably be expected without the project. By the year 2000, additional annual value added in agriculture may be at least 17 percent higher than expected value added without the project. By 2010, additional annual value added is estimated at more than 50 percent higher than that expected without the project. These results flow from very substantial improvement in productivity per unit of labor and capital cost. Labor productivity, which is the key to improved household income, is expected to rise from a projected average 0.4 percent/year without the project to more than 1.7 percent/year over the period 1991-2010. At the margin, new investments using improved technologies can expect incremental capital output (ICOR) ratios of the order of 2.5, equivalent to returns of 40 percent, compared to expected returns of only 17 percent (ICOR = 6) if expected project technologies are unavailable or not implemented.

After deducting increased private sector investment from expected project flows, the project's economic IRR is of the order of 22 percent. This is substantially higher than the implicit social discount rate of 17 percent available to project alternatives*. The project resource flows consist of:

- 1) Gross (unadjusted) additional value added (benefit);
- 2) Additional private investment attracted by purpose level outputs (cost);
- 3) Project resource allocations (cost).

Project resource allocations have been defined as A.I.D., GODR and initial private sector contributions, referred to 1987 constant peso prices. The economic accounting price of foreign exchange in 1987 of RD\$6=US\$1., i.e., $3.84 \times 1.20 \times 1.30 = 5.9904 = 6.00$, was used to value foreign exchange. The extensive secondary benefits resulting in value added and increased employment from distribution and export activities were not included in the analysis. Only on-farm benefits were included. Relevant tables are attached.

* This ignores public sector investment.

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AGRICULTURAL PRODUCTIVITY

1970-1987

YEAR	EMPLOYMENT IN AGRICULTURE (Thousands)	AGRICULTURAL VALUE ADDED (Millions of 1987 Pesos)	PRODUCTIVITY (Value added per employee; 1987 prices)
1970	502	2,141	4,265
1980	618	3,632	5,877
1981	659	3,482	5,284
1984	666	3,419	5,134
1985	648	3,297	5,088
1986	638	3,279	5,139
1987	657	3,373	5,134

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PRIVATE INVESTMENT IN AGRICULTURE

YEAR	AGRICULTURAL VALUE ADDED (Millions of 1987 Pesos)	% CHANGE	PRIVATE INVESTMENT IN AGRIC. (Millions of 1987 Pesos)	% CHANGE	INVESTMENT AS % VALUE ADDED
1982	3,317		441	-	13.3
1983	3,417	3.0	464	5.2	13.6
1984	3,149	0.1	406	-12.5	11.9
1985	3,297	-3.6	323	-20.4	9.8
1986	3,279	-0.5	352	9.0	10.7
1987	3,373	2.9	360	2.3	10.7
1988	3,316	-1.7	360	0.0	10.9
PERIOD AVERAGE		0.0		-3.3	11.6

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AGRICULTURAL PRODUCTIVITY WITH PROJECT COMPARED TO WITHOUT

YEAR	W I T H O U T P R O J E C T				W I T H P R O J E C T				DIFFERENCE W/PROJECT COMPARED TO WITHOUT			
	AGRIC. 1) VALUE ADDED	EMPLOY- MENT 2)	PRODUCTIVITY VALUE ADDED PER WORKER 3)	ANNUAL PERCENT CHANGE	AGRIC. 1) VALUE ADDED	EMPLOY- MENT 2)	PRODUCTIVITY VALUE ADDED PER WORKER 3)	ANNUAL PERCENT CHANGE	ACCUM. AGRIC. VALUE ADDED 1)	NET EMPLOY- MENT 2)	ANNUAL VALUE ADDED PER WORKER 3)	PERCENT ANNUAL VALUED ADDED PER WORKER
1987	3,349	652	5,137	0.1	3,349	652	5,137	0.1	-	-	-	-
1991	3,467	671	5,167	0.3	3,467	671	5,167	0.3	-	-	-	-
1995	3,752	715	5,248	0.4	3,859	728	5,301	0.9	201	13	53	1.0
2000	4,143	774	5,353	0.4	4,845	836	5,795	2.3	2,296	62	442	8.3
2005	4,574	838	5,458	0.4	6,131	953	6,433	2.1	8,337	115	975	17.9
2010	5,051	907	5,567	0.4	7,617	1,047	7,275	2.5	19,083	140	1,706	30.6

1) Millions of 1987 pesos.

2) Thousands

WITH PROJECT ESTIMATES OF AGRICULTURAL PRODUCTIVITY CHANGES

YEAR	AGRICULTURE VALUE ADDED (Millions of 1987 Pesos)	% CHANGE	EMPLOYMENT IN AGRICULTURE (Thous.) / % CHANGE	OVERALL PRODUCTIVITY Value Added per Worker (1987 pesos)	% CHANGE	
1988	3,316	-1.7	646	-1.7	5,133	0.0
1989	3,349	1.0	652	0.9	5,137	0.1
1990	3,399	1.5	660	1.3	5,159	0.3
1991	3,467	2.0	671	1.6	5,167	0.3
1992	3,545	2.2	683	1.8	5,190	0.4
1993	3,634	2.5	697	2.0	5,214	0.5
1994	3,737	2.8	711	2.1	5,256	0.8
1995	3,859	3.3	728	2.3	5,301	0.9
1996	4,002	3.7	746	2.5	5,365	1.2
1997	4,182	4.5	767	2.8	5,452	1.6
1998	4,379	4.7	789	2.9	5,550	1.8
1999	4,605	5.2	813	3.0	5,664	2.1
2000	4,845	5.2	836	2.9	5,795	2.3
2001	5,092	5.1	860	2.9	5,921	2.2
2002	5,344	4.9	885	2.8	6,038	2.0
2003	5,602	4.8	909	2.7	6,162	2.1
2004	5,864	4.7	931	2.5	6,299	2.2
2005	6,131	4.6	953	2.3	6,433	2.1
2006	6,410	4.6	973	2.1	6,588	2.4
2007	6,700	4.5	992	2.0	6,754	2.5
2008	6,997	4.4	1,101	1.9	6,921	2.5
2009	7,303	4.4	1,029	1.8	7,097	2.5
2010	7,617	4.3	1,041	1.7	7,275	2.5

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POTENTIAL WITH PROJECT GROWTH IN AGRICULTURAL VALUE ADDED
BY PRODUCT SOURCE
(PERCENT CHANGE)

	NON-TRAD.	TRAD.	TOTAL
1988	-1.2	-3.5	-1.7
1989	2.0	-2.6	1.0
1990	2.5	-2.3	1.5
1991	2.5	0.0	2.0
1992	2.8	0.1	2.2
1993	3.1	0.1	2.5
1994	3.5	0.3	2.8
1995	4.0	0.4	3.3
1996	4.5	0.4	3.7
1997	5.0	0.6	4.5
1998	5.5	0.7	4.7
1999	6.0	0.9	5.2
2000	6.0	0.8	5.2
2001	5.8	1.1	5.1
2002	5.6	1.0	4.9
2003	5.4	1.2	4.8
2004	5.2	1.2	4.7
2005	5.0	1.5	4.6
2006	5.0	1.4	4.6
2007	4.9	1.7	4.5
2008	4.8	1.7	4.4
2009	4.7	1.9	4.4
2010	4.6	1.8	4.3

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PROJECT RESOURCE FLOW ANALYSIS

	GROSS ADD'L VALUE ADDED	ADD'L PRIV. INVESTMENT ATTRACTED BY R&D RESULTS	NET VALUE ADDED	PROJECT RESOURCE ALLOCATIONS	NET PROJECT RESOURCE FLOWS	CALCULATION OF ECONOMIC IRR DISCOUNT RATE 22%
1989	-			-29	-29	-29.0
1990	-			-14	-14	-10.9
1991	-	22	-22	-14	-36	-21.9
1992	9	45	-36	-12	-48	-22.8
1993	27	78	-51		-56	-21.5
1994	58	122	-64		-70	-20.2
1995	107	170	-63		-66	-14.8
1996	175	258	-83		-83	-14.6
1997	278	358	-81		-81	-2.7
1998	397	388	9		9	1.0
1999	543	442	101		101	8.4
2000	702	458	244		244	13.9
2001	868	542	326		326	16.4
2002	1,034	692	342		342	13.5
2003	1,208	742	466		466	14.3
2004	1,379	742	637		637	15.3
2005	1,557	858	699		699	13.1
2006	1,745	932	813		813	11.3
2007	1,941	968	973		973	10.5
2008	2,143	1,062	1,081		1,081	8.8
2009	2,351	1,135	1,216		1,216	8.4
2010	2,568	-652*	1,916		1,916	12.5
Net Present Value of Net Project Resource Flows						-8.1

* Capital Recovery

NOTE: All peso values are expressed in millions of constant 1997 pesos. Approx. 1998: 22%

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