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UNCLASSIFIED

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

LAC REGIONAL

PROJECT PAPER

TRADE AND INVESTMENT DEVELOPMENT PROJECT
AMENDMENT NUMBER 1

AID/LAC/P-679
(CR-629)

PROJECT NUMBER: 598-0797

UNCLASSIFIED



TRADE AND INVESTMENT DEVELOPMENT PROJECT
598-0797

AMENDMENT NUMBER 1

**Bureau for Latin America and the Caribbean
Office of Trade and Investment
October 11, 1991**

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input checked="" type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number 1	DOCUMENT CODE 3
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2. COUNTRY/ENTITY LAC Regional	3. PROJECT NUMBER 598-0797
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4. BUREAU/OFFICE LAC Bureau, Office of Trade and Investment. <input type="checkbox"/> 05 <input type="checkbox"/>	5. PROJECT TITLE (maximum 40 characters) Trade and Investment Development Project <input type="checkbox"/>
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) <table style="width:100%; text-align: center;"> <tr> <td>MM</td><td>DD</td><td>YY</td> </tr> <tr> <td>07</td><td>25</td><td>95</td> </tr> </table>	MM	DD	YY	07	25	95	7. ESTIMATED DATE OF OBLIGATION (Under 'B' below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 9 <input type="checkbox"/> 1 B. Quarter <input type="checkbox"/> 4 C. Final FY <input type="checkbox"/> 9 <input type="checkbox"/> 4
MM	DD	YY					
07	25	95					

8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 91			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID Appropriated Total						
(Grant)	(734)	()	(734)	(4,600)	()	(4,600)
(Loan)	()	()	()	()	()	()
Other 1.						
U.S. 2.						
Host Country						
Other Donor(s)						
TOTALS	734		734	4,600		4,600

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATION 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) PSEE	734R	840		734		600		2,760	
(2) ARDN	734R	840		0		400		1,840	
(3)									
(4)									
TOTALS				734		1,000		4,600	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODE
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code B. Amount	

13. PROJECT PURPOSE (maximum 480 characters)
 To stimulate and support free trade policy development and/or reforms through A.I.D.-assisted programs.

14. SCHEDULED EVALUATIONS <table style="width:100%; text-align: center;"> <tr> <td>Interim</td> <td>MM</td> <td>YY</td> <td>MM</td> <td>YY</td> <td>Final</td> <td>MM</td> <td>YY</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Interim	MM	YY	MM	YY	Final	MM	YY									15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input type="checkbox"/> Local <input type="checkbox"/> Other (specify)
Interim	MM	YY	MM	YY	Final	MM	YY										

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a ___ page PP Amendment.)
 The project is being increased by \$1 million to: (1) provide increased levels of effort under PASAs with OPIC and the Department of Commerce, and (2) modify technical assistance to include a new focus in legal, regulatory and judicial assistance planning in LAC countries. The PACD is being extended by one year to July 25, 1995.

17. APPROVED BY	Signature Title Assistant Administrator, LAC	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION Date Signed <table style="width:100%; text-align: center;"> <tr> <td>MM</td> <td>DD</td> <td>YY</td> </tr> <tr> <td>11</td> <td>17</td> <td>91</td> </tr> </table>	MM	DD	YY	11	17	91
MM	DD	YY						
11	17	91						

PROJECT AUTHORIZATION AMENDMENT NUMBER 1

Name of Country: LAC Regional
Name of Project: Trade and Investment Development Project
Number of Project: 598-0797

1. Pursuant to Sections 103 and 106 of the Foreign Assistance Act of 1961, as amended, the Trade and Investment Development Project was authorized on April 15, 1991. That authorization is hereby amended as follows: Paragraph 1 is hereby amended by replacing it in its entirety with the following:

1. Pursuant to Sections 103 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Trade and Investment Development Project for Latin America and the Caribbean Region involving planned obligations of not to exceed U.S. \$4.6 million in grant funds over a four year period from the date of authorization, subject to availability of funds in accordance with the A.I.D. OYB allotment process, to help in financing foreign exchange costs for the project. The planned life of the project is four years from the date of initial obligation.

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



Assistant Administrator
Bureau for Latin America and the Caribbean

11/14/91

Date

Clearances:

LAC/TI: MKeenanWood	<u>MKW</u>	Date: <u>12/23/91</u>
LAC/DR: PBloom	<u>PB</u>	Date: _____
LAC/DPP: BSchouten	<u>B.S.</u>	Date: <u>10/25/91</u>
GC/LAC: KHansen	<u>KH</u>	Date: <u>11/12</u>
SA-AA/LAC: KHarbert	_____	Date: _____
DAA/LAC: AWilliams	<u>AW</u>	Date: <u>11/13/91</u>

C:\WP51\DOCS\AUAMEND1

I. SUMMARY AND RECOMMENDATIONS

The Trade and Investment Development Project (598-0797) was originally designed as a three-year, \$3.6 million regional project to be implemented by the Office of Trade and Investment in the Bureau for Latin America and the Caribbean (LAC/TI). Based on LAC Bureau objectives, the scope of the project has been expanded to include increased levels of effort under Participating Service Agreements with the Overseas Private Investment Corporation (OPIC) and the Department of Commerce (DOC) to support expanded activities by each of these agencies to promote trade and investment in countries which they would not otherwise target. Also, the scope of work for technical assistance activities needs to be significantly modified to include a new focus in legal, regulatory and judicial assistance planning for subregions in the hemisphere. This addition to the technical assistance requirements means that additional time is needed in the life of project to permit this activity to be fully implemented. The revised planned life-of-project is now four years with revised expenditure estimates of \$4.6 million. The Office of Trade and Investment is the lead office in LAC for coordinating A.I.D.'s response to the Administration's hemispheric trade initiatives. The project will provide LAC Offices and Missions with resources for strategic planning and resource allocation so that they can more effectively move countries in the LAC region towards acceptance and adoption of open trade policies and to stimulate investment in the region. The Trade and Investment Development (TID) project will assist LAC/TI in carrying out this role.

This project is a follow-on to the Private Sector Initiatives Project (598-0619), which was implemented under LAC/TI's predecessor office, LAC/Private Sector. This former office and the Private Sector Initiatives Project (PSIP) played a central role in the implementation of private sector policies and programs in the region. The recasting of LAC/PS into LAC/TI in 1990 recognizes that the work of integrating private sector initiatives into the LAC project portfolio has had success, and that a more focused, second-tier office is now required to channel efforts specifically towards initiatives in promoting trade and investment in the LAC region. The Project goal is to foster a hemispheric free trade environment in Latin America and the Caribbean. The project purpose remains to stimulate and support open trade policy development and/or reforms through A.I.D.-assisted programs. The Trade and Investment Development project (TID) has six basic components: (1) policy technical assistance and support; (2) technical support for field Missions in program design; (3) technical assistance to field Missions to educate and develop support for open trade policies in the indigenous private sector; (4) outreach to the U.S. business community to promote opportunities for trade and investment in the LAC region and to build support for open trade policies; (5) information collection, analysis, and dissemination; and, (6) liaison with other U.S. government, multilateral and donor agencies.

In addition to activities outlined in the original Project Paper, the LAC Bureau has charged LAC/TI with implementing a part of the Bureau program in legal, regulatory and judicial (LRJ) reform. The Bureau's LRJ committee, chaired by the Office of Development Programs and Planning (DPP), and consisting of the Office of Democratic Initiatives (DI), the Trade and Investment Office (TI), and the Office of Development Resources (DR) is working with an interagency group (USTR, DOC, STATE, A.I.D.) to define relevant A.I.D.

interventions and activities in LRJ which will support an environment conducive to investment, trade and business growth throughout the LAC region. Examples of LRJ constraints which will be addressed through this project are intellectual property protection, treatment of trade issues such as countervailing duties and antidumping, corporation formation, facilitation of business-government interactions, and facilitating business procedures. This committee has indicated that LAC/DI will be charged with primary implementation of legal and judicial aspects of assistance in LRJ and that LAC/TI will have primary responsibility in the implementation of business and regulatory assistance to subregions and Missions. The technical assistance contract under this project will serve as a vehicle to respond to U.S. government priorities in business and regulatory reform throughout the LAC region and to supplement as necessary activities falling under LAC/DI's technical assistance contract. LAC/TI, in conjunction with the LRJ committee will define tasks to be carried out under the contract and will supervise activities in carrying out these tasks and assure appropriate follow-up by field and regional Missions.

The project paper supplement recommends approval of an extension of the life of project by one year to a total of four years as well as an increase of \$1.0 million in the total authorization from the original \$3.6 million to a new requested total of \$4.6 million. Funds will be obligated for this four year project via a prime technical assistance contract, and other assistance instruments. The revised Project Assistance Completion Date is four years from the first obligation under the project.

Table 1

COMPONENT	IMPLEMENTING INSTRUMENT		
	AID DIRECT CONTRACT	PASAS	GRANTS
T&I Climate Analysis	X	X	X
Strategy Development	X		
Developing Local Support	X	X	X
U.S. Outreach		X	X
Information	X	X	
USG/Donor Liaison		X	

A. Implementation Plan

Table 2 delineates how the project will be implemented.

Table 2

IMPLEMENTATION/OBLIGATION SCHEDULE			
Obligating Document	Amount	Approx. Date of Oblig.	Term
AID Direct Contract	3,000,000	3/92	3 years
DOC/OPIC PASAs	1,020,000	5/92, 9/91	2-3 years
Grant Agreements	300,000	8/91	Ltd Scope
Evaluation/Audit	280,000	na	na
TOTAL	4,600,000		

B. Procurement Plan

It is anticipated that the technical assistance contract will be competitively awarded to a firm that is qualified in international trade and investment. A three-year contract will be signed after project authorization to include:

- o approximately 137 person-months of technical assistance provided to LAC/TI for trade and investment strategy development with field Missions;
- o approximately six regional and subregional trade and investment climate assessments;
- o development of an information system to monitor, analyze and provide relevant data on trade and investment to U.S. and host country businesses and to A.I.D. senior management.

Funding to a Participating Agency Service Agreement (PASA) with the Department of Commerce will provide continuing support for the Latin America and Caribbean Business Development Center. This Center serves as an information clearinghouse for trade and investment data and serves as a "one-stop-shop" for U.S. businesses interested in the LAC region. This PASA was originally funded under the PSIP and continued funding will be provided under the TID project. In addition, funding will be provided to other U.S.

government agencies involved in trade and investment development, such as OPIC, to support project components.

In addition, it is anticipated that LAC/TI will provide grant funding to Caribbean/Latin America Action (formerly Caribbean/Central America Action) to support its annual Miami trade and investment conference to promote high-level policy dialogue, outreach to U.S. businesses and work with host country businesses to promote open trade policies. Similar grant support for other such organizations which are integrally involved in similar activities might also be considered within the funding levels approved for the project.

V. FINANCIAL PLAN AND COST ESTIMATES

A. Financial Plan and Project Budget

The total estimated cost of the Trade and Investment Development Project is \$4.6 million. A breakdown of the various cost components of all major activities to be provided is presented in Tables 3 and 4 below. Not reflected in this table are the various "counterpart" or "in-kind" contributions to the achievement of the project, as these are not accurately quantifiable at this point. Life of Project counterpart contributions to the PASAs and the specific support grant activities are estimated to be approximately \$300,000 and \$750,000 respectively. Table 5 provides the proposed obligation schedule for the project.

Table 3

TRADE & INVESTMENT DEVELOPMENT PROJECT SUMMARY FINANCIAL PLAN (\$000)	
ELEMENT	AMOUNT
T&I Climate Analysis	\$1,220
Strategy Development	1,425
Developing Local Support	520
U.S. Outreach	625
Information	475
USG/Donor Liaison	55
Evaluation/Audit	280
TOTAL	\$4,600

Table 4

TRADE & INVESTMENT DEVELOPMENT PROJECT FINANCIAL PLAN BY FISCAL YEAR (\$000)					
ELEMENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL
T&I Climate Analysis	290	370	335	225	1,220
Strategy Development	50	525	500	350	1,425
Developing Local Support	100	130	165	125	520
U.S. Outreach	365	55	140	65	625
Information	260	65	80	70	475
USG/Donor Liaison	30	0	15	10	55
Evaluation/Audit	50	80	75	75	280
TOTAL	1,145	1,225	1,310	920	\$4,600

Table 5

TRADE & INVESTMENT DEVELOPMENT PROJECT OBLIGATION SCHEDULE (\$000)					
FISCAL YEAR	1991	1992	1993	1994	TOTAL
TA Contract	0	1,500	1,500	0	3,000
OPIC PASA	660	0	100	0	760
DOC PASA	0	60	100	100	260
GRANTS	75	75	75	75	300
Eval/Audit Contracts	0	100	100	80	280
TOTAL	735	1,735	1,875	255	\$4,600

B. Methods of Implementation and Financing

Table 6 illustrates the methods of implementation for the project, which are the for-profit contract, PASAs and grants. The methods of financing are preferred methods of financing under the Administrator's Payment Verification Policy Guidance and represent no deviation from the Bureau's general assessment of financing policy and procedures.

Table 6

Methods of Implementation and Financing				
Project Elements	Type of Assistance	Method of Implementation	Method of Financing	Amount (\$000)
Trade and Investment Climate Analysis	AID Direct	For-profit Contractor	Direct Pay	1,050
	Grant	PASA	Direct Pay	130
	Grant	Grant Agreement	FRLC	40
Strategy Development	AID Direct	For-profit Contractor	Direct Pay	1,425
Developing Local Support	AID Direct	For-profit Contractor	Direct Pay	285
	Grant	PASA	Direct Pay	35
	Grant	Grant Agreement	FRLC	200
U.S. Outreach	Grant	PASA	Direct Pay	565
	Grant	Grant Agreement	FRLC	60
Information	AID Direct	For-profit Contractor	Direct Pay	240
	Grant	PASA	Direct Pay	235
USG/Donor Liaison	Grants	PASA	Direct Pay	55
Eval/Audit	AID Direct	For-Profit Contractor	Direct Pay	280
TOTALS				\$4,600