

PD-ABE-806

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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

MOROCCO

ACCESSING INTERNATIONAL MARKETS (AIM)

608-0219

PROJECT PAPER (REVISED)

BEST AVAILABLE COPY

DATED SIGNED: 7/21/92

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UNCLASSIFIED

1

AGENCY FOR INTERNATIONAL DEVELOPMENT

**PROJECT DATA SHEET**

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number

DOCUMENT CODE

3

COUNTRY/ENTITY

USAID/Morocco

2. PROJECT NUMBER

608-0219

3. BUREAU/OFFICE

Near East Bureau

NE

4. PROJECT TITLE (maximum 40 characters)

Accessing International Markets

5. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
 01 7 23 917

6. ESTIMATED DATE OF OBLIGATION  
 (Under "B" below, enter 1, 2, 3, or 4)

A. Initial FY 912

B. Quarter

C. Final FY 917

**8. COSTS (\$000 OR EQUIVALENT \$1 =)**

A. FUNDING SOURCE	FIRST FY 92			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AD Appropriated Total	4,112		4,112	10,400		10,400
(Grant)	( 4,112 )	( )	( 4,112 )	( 10,400 )	( )	( 10,400 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1. In-Kind Contribution	400		400	2,471		2,471
2. Host Country Private Sector		194	194		1,192	1,192
Other (Describe)						
<b>TOTALS</b>	<b>4,512</b>	<b>194</b>	<b>4,706</b>	<b>12,871</b>	<b>1,192</b>	<b>14,063</b>

**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) DSEF						5,000		5,000	
(2) ESF						5,400		5,400	
(3)									
(4)									
<b>TOTALS</b>						<b>10,400</b>		<b>10,400</b>	

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 assist Moroccan companies to successfully manage entry and increase their competitiveness in international markets (particularly the U.S. market), by increasing their ability to adapt new technologies, produce more efficiently, attract foreign investment, export, contribute greater value added, and create jobs.

14. SCHEDULED EVALUATIONS

MM YY MM YY MM YY  
 Incentive 07 94 | | | | Fund 07 96

15. SOURCE/ORIGIN OF GOODS AND SERVICES

800  941  Local  Other (Specify)

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

USAID/Morocco Controller's approval of proposed methods of implementation and financing.

*[Signature]*

Rolland Deschambault  
 Acting Controller

17. APPROVED BY

*[Signature]*

Title Director  
 USAID/Morocco

Date Signed MM DD YY  
 01 21 92

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY  
 | | | |

**ACTION MEMORANDUM TO THE MISSION DIRECTOR**

**FROM:** Richard P. Burns, Chief, PDPE **NO**  
**SUBJECT:** Accessing International Markets (AIM)  
Project (608-0219)

**PROBLEM:** You are requested to approve (a) the Project Paper for the Accessing International Markets (AIM) Project, and (b) the Project Authorization.

**DISCUSSION:** The Assistant Administrator of the Near East Bureau re delegated authority to the Mission to approve and authorize the subject project at a life of project funding level of \$10.4 million on May 28, 1992.

The goal of the Project is to promote broad-based, self-sustainable economic growth, leading to increased income and employment. The purpose of the Project is to assist Moroccan companies to successfully manage entry and increase their competitiveness in international markets (particularly the U.S. market), by increasing their ability to adapt new technologies, produce more efficiently, attract foreign investment, export, contribute greater value added, and create jobs.

The re delegation of authority cable (State 169758) made two requests:

-- ". . . that under the Moroccan U.S. Tourism Promotion (MUST) Program component, the USAID/Morocco Mission director closely examine and document each travel request to determine whether the project should fund travel for U.S. tour operators visiting Morocco to develop U.S.-Morocco tourism businesses;" and

-- ". . . that if the Trade and Investment Service Program intends to promote private sector export of products that might pose potential problems to U.S. markets, the Mission will investigate the issue as it relates to A.I.D. policy determinations."

Procedures for Mission Director approval to fund the travel costs of U.S. tour operators have been formally incorporated in the project documentation and authorization. Guidance will be provided to the IESC, as in the past, so that the Trade and Investment Service Program does not pose potential problems to U.S. markets.

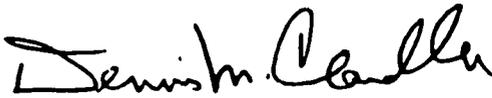
The Mission Review Committee met on May 21, 1992 to review all project components and adequacy of Project Paper documentation. The committee recommended that the Project Paper be approved subject to certain final changes in the text. These changes have been completed and are incorporated in the attached Project Paper.

A Congressional Notification was sent to Congress on May 21, 1992 and expired without objection on June 5, 1992. On June 18, 1992, the USAID/Morocco Agreements Officer approved the justification for noncompetitive award of a new cooperative agreement with the IESC to implement the project.

**RECOMMENDATIONS:**

(a) That you approve the Accessing International Markets (AIM) Project by signing the face sheet of the Project Paper.

(b) That you sign the attached Project Authorization of a life-of-project total of \$10,400,000.



Approved: \_\_\_\_\_  
Dennis M. Chandler  
Director

Disapproved: \_\_\_\_\_

Date: 21 July 1992

PROG/ECON: <sup>For</sup> MKrackiewicz: <sup>AB</sup> \_\_\_\_\_  
CONT: RDechambault: <sup>RD</sup> \_\_\_\_\_  
RCO: MReynolds: <sup>MR</sup> \_\_\_\_\_  
RLA: BBarrington: (Substance) \_\_\_\_\_  
Drafted: GModahl: PDPE: 2372: 6/8/92

b. Mission Director Approval of USAID-Financial Travel Costs for U.S. Tour Operators

As a general rule USAID funds will not be used to finance travel costs for U.S. tour operators. However, in the exceptional instance where USAID funds are deemed necessary for this purpose, as stipulated in Redelation of Authority Cable (92 State 169758), each travel request for U.S. Tour Operators visiting Morocco to develop U.S. Morocco tourism businesses will be closely examined and documented by the USAID/Morocco Mission Director to determine appropriateness of using USAID grant funds for such travel.

4. In accordance with Handbook 13, Section 2.B.3.b. and e., a justification of noncompetitive award has been approved by the USAID/Morocco Agreements Officer to award this grant to the International Executive Service Corps.

*Dennis M. Chandler*

Dennis M. Chandler  
Mission Director  
USAID/Morocco

21 July 1992

Date

Sr  
 ECON:MKrackiewicz: MS  
 CONT:Rdechambault: RV  
 PDPE:RBurns: M  
 RCO:MReynolds: AR  
 RLA:BBarrington: (Substance)  
 Drafted: GM Will: PDPE: X2372: 6/8/92

**PROJECT AUTHORIZATION**

**Name of Country:** Morocco  
**Name of Project:** Accessing International Markets (AIM)  
**Number of Project:** 608-0219

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961 as amended, subject to the availability of funds and in accordance with the A.I.D./OYB Allotment process, I hereby authorize the Accessing International Markets (AIM) Project for Morocco involving planned obligations of not to exceed \$10,400,000 in USAID Grant Funds over a five year period to help in financing foreign exchange and local currency costs for the project. The planned Life of the Project is five years from the date of initial obligation.

2. The purpose of the Project is to assist Moroccan companies to successfully manage entry and increase their competitiveness in international markets, by increasing their ability to adapt new technologies, produce more efficiently, attract foreign investment, export, contribute greater value added, and create jobs. The Project will be implemented through a cooperative agreement with the International Executive Service Corps (IESC).

3. The agreement(s) which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority shall be subject to the following essential terms and covenants and major conditions:

a. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under this project shall have their source and origin in the United States except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. To the extent permitted under the Agency's Buy America Initiative guidance and A.I.D. Handbook 13, limited procurement of Moroccan source and origin will be permitted. Ocean Shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

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**List of Project and Mission Review Committee Members**

**USAID Project Design Committee**

**C. Grant Morrill, Private Sector Officer**  
**Alexander Shapleigh, Private Sector Officer**  
**Eric Loken, Environmental Project Officer**  
**Mark Kraczkiewicz, Program Economist**  
**Rick Gold, Program Officer**  
**James Funkey, B&A Officer**

**Mission Review Committee**

**Dennis M. Chandler, Director**  
**James B. Lowenthal, Deputy Director**  
**Mark Kraczkiewicz, Acting Program Officer**  
**Richard P. Burns, Chief PDPE**  
**Roland Deschambault, Acting Controller**  
**Joyce Holfeld, PHR Chief**  
**Charles Uphaus, Agricultural Development Officer**  
**Mary Reynolds, Regional Contracting Officer**  
**Belinda Barrington, Regional Legal Advisor**

## Acronyms

<b>A.I.D.</b>	<b>Agency for International Development (worldwide)</b>
<b>A.I.D./W</b>	<b>Agency for International Development/Washington</b>
<b>ABLE</b>	<b>American Business Linkages</b>
<b>AIN</b>	<b>Accessing International Markets</b>
<b>ANI</b>	<b>Accès au Marché International</b>
<b>CMPE</b>	<b>Centre Marocain de Promotion des Exportations</b>
<b>DA</b>	<b>Development Assistance</b>
<b>DH</b>	<b>Moroccan Dirhams</b>
<b>EOPS</b>	<b>End of Project Status</b>
<b>ESF</b>	<b>Economic Support Funds</b>
<b>FAM</b>	<b>Familiarization Tour</b>
<b>FSN</b>	<b>Foreign Service National</b>
<b>FY</b>	<b>Fiscal Year</b>
<b>GOM</b>	<b>Government of Morocco</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>IESC</b>	<b>International Executive Service Corps</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>IRR</b>	<b>Internal Rate of Return</b>
<b>IQC</b>	<b>Indefinite Quantity Contract</b>
<b>MAP</b>	<b>Moroccan Agribusiness Promotion project</b>
<b>MPI</b>	<b>Meeting Planners International</b>
<b>MUST</b>	<b>Moroccan U.S. Tourism</b>
<b>NED</b>	<b>New Enterprise Development project</b>
<b>NTA</b>	<b>National Tourism Association</b>
<b>OMB</b>	<b>Office of Management and Budget</b>
<b>OYB</b>	<b>Operational Year Budget</b>
<b>PACD</b>	<b>Project Activity Completion Date</b>
<b>PDPE</b>	<b>Project Development and Private Enterprise</b>
<b>PHR</b>	<b>Population and Human Resources</b>
<b>POL</b>	<b>Petroleum, oil and lubricants</b>
<b>PSMS</b>	<b>Private Sector Monitoring System</b>
<b>PVO</b>	<b>Private Voluntary Organization</b>
<b>RIG</b>	<b>Regional Inspector General</b>
<b>SME</b>	<b>Small and medium sized enterprise</b>
<b>TIS</b>	<b>Trade and Investment Service</b>
<b>UN</b>	<b>United Nations</b>
<b>USAID</b>	<b>U.S. Agency for International Development (In Morocco)</b>
<b>USTOA</b>	<b>U.S. Tour Operators Association</b>
<b>VE</b>	<b>Volunteer Executive</b>

## **I. PROJECT SUMMARY AND RECOMMENDATIONS**

### **A. Grantee**

The Accessing International Markets (AIM) Project will be implemented by the International Executive Service Corps (IESC) through a Cooperative Agreement with USAID/Morocco.

### **B. Project Cost**

The total cost of the Project is \$14 million, including \$10.4 million in USAID funds, \$1.2 million in contributions by IESC through fee income, and \$2.4 million by IESC volunteer executives through in-kind contributions.

### **C. Project Assistance Completion Date**

The Project has a duration of five years and will be coterminous with the Cooperative Agreement with the IESC, which will end on July 23, 1997.

### **D. Project Goal and Purpose**

The goal of the Project is to promote broad-based, self-sustainable economic growth, leading to increased income and employment. The purpose of the Project is to assist Moroccan companies to successfully manage entry and increase their competitiveness in international markets (particularly the U.S. market), by increasing their ability to adapt new technologies, produce more efficiently, attract foreign investment, export, contribute greater value added, and create jobs.

### **E. Summary Project Description**

The Project represents a continuation and expansion of IESC's activities in Morocco which have been supported by USAID over the past six years under the Private Sector Export Promotion Project (608-0189). The Project consists of three technical components and two management/support components. The technical components are: (1) the Volunteer Executive Technical Assistance (VETA) Program; (2) the Trade and Investment Services (TIS) Program; and (3) the Moroccan-U.S. Tourism Promotion (MUST) Program. The support components are: (4) IESC Management; and (5) Audit, Monitoring, Evaluation and Support.

**VETA Program:** This program will provide 155 IESC volunteer executives (VEs) to work with individual private Moroccan companies as well as on other assignments. The VE assignments will average at least six weeks in length and the costs of the assignments will be partially covered through fees charged to client companies. The VEs will assist a broad range of clients, many of which will be identified through the TIS and MUST program activities. Approximately 10% of VE assignments will be for special purposes including assistance to private associations, financial sector institutions, government entities, firms undergoing privatization, or groups of small

companies. In addition, this program will provide 15 market, technology, or other business information searches for private Moroccan companies under IESC's American Business Linkage (ABLE) facility.

**TIS Program:** This program will assist Moroccan exporters to access the U.S. market and to establish long-term sustainable trade and investment relationships with American business partners. The TIS program has two subcomponents: Export Development and Foreign Investment Stimulation. The Export Development subcomponent will assist at least 30 Moroccan exporters to reach the trial export shipment stage, and at least six exporters to reach a "breakthrough" stage involving significant levels of sustainable annual exports into the U.S. market. A cumulative total of at least \$83 million in export value will be generated. The Foreign Investment Stimulation subcomponent will result in at least 14 new joint or co-ventures between Moroccan and American companies. The TIS program is highly transaction-oriented. A range of export sectors will be assisted, including processed agricultural and fish products, handicrafts and artisan products, and other manufactured products with high export potential.

**MUST Program:** This program, over a three-year pilot period, will seek to promote U.S. tourism in Morocco. Based on already on-going activities begun under TIS, the MUST program will facilitate contacts and transactions between American and Moroccan tour operators resulting in the generation of at least 40,000 additional U.S. tourists and foreign exchange expenditures of at least \$60 million.

**IESC Management Component:** This support component will provide a full-time, paid professional General Manager to supervise the total project, including staff based in both Casablanca and Stamford, Connecticut. The component includes special attention and support for the strengthening of computerized financial accounting and project monitoring systems.

**Audit, Monitoring, Evaluation and Support Component:** This support component groups all project-funded activities which will be managed and controlled directly by USAID/Morocco through separate USAID contracts within the IESC Cooperative Agreement. Included are the costs of external audits, external impact evaluations and environmental services.

#### **F. Project Management and Evaluation**

The IESC will be responsible for project implementation, in accordance with the tasks outlined in its Cooperative Agreement. USAID/Morocco will closely follow the project's progress through its "substantial involvement" as defined in the Cooperative

Agreement. Both parties will participate jointly in monitoring and evaluating project activities and accomplishments. Results will be periodically reviewed by USAID and the Government of Morocco's Ministry of Economic Affairs in the context of USAID's overall private sector development programs in Morocco.

#### **G. Special Concerns**

**Environmental Considerations:** The project has received a "negative determination" from AID/W based on information submitted in the Initial Environmental Examination. The Project will finance a buy-in to a centrally funded A.I.D. contract for environmental services to be made available to selected Moroccan companies as problems or issues are identified by IESC.

**Selected Issues:** Issues relating to the rationale of the AIM Project and aspects of IESC's methodology and which have been thoroughly examined during project design include: (1) market distortion; (2) size of firm assisted by IESC; (3) application of IESC client fees to cover project costs; (4) fee payments and legal liabilities in the TIS Program; (5) coordination with the MAP Project; and (6) the role of the Moroccan Government in the project. These issues are addressed in detail in Section II.

**USAID Funding for U.S. Tour Operators' Travel Cost:** As per redelegation of authority cable from A.I.D./W (92 State 169758 contained in Annex A), the USAID/Morocco Mission Director will approve all USAID-funded travel costs for U.S. Tour Operators visiting Morocco to develop U.S.-Morocco tourism businesses.

#### **H. Justification**

A justification for the selection of the IESC as the AIM Project implementor is furnished in Annex E.

#### **I. Recommendations**

The project analyses have determined that the project as designed is technically, administratively, financially and economically feasible. The VETA and TIS programs are firmly grounded on proven IESC performance and methodologies. The MUST program represents a new initiative with corresponding risks. The project incorporates all relevant lessons learned and recommendations contained in the external impact evaluation of the predecessor project completed in January 1992, as well as recommendations for strengthened financial accounting and internal controls contained in an independent audit report. The project has been designed collaboratively with the IESC, based on an initial application by IESC. Cost estimates have been carefully drawn, and the project is designed to leverage substantial additional expenditures by both the Moroccan and U.S. private sectors. Based on these considerations, it is recommended that the Project Paper be approved and the Project Authorization be signed leading to an obligation of funds through a new five-year Cooperative Agreement with the IESC.

## II. BACKGROUND AND PROJECT RATIONALE

### A. General Conditions

Morocco is currently poised for economic take-off and has the potential to emerge as one of the world's newly industrialized countries. The World Bank ranks the Moroccan structural adjustment program as one of the great successes in the developing world. Economic growth averaged four percent in the latter half of the 1980's, and annual per capita income is now \$830. With continued policy reform, the World Bank expects growth to accelerate to five percent yearly during the 1990's. Morocco's external debt remains high, at approximately \$23.5 billion or roughly 97% of GDP, and the current debt service ratio stands at the equivalent of 37% of export earnings. Exports have become a driving force in the economy, having reached 20% of GDP in 1990.

Morocco began a structural adjustment program in 1983. Since then, the country has entered into six stand-by agreements with the IMF (one was canceled) and eight structural adjustment loans with the World Bank. A major program of economic liberalization has been undertaken, including measures to reduce tariffs on imports, encourage exports, deregulate and reduce price controls, eliminate commercial monopolies, reduce consumer subsidies, introduce tax reforms, remove credit ceilings, liberalize interest rates, and privatize state-owned enterprises. Despite external obstacles (drought, a locust plague, stagnant world trade, the Gulf crisis), the reform program has put in place a solid policy and institutional structure which should provide the foundation for sustained economic growth. The current account has witnessed a remarkable improvement during the course of the 1980's, even registering surpluses in 1987 and 1988. The budget deficit has been reduced significantly, and Moroccan inflation rates have been among the lowest in the developing world. With regard to debt, official debt has been rescheduled with the Paris Club (six times) and commercial debt rescheduled with the London Club (three times). No further rescheduling is anticipated, and Morocco is now ready to re-enter international capital markets.

The challenge for Morocco in the 1990's is to maintain the momentum of economic growth while addressing a postponed agenda of social programs that have been underfunded due to the budget restrictions associated with structural adjustment. Unemployment levels remain high, and there is a clear link between continued economic growth (generating new jobs and income) and social progress. The private sector has assumed and will retain the lead role in the economy, while the government concentrates more explicitly on investments in physical and social infrastructure. Much will depend on a continued rapid expansion and diversification of Morocco's exports, stimulated by reinforced policies to eliminate remaining import biases,

maintain realistic foreign exchange rates, assure access to export finance, allow unrestricted access to imported raw materials and intermediate inputs, and otherwise open the country to international trade and investment.

#### **B. Constraints and Problems to be Addressed**

The AIM Project will address specific, business-level constraints faced by individual private Moroccan companies seeking to increase their competitiveness in international markets. Constraints associated with macroeconomic or sector-level policy and institutional reform, access to finance and the development of capital markets, improvements in physical infrastructure, or other facets of the "enabling environment" within which businesses operate will not be directly addressed, although several of these constraints are the subject of other USAID/Morocco projects and form part of the overall USAID strategy for private sector development.

The project is oriented primarily, but not exclusively, toward the removal of constraints affecting the ability of Moroccan companies to export, specifically to the U.S. market. Access to U.S. markets, technologies, and venture partners is the common theme. With regard to tourism, which is considered an export industry, the same problems of access apply, centered on attracting U.S. buyers (tourists).

Moroccan exporters, depending on their degree of development, face constraints that are roughly grouped in three categories. First, there is inadequate access to information on U.S. markets and contacts with potential U.S. buyers, suppliers, and investors. Second, there are needs for the technical and managerial know-how critical to manufacturing exportable products, in sufficient quantities and of the quality demanded by U.S. buyers. Finally, there are gaps in the capacity of firms to package their products to meet buyer expectations and satisfy other U.S. import requirements.

At the firm level, some of the more specific constraints which the project will address include the following:

Perceived inaccessibility of the U.S. market: There is frequently an anxiety or hesitancy to try to penetrate the seemingly large and complex U.S. market. U.S. governmental regulations and U.S. business practices, although comprehensible and manageable to experienced professionals, often represent formidable barriers to Moroccan exporters unfamiliar with the U.S.

Inaccessibility to contacts and information: Moroccan businesses have poor access to U.S. industry networks that can help supply practical information on U.S. markets and specific companies with whom to do business.

Access to production technologies: Technical know-how, raw material and equipment inadequacies also limit the development

of Moroccan exports, especially toward the United States. Many Moroccan exporters could improve their penetration of the U.S. market if they sourced these production inputs from the U.S. Conversely, U.S. buyers/importers would generally have a much higher confidence level in the quality and reliability of Moroccan products if they knew that their Moroccan exporters or partners were "geared" to U.S. technologies.

**Managerial systems:** Moroccan firms often require assistance in improving or developing managerial systems, including "soft" technologies such as quality control, marketing, sub-contracting, or employee training programs. Such systems are essential to becoming productive and competitive in international markets.

**Highly centralized family ownership structure:** The traditional paternal approach to ownership and management is slowly changing in Morocco but is still widely prevalent. It emphasizes overly centralized authority, ascription by birth rather than merit and can result in poor discipline and inefficient business practices. It limits the readiness of owners to seek and share business profits with partners, whether domestic or foreign.

**Inability to communicate in the lingua franca of trade:** More and more Moroccan business people have a command of English. In general, however, inadequate knowledge of commercial English used in international business transactions is an impediment to communication, particularly with U.S. partners.

The AIM Project will intervene with both Moroccan and U.S. companies in ways designed to mitigate these constraints. Technical assistance will be provided to individual firms, and there are a number of other interventions which will be used to reduce or "buy down" the risk to a company in pursuing a potentially profitable but as yet unproven trade or investment opportunity.

### C. IESC Approach

The IESC is uniquely well suited to facilitate business-to-business linkages between private U.S. and Moroccan companies, which are the vehicle through which the project objectives will be achieved. Working almost exclusively at the firm level, IESC staff and volunteer executives will transfer U.S. know-how and technology to the benefit of Moroccan companies, and in the process help to generate sustainable trade and investment relationships with counterpart American companies. As detailed elsewhere in the Project Paper, the IESC approach is based on proven experience and capacity to produce results, in which one of the most vital elements is IESC's access to U.S. business expertise through its established networks with the U.S. business community. In Morocco, the IESC has been active for six years, gained an in-depth understanding of Moroccan business practices, and developed contacts with Moroccan companies and exporters across a range of economic sectors.

A key point to reemphasize about the IESC approach is its "bottom line" mentality. As an organization led by individuals whose prior experience has been in the U.S. private sector, IESC understands that "sales" and "closures" are what ultimately count. Distractions in the form of too much time spent on studies or institution-building are purposely kept to a minimum, and the success of both the program and the staff who manage it will be judged on hard numbers of exports, investments, foreign exchange income from tourism, and other concrete measures of individual company performance.

Important improvements or reinforcements in the IESC approach are incorporated in the AIM Project based on the findings and recommendations of the January 1992 External Impact Evaluation of the IESC program in Morocco conducted by Rudel and Belot. Among the most notable findings are:

Project success requires high-quality, long-term management:

The effectiveness of the IESC program in Morocco has been hindered by an inability to maintain long-term personnel to lead the overall program. Every effort will be made to recruit and keep key U.S. personnel in place for a minimum of two and a half years. To strengthen management continuity, IESC will also recruit experienced, transaction-oriented Moroccan staff from the Moroccan private sector, endeavoring to retain best qualified individuals for multi-year periods through motivation and incentives. It is desirable that the senior-level VETA Director position eventually be occupied by a Moroccan professional.

VETA interventions can have enhanced impact with more systematic follow-up: Increased follow-up of completed VE assignments is essential in order to better measure project impact on client companies, including follow-on assistance where needed in the form of additional VE assignments or other support.

The export focus should be retained: An outward-looking development strategy is an important design feature, takes advantage of IESC's strengths, and should be reinforced in the new project.

Use of Marketing Associates to promote deals has been a key to TIS success: The Marketing Associates are U.S. businessmen and women with years of experience in their fields and with extensive networks in the U.S. TIS has acted as a catalyst, introducing carefully selected Marketing Associates to Moroccan companies, then letting business take place naturally with a minimum of hand holding.

Use of VEs in the TIS program has also been highly important: IESC VEs have a lifetime of experience in their industries enabling them not only to assess the potential of Moroccan firms but to link firms successfully with appropriate U.S. companies with whom they can forge commercial relationships.

Communications between IESC/Stamford and IESC/Casablanca are essential: Frustrated U.S. importers (or Moroccan exporters) introduced to each other through TIS have frequently required TIS staff to fight urgent communications battles on their behalf. This communication capability must be further strengthened in the future.

Baseline data collection and impact monitoring need to be improved: The new project should place a high priority on computerized data bases and methods to measure the impact of both VE and TIS interventions, particularly at the firm level (exports, production, employment, value added, etc.).

TIS should be perceived as a temporary service and not a profit-making operation: TIS is meeting a portion of initial entry costs of Moroccan producers to penetrate the U.S. market. External benefits to the Moroccan economy justify these costs. Fees should not be charged for TIS services (see subsection F, below).

The IESC's National Advisory Board in Morocco should be reorganized: This board has been dormant and if reactivated and reconstituted to include leading Moroccan private sector representatives could be a useful mechanism in improving IESC performance.

#### D. Other Lessons Learned

Additional lessons learned from past A.I.D., World Bank, and other donor experience in projects similar to AIM have been taken into account in the design process. Two principal sources and respective lessons they have drawn are:

Keesing and Singer, How Support Services Can Expand Manufactured Exports, World Bank, 1990.

"Emphasize support services that overcome supply difficulties holding back otherwise potentially profitable exports. Provide consultant assistance to promising firms in products with strong export prospects, to help them improve their supply capabilities and performance."

"Provide exporters with ready access ... to commercial service suppliers abroad."

"Direct each project component specifically toward the one overriding objective of expanding exports within the project's time frame. Avoid premature and unrealistic institution-building."

"Create packages of assistance ... (to) ... provide cost-sharing grants to firms to help pay the costs of services from suppliers of their choice."

"Project components for promoting investment and providing support services for exporters should almost certainly be kept

separate. Experience suggests that when export promotion services to locally owned firms are combined with investment promotion, one task nearly always dominates to the detriment of the other."

"Specify the impact which each unit of expenditure in a project component should aim at, measured in terms of the value of the exports that result, and then carefully monitor the exports generated."

"A project design fixed in stone for three or more years cannot allow for unexpected changes. Incorporate an annual progress review into the project design, which leads to an annual redistribution of resources among separate activities, depending on relative progress in different subsectors and changing circumstances."

Trade and Investment Promotion Projects: The A.I.D. Experience, A.I.D., 1991.

"The younger the program and the more constrained the environment, the simpler the project should be kept. Complex projects, which attempt to remedy a multiplicity of constraints simultaneously, belong at the end of the road if they belong anywhere."

"Show some tangible success early."

"Start dealing with issues of sustainability and organizational destinies early."

"Seek entrepreneurial doers as members of the project staff and as favored service recipients."

"Try to focus trade and investment projects on growth objectives and avoid complicating them with equity rationales which increase their cost and heighten the chances of failure. Where growth and equity objectives must be pursued simultaneously, allocate resources and give special attention to individual situations with high investment and/or export potential."

"Be careful about mixing investment promotion and export promotion in single organizational units."

"Build local staff and consultants into the project delivery mechanisms early and encourage them to take prominent roles in areas in which they are cost-effective."

**E. Relationship to USAID/Morocco Strategy**

This project represents one of the principal means through which USAID/Morocco will address the first strategic objective listed in its FY 92-FY 95 Action Plan. Strategic Objective No. 1 is "increased competitiveness of Moroccan firms in selected export markets," to be measured by improved productivity and marketing capability of Moroccan firms as well as increased private sector

investment. This is virtually the definition of the AIM Project, which will be one of the key inputs into attainment of Strategic Objective No. 1. The project will also contribute partially to Strategic Objective No. 2, which is to achieve an "expanded base of small and medium enterprises." The project is fully consistent with the overriding Program Goal of the Action Plan, which is defined as "broad and sustainable economic growth," with one of the primary measurements being increased employment and income.

## **F. Selected Issues**

### **1. Market Distortion.**

IESC supplies business support services to for-profit Moroccan clients which, in the case of the VETA Program, pay fees covering partial costs for those services. In the case of the TIS Program, Moroccan firms do not pay any fees for service. Do these practices distort existing business service markets?

First, for VETA services, the full market cost of the equivalent of a two-month IESC VE assignment would be at least \$50,000, counting all direct costs including salary plus indirect costs and fees charged by the company supplying the expertise. This is over five times the \$9,000 fee that would be charged by IESC. Only the very largest Moroccan companies are in a position to consider such an expenditure, and the only likely suppliers of such expertise would be international consulting firms. The great majority of IESC clients in Morocco would be unlikely to pay the higher cost, resulting in a judgment that market distortion is minimal.

With regard to TIS, there is no attempt to create a market for TIS services, i.e., through introducing a fee structure which would eventually lead to full cost recovery by a for-profit TIS successor entity or other private company. As with VETA services, TIS provides one-time services which will cease and not be replicated or otherwise sustained after the end of the project. On the other hand, there is greater possibility that TIS may in certain ways distort existing markets by providing uncompensated services to Moroccan exporters. Other private firms, engaged in "brokering" (facilitating contacts) between Moroccan exporters and American clients interested in establishing commercial relationships, may perceive themselves to be in competition with TIS. IESC should be sensitive to this possibility and devise means to avoid any market distortion.

### **2. Size of Firm Assisted.**

IESC assists relatively large enterprises as well as small and medium enterprises (SMEs). The nature of the assistance provided (sophistication of VE expertise) and the size of the U.S. markets to be accessed by Moroccan firms combine to bias the IESC client company profile toward larger firms. In practice, about one fourth of firms receiving VEs have been SMEs (less than 150 employees), and several TIS clients fall in this

category. Client selection is largely market-driven. The standard fees for VETA services are not overly high or unaffordable by smaller firms, and IESC has learned through experience that attempting to vary the fee structure by firm size is impractical. In addition, as indicated in one of the lessons learned from prior A.I.D. experience, the project concentrates on growth objectives. Equity concerns are not ignored -- one of the current TIS initiatives targets very small ceramic and wood handicraft producers -- and IESC is sensitive to the need to seek and assist smaller firms where this is consistent with project objectives.

### 3. Application of IESC Client Fees.

Fees generated by IESC will be applied in two ways: (a) to "offset" certain direct project costs, which are specifically identified in the project budget; and (b) to cover other expenses which are consistent with the parameters and objectives of the project. Approximately half of anticipated fee income will be applied to each category. This allocation follows USAID/Morocco policy on the use of client fees in private sector projects and is also consistent with OMB Circular No. A-110.

IESC will indicate the categories in which clients fees will be programmed during the coming year in its annual work plans. By approving the work plans, USAID also approves the general areas in which these funds will be spent. IESC will also show in their quarterly financial reports how client funds were expended during the quarter in support of the project.

### 4. TIS Fees and Legal Liabilities:

The 1991 final impact evaluation helped to define the TIS Program as a temporary service to meet a portion of initial "entry costs" of Moroccan exporters to the U.S. market. Charging fees was not recommended because (a) the income is not needed for self-sustainability purposes and (b), more importantly, it may expose IESC to claims for damages from dissatisfied Moroccan clients if fees were perceived to place legal obligations or liabilities on TIS for participation in a transaction. In addition, the charging of fees is impractical in an entry cost situation; only after a sufficiently large flow of product has been established will normal brokerage

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<sup>1</sup> OMB Circular No A-110 states that "Federal sponsoring agencies shall apply the standards set forth in this attachment in requiring recipient organizations to account for program income related to projects financed in whole or in part with Federal funds. ....

"... [P]rogram income earned during the project period shall be retained by the recipient and, in accordance with the grant or other agreement, shall be:

"a. Added to funds committed to the project by the Federal Sponsoring agency and recipient organizations and be used to further eligible program objectives;

"b. Used to finance the non-Federal share of the project, when approved by the Federal sponsoring agency; or

"c. Deducted from the total project costs in determining the net costs on which the Federal share of costs will be based."

commissions kick in between buyer and seller, and the role of TIS is to facilitate contacts and trial shipments which will allow such business relationships to mature.

**5. Coordination with Other USAID-Funded Projects:**

The AIM Project will need to be closely coordinated with USAID's Morocco Agribusiness Promotion (MAP) Project, the New Enterprise Development (NED) Project, the Privatization Sector Assistance Program, the Training for Development Project, and other USAID-funded projects and activities. Particularly, both the AIM and MAP projects target agribusiness, with AIM concentrating on specific export transactions and MAP covering a broader range of technical assistance, training, and research and development support for Moroccan agribusiness companies and related support institutions. To prevent overlaps or duplication of efforts, and to maximize complementarity, the IESC TIS Director and General Manager will be expected to maintain direct and frequent contact with the contractors selected to manage other USAID-financed projects. Special attention is needed to assure that client companies understand and are not confused by what each project offers.

**6. Role of Moroccan Government:**

This is a private sector project involving no direct implementation responsibilities and no direct commitment of funds by the Moroccan government. The project will be carried out within the broad context of the USAID program in Morocco, with USAID funds being obligated directly via the Cooperative Agreement with the IESC. A formal government-to-government Project Grant Agreement will not be utilized, but the Government of Morocco recognizes the purpose and objectives of the project and will provide the necessary customs and tax exemptions, visa privileges and other benefits normally made available to contractors or grantees implementing USAID projects (see Annex D). In addition, there will be an annual review meeting during which USAID and IESC will present progress reports to the Ministry of Economic Affairs and assure that the project remains consistent with expectations.

### **III. PROJECT DESCRIPTION**

The Accessing International Markets (AIM) Project will finance a five-year \$10.4 million grant to fund a Collaborative Assistance Cooperative Agreement with the International Executive Service Corps (IESC). The AIM Project follows on and expands the successes of the \$4.020 million IESC Cooperative Agreement financed from June 1986 to June 1992 under the Private Sector Export Promotion Project (608-0189). Along with the USAID grant contribution of \$10.4 million, IESC volunteer executive (VE) in-kind contributions will total \$2.4 million, and the Moroccan private sector contribution will total \$1.2 million, bringing the total project value to \$14 million.

#### **A. Project Objectives**

##### **1. Project Goal**

The goal of the Project is to promote broad-based, self-sustainable economic growth, leading to increased income and employment.

##### **2. Project Purpose**

The Project purpose is to assist Moroccan companies to successfully manage entry and increase their competitiveness in international markets (particularly the U.S. market), by increasing their ability to adapt new technologies, produce more efficiently, attract foreign investment, export, contribute greater value added, and create jobs.

##### **3. End of Project Status (EOPS)**

By July 1997, the project activity completion date, the following results will have been produced:

- o Over 230 Moroccan firms will have received assistance to improve operations and management. U.S. firms will have benefitted directly and indirectly through project-promoted trade and investments.
- o 25 business information searches (ABLE services) will have been completed, providing access to U.S. markets, technologies and business partners.
- o At least 20 new technologies, products or processes will be mastered by Moroccan-based firms.
- o 30 firms will have achieved trial export shipments with new trading partners.
- o 6 firms will have achieved major export "breakthroughs" with new trading partners (sustainable annual exports of significant value).

- o Total cumulative exports to the U.S. by project-assisted firms will have reached \$83 million.
- o 14 or more foreign investment ventures (Moroccan-American joint and/or co-ventures) will have been signed.
- o 40,000 additional U.S. tourists will have visited Morocco contributing \$56 million in foreign exchange earnings.
- o IESC will have assisted selected private associations, financial institutions, government entities or firms undergoing privatization which will have impacts on private sector performance, in concert with other USAID-financed activities.

**B. Project Components**

The Project consists of the five components described below. Table 1 presents an overview relating inputs (sources of funds) to outputs (project components). A summary of the outputs and principal inputs is presented in this section at the end of the description of each technical component, and detailed budgets and IESC staffing requirements are provided in Section V and Annex G. VETA, TIS and MUST are the project's three technical components. IESC Management and Audit, Monitoring, Evaluation and Support represent management and support components which cut across all parts of the project and are broken out as separate budget categories. The two project support components total \$1.5 million.

Table 1: Total Project Value by Major Contributor and Component  
(\$ U.S. Millions)

	USAID Grant	VE In Kind	Client Fees	Total
1. VETA Component	83.3	22.5	11.2	7.0
2. TIS Component	4.3	0	0	4.3
3. MUST Component	1.2	0	0	1.2
4. Component 4	1.0	0	0	1.0
5. Component 5	.5	0	0	.5
Total:	91.4	22.5	11.2	14.0

(Totals may not add due to rounding.)

**1. Component 1: Volunteer Executive Technical Assistance (VETA) Program**

The VETA Program, over a five-year period, will provide 155 volunteer executives to work with individual Moroccan companies as well as on other assignments. The VETA Program will operate in two complementary areas:

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- o First, it will support and reinforce the export focus of the TIS and MUST components by providing improved production, marketing and management through VE assignments to private Moroccan exporters and other enterprises identified by the TIS and MUST programs.
- o Second, it will respond to a broader-based demand for IESC services marketed to the Moroccan private sector in general and, in limited cases, with private associations and government organizations.

#### a. VETA Assistance to Firms

The individual VE assignments involve one-on-one, "in-company" technical and managerial assistance. VE interventions span the range of company functions including general organization and management, production, cost reduction, export planning, inventory control, marketing, personnel practices, and energy conservation, among others.

Direct benefits from the VETA component are expected in two basic types: (a) technical, production-oriented, factory floor assistance; and (b) business management assistance. Technical assistance interventions help companies to conceive, launch, or produce new products, identify and select new technologies and ways of processing, make existing machinery operate more efficiently and new machines perform optimally, or improve quality control. Management assistance results in better organizational structures, improved marketing strategies and techniques, more effective planning, technical upgrading (including computerization), and realistic business plans for new ventures.

Indirect benefits from VE interventions are as important as the direct benefits. Positive behavioral changes on the factory floor, such as improved safety, cleanliness and factory maintenance, often accompany VETA interventions. The volunteer executive many times serves as a role model for the client, resulting in positive changes in company philosophy, improved staff/management relationships, and increased sense of business control. VE recommendations often strengthen middle level management in businesses traditionally dominated by a family or single individual by urging owners to decentralize authority, to routinize mid-level management procedures, or to increase staff responsibility and devote greater attention to training. As outside change-makers and impartial observers, VEs can play a "political" role in the client firm, such as making recommendations which would not be listened to otherwise. Finally, VEs are good U.S. business diplomats; when the VE spouse gets involved, this positive image is further enhanced.

#### b. Range of VETA Services

The Project will finance a range of VETA services reflecting the different modes of IESC operation. The IESC's world-wide business network of more than 12,400 volunteer industry experts

can be exploited in different ways. In addition to direct in-company VE assignments to provide technical and managerial assistance to individual firms, the VETA Program will provide:

- o American Business Linkages (ABLE services) to draw on the VE network to research information on equipment suppliers, product specifications, potential partners, product buyers, and other information for Moroccan firms contemplating new ventures or product development efforts.
- o Export Development Activities to assist Moroccan clients develop an export plan, including market analysis, product evaluation, packaging design and other activities required to understand industry-specific opportunities and access foreign markets.
- o Assistance in the Privatization of State Enterprises to develop plans to move assets into private organizations, assist in reorganization and transfer, and provide specialized technical assistance during and after divestment.
- o Small Enterprise Assistance to offer training, consulting backup and information to small firms through VE assistance to local business associations and cooperatives.
- o Training for Companies to up-grade skills and improve productivity through industry-specific seminars and training programs.
- o Services to the Non-Private Sector to promote private sector thinking and approaches to divisions within the government or to private non-profit organizations charged with servicing the private sector.

#### c. VE Delivery System

Project funds will be used to finance highly coordinated interaction between IESC/Morocco and IESC/Stamford to deliver qualified VEs to meet specific client needs. This and the following subsections detail the VE delivery system and then summarize the outputs of the overall VETA Program.

The IESC business development cycle begins when, after a sustained marketing effort, a potential client indicates its desire to request assistance from IESC. A request for assistance is drawn up and forwarded to IESC/Stamford. The approved agreement is returned to IESC/Morocco while the recruiting process begins in Stamford. When a qualified candidate is located, Stamford transmits full details of the candidate's suitability for the project. The Moroccan client reviews and approves the proposed candidate. VEs usually are accompanied to their assignments by their spouses. Once the Moroccan client confirms the selection and fixes a starting

date, the VE couple is briefed pre-departure and fielded to Morocco. The VETA Director in Morocco plays the key role in receiving, briefing, and trouble-shooting during the VE's period of assignment. Finally, on completion of assignment, the VETA Director reports to Stamford on the project and follows through with the client on any further support that may be required.

#### **d. Marketing and Fees**

The VETA marketing effort, or identifying those firms which can best take advantage of assistance and helping them articulate company problems in solvable ways, is an important aspect of the development program. The VETA marketing effort must assure the following: (1) a successful and cost-effective program through the development of high-quality VETA projects; (2) VETA client satisfaction through the results of completed projects; and (3) a planned means for measuring impact on the client firm's growth and development through the quality of the VE recommendations.

Techniques for VETA Program marketing include publicizing the VETA Program through appropriate local channels, direct marketing (face-to-face meetings to prospect new clients), indirect marketing (meetings and seminars at business club meetings, promotion by IESC's National Advisory Council) and the development of promotional materials.

Clients pay up to \$12,000 for a three-month in-country VE project (\$6,000 for the first month, \$3,000 for each month thereafter) to assure that clients are serious and motivated to make effective use of the VE. Charging fees requires a more intensive level of selling and a stronger marketing effort. The essential IESC marketing challenge is to demonstrate to clients that their fees will be repaid several times over by the cost savings and improvements in efficiency or productivity introduced by the VE.

In special cases, such as VE assignments to assist groups of companies through training programs or industry-specific seminars, the fees may be reduced or waived. There is a separate fee schedule for ABLE services (provided by IESC/Stamford staff and volunteers based in the U.S.).

Past marketing efforts were concentrated in Casablanca. To expand the VETA Program, the Project will fund more marketeers to evenly market the program in other Moroccan cities.

#### **e. Recruitment**

The marketing effort ends with a signed agreement between IESC and its client. This agreement lays out the definition of the problems and the scope of work of the VE. This is a key point in the IESC business cycle because the effort put into defining the client problem will determine the adequacy of the match between VE skills and client needs. The Project will make standard fixed payments to IESC/Stamford to support recruitment efforts by IESC recruiters including use and maintenance of

IESC's VE data bank. A number of exchanges take place until the client reviews and approves the VE for its firm.

#### **f. Management for Impact**

Discounting the occasional mismatch or false-start which inevitably occur between VEs and their clients, evaluations of the VE Program around the world almost unanimously conclude that the IESC product -- the individual volunteer executive -- is overwhelmingly appreciated by its clients. VE impact can be significantly improved, however, through better in-country management. Consequently the Project will focus VETA management on improvements in the VE delivery system known to result in greater impact.

Prior to arrival in country, IESC staff will pay greater attention to the preparation of VEs. Since VE recommendations to firms have to take into account the social and business culture of Morocco, improved orientation and cultural adaptation will increase the impact of the VE intervention through VE recommendations that are more culturally relevant.

While in Morocco, VETA management will undertake extensive dialogue with the client at every stage of the VE intervention. At least one work plan meeting with the client approximately 10 days after the VE's arrival will identify problems at an early stage. VETA management will undertake other meetings as necessary. If problems are resolved early, VEs tend to stay longer. The longer they stay the more they understand how to recommend change in companies and the greater impact they have.

To enhance the credibility of the VETA Program through greater client satisfaction, VETA management will exercise an IESC "Warranty Policy" by furnishing clients with a "replacement" VE free of charge, when an obvious mismatch or false start has occurred.

#### **g. Follow-up Post VE Departure**

Another critical element in the business cycle is follow-up after the VE departure. Numbers of VE interventions, no matter how satisfied the clients may be, are not indicative of project impact. Typically, within the three-month assignment only initial changes in company operations have been made by a client firm. Full implementation of VE recommendations may take months and sometimes years. Even if everything has gone successfully up to this point, it is the implementation of VE recommendations that results in company growth and leads to broader socioeconomic impact. Evaluation reports have shown that "follow-up," of almost any sort, can be a major factor in program effectiveness.<sup>2</sup>

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<sup>2</sup> Multinational Strategies, Inc., "Evaluation of the International Executive Service Corps," USAID Washington, D.C.: 1968, p. 88.

VETA management will make a follow-up visit to each client firm within six to 12 months after the VE assignment is completed (a) to determine if further assistance is required in implementing the VE's recommendations, (b) to better monitor and assess the VE assistance impact, and (c) to market additional IESC services.

The Project will also finance staff, training and equipment necessary to develop a computerized data base. The purpose of the data base will be to monitor directly attributable effects of VE interventions on client firms' levels of exports, investments, production, job creation, acquisition of technologies, increased efficiency and other relevant performance variables. This data base will record the client's situation prior to the VE assignment, enter information on the VE's intervention and the recommendations to be implemented, and periodically update subsequent client company performance. The data base will be used for analyzing VE interventions, tracking performance indicators, targeting markets and subsequent evaluation efforts. See also Section IV for monitoring and evaluation plans.

#### **h. Summary of VETA Program Outputs and Inputs**

The outputs of the VETA component are summarized as follows:

- o 155 VE assignments completed in Morocco for private Moroccan companies, of which at least 24 are related to TIS-assisted companies, at least 11 are related to MUST-assisted companies, and up to 15 (10%) are for assistance to groups of companies, private associations, financial institutions, government entities, or privatization efforts.

- o 25 ABLE services completed in the United States for private Moroccan companies, of which at least 10 are related to TIS-assisted companies.

The principal inputs of the VETA component consist of technical assistance (IESC staff and volunteers), plus modest amounts for staff training, commodities and other costs:

- o Staff costs include the VETA Director and marketing and support personnel, staff travel and office expenses in Morocco, and a flat charge per VE to cover IESC costs in Stamford for recruitment, administrative and field support of the VEs.

- o Volunteers include the VEs who come to Morocco on assignment as well as volunteers who assist IESC staff in the U.S. on VE recruitment and ABLE projects. Costs consist of the value of the volunteer's time (salary equivalent), plus travel, per diem, and other support costs in Morocco for VEs and their spouses paid by the project and client fees.

o In-house training or conferences will be provided in Morocco to support the marketing effort. Commodities will include two vehicles, a computer system, and other small purchases.

## **2. Component 2: Trade and Investment Services (TIS) Program**

The purpose of the TIS component is to promote Moroccan exports and stimulate new Morocco-U.S. business partnerships resulting in increased Moroccan trade and investment. Consequently, the TIS activity consists of two related and mutually reinforcing subcomponents which target different client groups with individual needs:

- o **Export Development** to provide information, contacts and technical assistance to Moroccan firms and/or trading companies which are ready to penetrate new foreign markets in order to obtain export orders.
- o **Foreign Investment Stimulation** to provide information and contacts to Moroccan and American firms to interest them in undertaking joint ventures and investments in Morocco which will result in exports.

### **a. Export Development**

The Moroccan TIS trade promotion effort is one of the most successful IESC TIS programs in the world. The various functions performed by TIS involve a number of roles which effectively buy down the "entry costs" for Moroccan firms to penetrate new markets. TIS promotes trade by undertaking the following catalytic roles:

- o **Links buyers with sellers:** It identifies and links potential buyers and sellers, and then encourages export and venture deals to the point of closure, i.e., signing orders.
- o **Reduces time:** It reduces the time lags for entrepreneurs to export new products that may eventually have been exported without the program.
- o **Reduces risk:** It reduces the costs and risks for Moroccan producers as they conduct market searches, trial shipments, technological innovations, etc., associated with entry into relatively unfamiliar North American markets.
- o **Builds credibility:** It provides credibility for buyer and seller of the other party.
- o **Closes deals:** It actively convinces the buyer and seller to come to closure.
- o **Assists expedition:** TIS acts as an expeditor to get Moroccan producers to perform shipments in accordance with generally accepted international trade practices, particularly U.S. practices.

- o Feeds back information: It feeds market information back to the producers, impacting on the production process, to adapt products to market needs.

### (1.) Identification of Export Products

TIS will pursue two approaches to product identification. From the supply side, TIS will identify Moroccan products already being produced that are readily available for export. From the demand side, TIS will identify products that are not yet being produced but can be readily produced in Morocco and have a strong demand in foreign, particularly American markets. Simultaneously TIS will seek to interest Moroccan industrialists and/or trading companies to commence production of such products so that TIS can connect them with pre-identified potential buyers.

In both cases product identification will be "deal" driven, i.e., lead to new and increased exports. Once products are identified, the TIS strategy is to focus on the most easily exportable things first, to bring willing buyer and willing seller together, to intervene to the minimum extent necessary to help the seller to meet the buyer's requirements, to make the deal and to go on to other deals.

### (2.) TIS Network

The Project will fund the TIS structure for the export and investment promotion efforts. The TIS structure requires an activist unit in Morocco balanced by another activist unit in the U.S., located at IESC headquarters in Stamford. Both units are managed directly by the TIS Director. These two units act as the two piers of a suspension bridge, allowing rapid traffic (communications, personnel and sample goods) to move in both directions. TIS staff will use IESC's network of volunteer executives and its access to U.S. private sector importers, international trade brokers and manufacturers to locate the technologies, sources of market information and contacts needed to link the Moroccan producer or exporter with whatever is needed to make him capable to sell to the U.S. markets.

### (3.) Sector Surveys and Market Surrogates

The Project will finance IESC VE-led short (usually two-week) surveys in selected sectors, to identify those companies that could meet U.S. specifications and are willing to adapt their product to the market. Each will look at about 10 to 15

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<sup>3</sup> Products with buyers already pre-identified by TIS which await the development of a capable Moroccan export/marketing effort include 1. Dehydrated vegetables, 2. Dried tomatoes and apricots, 3. Powdered tomatoes, 4. Sliced black and green olives, 5. Stuffed olives, 6. Canned peeled tomatoes, 7. Artichoke hearts bottoms and marinated quarters, 8. Roasted peppers, 9. Pimentos, 10. Capers in jars, 11. Anchovies, 12. Skinless and boneless sardines, 13. Marble tiles, 14. Cork (semi-finished), 15. Pottery, and 16. Hand-knotted carpets.

companies in their selected sector and be designed to identify the two or three producers that are closest to being ready to export, in terms of their production capability, exportability of product line and attitude. Subsequently, VEs and TIS staff will use their U.S. industry contacts and the IESC network to open doors for these Moroccan producers, through visits in the U.S. to each of the most likely trade candidate firms in a product-specific sector. The surveys sometimes result in unidentified product lines with high export potential. When this happens the identification process becomes self-adjusting to market demand.

Individuals selected to conduct the sector surveys are former entrepreneurs and leaders in the corresponding U.S. industry they are fielded to survey. As such, they represent in effect the American marketplace for their sector; they act as surrogates for the U.S. community of buyers or product-specific marketplace they represent. If the businessman or woman conducting the survey is not the appropriate business person to make the order, he or she will know who is.

#### (4.) Marketing Associates

Although TIS is commerce-oriented and rigorously deal-focused, TIS as such does not make the deals; TIS is the catalyst for the match-making. Once TIS gets the "right" dealer to visit the firms, orders are the natural by-products of match-making. After deals for trial shipments are made, export trading begins. To this end, the Project will fund Marketing Associates to visit Morocco for the purpose of exploring the feasibility of immediately concluding deals in specific product lines. Marketing Associates screen companies that have been identified by the sector surveys, select those that offer the best potential for sustained export production, and demonstrate what these companies have to do to export.

As with sector surveys, Marketing Associates may identify new product lines with strong export potential that went unnoticed. For example, a sardine Marketing Associate may also be a U.S. importer of anchovies or several other product lines related by distribution network. Unanticipated product lines are thus added to the list of export products.

TIS pays minimal necessary costs, usually only per diem in Morocco and international travel, to the Marketing Associates (U.S. experts or brokers) whom TIS selects to visit Morocco. In some instances, brokers travel to Morocco without any TIS contribution. Only after the broker demonstrates that he can make a satisfactory program contribution will TIS agree to designate him as a Marketing Associate and fund the out of pocket costs of the visits.

### (5.) Natural Selectivity

Screening, selectivity and deal-making are the underpinnings of the TIS approach. A relatively long list of firms identified by surveys are winnowed down by their abilities to undertake trial shipments, make delivery on time and meet required import specifications. The Marketing Associates then work intensively with a limited number of firms most able and willing to commence export operations, invest and adapt to market needs. True success only occurs when an exporter has developed a sustainable, repeat business relationship with a buyer/broker, referred to as a "breakthrough" into the new market.

For example, during the first 24 months of TIS operations under the current Cooperative Agreement, the TIS staff identified and had some contact with approximately 275 firms. Out of that number of firms, 22 successfully completed trial shipments. Out of the firms completing trial shipments, one, or possibly two, firms have thus far developed significant and self-sustaining new trade relationships (in olives and olive oil exports). Two to three other exporters are well-positioned for breakthrough (including sardine and anchovy exports).

This approach may appear to be based on an overly hard-nosed business sense. However, the TIS market surrogate approach saves would-be exporters from the ruthless selection that the market would eventually make. At the same time, it distributes TIS efforts proportionately on the eventual winners, thus maximizing the return on invested time and resources funded by the project. Finally, it should be noted that while relatively larger firms enjoy substantial advantages in the natural selection process, even these firms require intensive counselling to adapt to international competition and break out of protected environments. On the other hand, TIS has also successfully developed orders for small firms (e.g., artisan handicrafts).

### (6.) Follow-Through: Other TIS Support

As TIS operations progress, situations develop where TIS-assisted firms at different stages of penetrating a new market need other TIS support. Some need to invest in the acquisition of new technologies and equipment. Others need technical assistance to resolve production, management or commercial problems. Still others are ready to conclude deals with only minor adjustments, but they may need additional facilitation to put them in touch with U.S. buyers or partners. Consequently, project financing is designed so that TIS can respond to different follow-through needs in various ways.

- o Selected U.S. buyer visits will be partially funded, and the TIS Program will also attract unfunded buyers to visit Morocco. Buyers, even when no deal is concluded, can

transfer to Moroccan companies significant knowledge and technology in the course of educating Moroccan exporters on how to satisfy U.S. buyer requirements.

- o U.S. seller visits will not be funded by TIS but will be encouraged for their commercial as well as educational value. Assisted by IESC's volunteer network, TIS will select high-quality U.S. firms interested in transferring technology or selling equipment, semi-finished materials and raw materials to Morocco. Such imports from U.S. sources may become direct inputs into a Moroccan company's export operation. To sell their products, sellers assist Moroccan entrepreneurs to adapt technologies, explain the technological value of their products and services, and usually follow-up with Moroccan buyers to assure that the buyer is profitably using and satisfied with the product.
- o VETA Program services, such as standard VE assignments, or special technology, market, or partner searches (ABLE services), will be marketed to TIS-assisted firms based on usual client fee rates. As indicated in the description of the VETA Program, at least 24 VE assignments are expected to be dedicated to companies also receiving TIS support.
- o Other miscellaneous support, focused on small expenditures of funds focused on requirements to conclude a transaction, may be partially or fully funded by the project. Examples include in-country training in Morocco for groups of companies (such as advice on U.S. entry requirements for agricultural products, or advice by pottery, woodwork or other handicraft experts on the quality of artisan goods demanded by the U.S. market), as well as partial costs of travel to the U.S. and/or participation at trade fairs when such travel relates directly to concluding business deals. These expenditures of funds will assist TIS Staff in their concerted effort to explain market requirements and persuade producers to invest in new equipment to adapt their product to U.S. specifications.

#### (7.) Export "Breakthrough" and Export Sustainability

Once match-making is successful and trial export trading commences, TIS staff continues to intervene as a facilitating communications link, to respond to requests from either party in the transaction, to trouble-shoot (e.g., resolve shipping, quality or other problems), and to otherwise promote a sustainable business relationship. TIS withdraws its support once the flow of goods from a TIS client gets on a firm footing or, in a contrary situation, circumstances demonstrate that a sustainable relationship beyond the trial shipment stage is not viable. The decision to graduate a "breakthrough" firm is based on the volume of goods shipped, buyer satisfaction, and whether the level of broker interest in the company's product (measured by commission earnings) is adequate to maintain a sustained trade relationship.

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## **b. Foreign Investment Stimulation**

The purpose of this subcomponent of the TIS Program is to identify Moroccan industry sectors and individual businesses which are prime candidates for ventures with U.S. companies and to match them with U.S. business counterparts. This effort will produce a mix of joint ventures and co-ventures defined as follows:

- o Traditional joint ventures entail two companies providing joint equity participation to form a new third entity.
- o Co-ventures include a wide range of other kinds of agreements between two companies, such as agreements to market goods and services, to produce components for further assembly, to transfer technology, trademarks, or other legally protected property, or to supply an entire package to start-up a complete business.

Like the TIS Export Development subcomponent, the foreign investment effort will be demand-driven, and successful venture stimulation will result in increased exports. IESC will not promote investment for production aimed at the Moroccan domestic market or foreign firms wishing to export goods to Morocco. Approximately 14 investment/co-ventures will be concluded and about \$7.5 million in purchases of U.S. technology, equipment and materials and other equity capital will be invested.

### **(1.) Recruitment of Expertise**

The project will finance an Investment Stimulation Director, who will be an experienced venture capital or investment specialist. It is particularly important to recruit someone who has worked in investment banking or with a venture capital firm and whose experience includes a range of U.S. business sectors which could be attracted to invest in Morocco.

### **(2.) Morocco Orientation**

The Investment Stimulation Director will be based in the U.S. but will travel periodically to Morocco for orientation and follow-up visits as ventures develop. It is anticipated that most venture possibilities will be identified or linked to other TIS operations. The TIS/Casablanca staff will be the point of contact in Morocco for the venture stimulation effort to relay contacts and information. Based on previous experience, TIS currently knows of at least twenty financially well backed Moroccan exporting firms who are eager candidates for ventures with U.S. companies.

### **(3.) Promotion in the U.S**

As sectors of opportunity and potential Moroccan partners are identified, the Investment Stimulation Director will start

canvassing and soliciting U.S. companies to consider ventures with Moroccan firms. There are two principal reasons why the effort needs to be based in the U.S. First, it is much more difficult to find American investors who are seeking Moroccan partners than vice-versa. Therefore, the main part of the investment stimulation work will be to identify U.S. companies which should be made aware of specific Moroccan opportunities. Second, American firms are generally unfamiliar with Morocco, there is a perception that French and other European firms have competitive advantages, and there is a negative "Morocco for Moroccans only" message that has come through in the past. Therefore, a vigorous promotion effort in the U.S. is required to inform American firms of the positive policy measures Morocco has taken over the last decade, as well as the positive attitude on the part of Moroccan businesses, to convince Americans to look upon Morocco as a welcoming country.

#### (4.) Investor Reconnaissance Visits

As the promotion effort progresses, U.S. investors will begin to visit Morocco. TIS in Casablanca will set up appointments and act to build confidence with the appropriate Moroccan companies, just as it does in the Export Development subcomponent. The project will not finance investor visits as a general rule. Investors do not operate on the low-profit margin that brokers work on and any serious investor should finance his own trip to Morocco. However, the project may partially finance a limited number of well-selected visits by key investor intermediaries, such as investment bankers and venture capitalists, whose knowledge of U.S. investors may supplement the work of the Investment Stimulation Director, help transfer technical knowledge on joint or co-venturing to Moroccan companies, and succeed in leveraging a commitment by a U.S. investor.

#### (5.) Support during Venture Gestation

When U.S. companies recognize and wish to pursue business opportunities with Moroccan firms, they may undertake market studies, feasibility studies, conceive investment plans and eventually draw up articles of association or other forms of joint agreements. The project will not directly finance these activities. However, the TIS staff, in its catalytic role, will work to speed along the process, reduce time, shoot down problems, ease communications and advise U.S. and Moroccan firms.

#### (6.) Uncertainty Factor

The process of venture stimulation is similar to that of export development, but is more difficult, takes longer, and is riskier. Failures may occur due to market changes, partner disagreements or, even after careful analysis, inadequate profitability of the project. Results can be impressive but they usually do not occur as rapidly as in export development efforts.

**c. Summary of TIS Program Outputs and Inputs**

The outputs of the TIS component are summarized as follows:

- o 18 TIS sector surveys are completed.
- o 7 Marketing Associates provide specialized assistance to Moroccan companies.
- o 42 U.S. buyer visits to Morocco are completed (30 partially supported with project funds).
- o 60 U.S. seller visits to Morocco are completed (not supported with project funds).
- o 33 U.S. investor visits to Morocco are completed (12 partially supported with project funds).
- o 30 Moroccan export firms reach trial export shipment stage.
- o 6 Moroccan export firms reach the breakthrough stage.
- o A cumulative total of \$83 million in exports is generated by TIS-assisted companies during the five-year period of the project.
- o 14 joint or co-ventures are signed between Moroccan and U.S. companies involving \$7.5 million in investment value.

The principal inputs of the TIS component consist of technical assistance (Export Development and Foreign Investment Stimulation staff, Marketing Associates, and VE-conducted sector surveys), office support costs in Casablanca and Stamford, and modest amounts of training and commodities.

- o Staff costs include the TIS Director based in Casablanca supported by two professional and one administrative assistants, two TIS project officers and part-time administrative support in Stamford, and the U.S.-based Investment Stimulation Director.
- o Except for the Marketing Associates and some percentage of the costs of U.S. buyer and investor visits, the costs of other visits by U.S. buyers, sellers or investors represent leveraged expenditures beyond costs covered by the project.
- o Commodities include three vehicles, a computer system, and other small procurements. There is a very limited budget for conferences, seminars and participation in trade fairs.

### **3. Component 3: Moroccan-U.S. Tourism Promotion (MUST) Program**

The purpose of this component is to increase American tourist visits to Morocco by linking Moroccan tourism companies to the American tourism industry. Tourism is an export equivalent which increases income, creates jobs and has a major multiplier effect on the economy. Business-savvy IESC executives conservatively estimate that this component, over a three-year period, can contribute directly to bringing a cumulative additional 40,000 U.S. tourists to Morocco, who can be expected to spend over \$60 million in foreign exchange for air travel, meals, hotels, gifts and entertainment while in Morocco.

The MUST component will be a time-limited, three-year pilot program. It is based on analytical work conducted by IESC under the existing TIS program. IESC, through the direct links it has established with leaders in the American tourism industry, including the U.S. Tour Operators Association (USTOA), will seek over the three-year period to expose a large percentage of the principal American tour operators to the profit potential of promoting and packaging tours to Morocco. A working assumption is that three years will be sufficient to reach a critical number of tour operators who will have invested in Moroccan tours, gained experience, and have the positive results needed to continue Moroccan tours into the future without additional inducements or encouragement by IESC. At the same time, the MUST component will develop and refine its methodology of tourism promotion, accumulating lessons learned, and transfer this experience to Moroccan tourism promotion organizations.

#### **a. Background**

The MUST component builds on momentum already begun. The TIS program commenced a tourism development effort in Morocco in July, 1990. Volunteer Executive Michael Alford conducted a TIS sector survey in Morocco indicating that there is enormous potential for Morocco to attract more U.S. tourists. VE Alford followed up the sector survey by organizing two Familiarization (FAM) Tours for U.S. tour operators to visit Morocco. The first occurred in July 1991 in the wake of the Persian Gulf War which saw foreign tourists to Morocco plummet; the second was completed in January 1992. In addition, under TIS funding, IESC has already produced and distributed one high-quality travel video on Morocco to key U.S. travel industry personnel, and the first two FAM tours have had the spin-off effect of placing two feature articles on Morocco in U.S. travel-related publications. Four U.S. tour operators are currently packaging tours to Morocco as a direct result of the January 1992 FAM tour.

The principal analytical work is contained in the 1990 survey, as updated since by VE Alford. It identifies three strategic objectives in a marketing strategy to promote U.S. tourism in Morocco.

- o **Improved Air Linkages:** The first objective and single most important element in increasing rapidly the numbers of U.S. tourists is to improve and increase the direct air links between the U.S. and Morocco, firstly by interesting at least one American airline to fly directly to Morocco, and secondly by improving the service capability of Royal Air Maroc.
- o **Better Image of Morocco:** The second objective is to establish the right image of Morocco and to encourage an atmosphere in which any promotional activities can thrive. Education of the U.S. travel trade, beginning with the U.S. tour operators and extending to the U.S. retail travel agents, is the first step. The second step is to publicize Morocco's close relation and historically important role with the U.S. through better public relations efforts.
- o **More Welcoming Human Infrastructure:** The third strategic objective is to improve the quality of the human infrastructure responsible for welcoming the tourist, e.g., hotel managers, tour guides, shopkeepers, restaurateurs.

While not all of these objectives are directly attainable by the project, the MUST component will pursue these aims through three activities: (1) a results-oriented promotion and marketing effort in the U.S. to attract U.S. tourists to Morocco, which will be the major thrust of the MUST component; (2) VETA technical assistance assignments aimed at the identification and resolution of industry-wide problems as well as standard VE assignments with individual Moroccan tour operators, hotel companies, etc.; and (3) to the degree possible, the development of a private sector-led Moroccan National Tourism Association, which would be able through its mixed private-public membership to benefit from and absorb the lessons learned under MUST. With regard to air linkages, by assisting U.S. tourism in Morocco to become a commercially viable endeavor, a U.S. carrier may be attracted to come to Morocco.

#### b. Tourism Promotion in the U.S.

The MUST Program will bolster Morocco's image and attract American tour operators, travel agents and tourists to Morocco by linking American business people to Moroccan business people. A business-oriented and deal-focused approach will be followed, aimed at introducing the relevant parties and facilitating long-term, sustainable business-to-business relationships. Few U.S. tour operators have been solicited or convinced to look closely at Morocco as an opportunity for profits. The MUST Program will stimulate visits by U.S. tour operators, U.S. travel agents and key U.S. tourism industry professionals to convince them that Morocco is a tourism opportunity. These efforts will be complemented by support for Morocco-specific retail travel agent seminars and the development of promotional materials, the latter including additional audio and video materials,

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catalogues and brochures. The costs borne by the project for these activities will be held to the minimum level needed to induce the targeted U.S. groups or individuals to commit themselves to the opportunity. As further explained in subsection e., below, the modest project expenditures will leverage a far greater amount of expenditure by the targeted participants.

Four types of tourism promotion support will be provided:

- o Familiarization (FAM) tours will be supported to promote Morocco to the U.S. tourism industry. Altogether, over the three-year period, in the range of 60-75 individuals are anticipated to participate in four IESC catalyzed FAM tours. One FAM tour for the Meeting Planners International (MPI) organization and another for the Society of Incentive Travel Executives are currently envisioned. Both of these FAM tours would include about 20 executives each. MPI members are the executives who make the decisions on where to hold large company and association conventions. Convention travel usually involves several hundred to several thousand travelers at a time, and it is therefore a potentially very efficient way to rapidly increase numbers of U.S. tourists to Morocco. As a general rule, Royal Air Maroc will finance the cost of air travel, the Moroccan Hotel Association and the Moroccan Restaurant Association will contribute the cost of hotels and meals, and the Moroccan Tour Operators Association will share in the costs of local ground transportation. The MUST component will act in a catalytic role to finance necessary costs which complement contributions made by Moroccan hosting organizations and the FAM tour participants themselves.
- o Seminars, conferences and other promotional training will be funded. Approximately 72 half-day seminars in the U.S. for the retail travel industry trade will be organized to train and educate travel agents on selling Morocco. These seminars will be scheduled to begin in 1993 when tour operators will have printed brochures offering tours to Morocco. Royal Air Maroc has also agreed to provide free air transportation to over 400 top performers in U.S travel agencies and tour operators.
- o Design, production and distribution of promotional materials will be tailored to specific market segments. For example, a number of short-run, 12 to 15 minute, promotional videos will be funded. A video on Moroccan tourism in general will be completed for both the U.S. tourism trade and general public. Other videos may highlight new and important resorts and/or tourism facilities which are constantly being developed in Morocco. For more specific interests, i.e., seaside resorts, cultural sites, etc., videos, brochures, fliers and other promotional materials focused on Agadir, Fez and other cities may be funded as Moroccan popularity as a tourist destination increases for U.S. travelers. Promotional

materials will also be developed and distributed to convention tour operators, based on the American Food Industries convention in Marrakech in May 1992, and for specialty markets such as golf tour packages.

- o Funds for trade and media promotion will take the form of buying down a limited amount of costs incurred by selected U.S. tour operators or travel agents in promoting Morocco tours through advertising in local papers, cable television, or other media. In no case will this support provided with project funds exceed 50% of a given promotion cost, and the average leverage is expected to be at least 75%, i.e., each dollar of project expenditure will be matched by at least three dollars spent by the beneficiary company.

#### c. VE Surveys and Technical Assistance

The MUST component will actively identify and refer new clients to the VETA Program. These referrals are expected to result in VE surveys and technical assistance for tourism associations such as the hotel industry to assess the status of a given tourism sector, propose improvement actions, recommend standards for facilities and services, etc. Assistance through the VETA Program will also be offered to at least 11 individual Moroccan tourist enterprises on a standard fee-paying basis.

#### d. Moroccan National Tourism Association

Some MUST Program staff time and energy may be devoted to fostering a new, private sector led Moroccan National Tourism Association (NTA) to a limited degree that reinforces and does not distract staff from their primary objectives.

The idea of the NTA has been a subject of discussion over the past year between IESC, private organizations, and the Ministry of Tourism. As envisioned, the NTA would be private sector-led and unite all private and governmental tourism interests. The organization would be managed by tourism professionals, not government officials, and be co-funded by government and by all sectors of private industry benefitting from tourism, e.g., hotels, tour operators, airlines serving Morocco, shops and markets catering to tourists, car rental companies, restaurants, credit card organizations, banks, taxi services, etc. The NTA, if established, could serve several purposes, ranging from policy advice and recommendations on industry-wide concerns to the formulation and implementation of tourism promotion and marketing strategies in specific markets (e.g., U.S., Europe, Japan).

Because of its size and spread of its population, tourism promotion in the U.S. is expensive. Segments of the Moroccan tourism industry individually have not been able to mount promotional efforts of any significance. Similarly, the official Moroccan Tourism Offices in the U.S. and Royal Air Maroc, both controlled by the Moroccan government, do not have

large enough budgets, adequate professional knowledge or the organizational efficiency to have an impact on even a part of the U.S. market. The NTA, as a single organization with the government and private sector jointly working together and pooling their financial resources, might be able to guide the promotion effort more effectively.

With regard specifically to tourism promotion in the U.S., a related proposal under discussion is the reorganization of the existing government promotion offices in the U.S., perhaps under new supervision with a role for the NTA. It has also been suggested that a more effective way to run a reorganized U.S. operation would be to seek the direct participation of the USTOA, through a contractual or other arrangement.

It is emphasized that the MUST component is not aimed at long-term institution-building of an NTA nor to the reorganization of the official Moroccan tourism promotion effort in the U.S. On the contrary, MUST staff resources will be focussed almost entirely on short-term, concrete business transactions. Nevertheless, part of the MUST approach assumes that the experience gained over the next three years will be relevant and worth replicating in some degree by Moroccan organizations charged with U.S. tourism promotion in the future. The early thinking on the NTA makes sense, and it is worth cultivating the idea. If successfully established, it may have the resources and, more importantly, the private sector orientation to take maximum advantage of the MUST experience.

#### **e. Summary of MUST Program Outputs and Inputs**

The outputs of the MUST component are summarized as follows:

- o 3-4 Familiarization (FAM) tours completed.
- o 72 seminars for U.S. travel agents/tour operators conducted.
- o 40,000 additional U.S. tourists will have visited Morocco, spending approximately \$56 million.
- o Over 400 U.S. tour operators/travel agents will visit Morocco on free tickets provided by Royal Air Maroc as incentive rewards for successful packaging of Morocco tours.

The principal inputs of the MUST component consist of technical assistance (MUST staff and office costs in the U.S. and Morocco), support for seminars and advertising promotion in the U.S., audio-video productions, and modest amounts for commodities and participation in trade conferences.

- o MUST staff includes the MUST Tourism Manager and part-time Senior Tourism Advisor in Stamford and a tourism officer based in Casablanca.
- o Costs to the project for seminars and advertising will be on

no greater than a 50% basis, thereby leveraging at least an equal contribution by the participating travel agents/tour operators.

o Only very limited project funds, if any, will be required to insure that FAM tour expenses are covered, and most FAM tour costs will be leveraged from other parties.

o Commodities include a computer system and a small amount of office furniture.

#### 4. Component 4: IESC Management

The three technical project components described above will be supervised and coordinated by a long-term, paid professional General Manager in the Casablanca Office. The General Manager, among other tasks, will provide overall coordination between project components and assure that these components are structured in an integrated, mutually supportive way. The General Manager shall reinforce the aggressively commercial nature of each component and build on the successes of the on-going program.

The position of the General Manager is being created to respond to the high rate of Country Director turnover experienced under the first six years of IESC operations in Morocco. In spite of the exceptional qualities of some of the previous Country Directors, the high turnover rate, with directors averaging

under 13 months each,<sup>4</sup> has been responsible for a lack of follow-through in the volunteer executive program and lack of development of IESC/Casablanca as an institution. All previous Country Directors have served as volunteers. Given the significant increase in size and complexity of the next five-year project, and the need to supervise an expanded staff located both in Morocco and the U.S., the expectation is that a paid General Manager will more readily commit to a multi-year assignment and provide the desired continuity. This is also consistent with IESC policy worldwide where it is taking on large new projects.

Responsibilities of the General Manager shall include, but not be limited to, the following:

- o To assure that the technical program components are applied in concert and are operating in a mutually supportive manner to enhance the overall effectiveness of the project. For example, VETA resources will be marketed to support client companies that are identified by TIS and MUST.
- o To assure that IESC resources are being used to achieve specific, measurable private sector growth targets in Morocco with attention to the quality of effort, not the quantity.
- o To have primary responsibility to collect baseline data (production, employment, exports, investments, technologies, etc.) from client firms and to maintain that data in computerized data files.
- o To organize and guide IESC's general promotion and indirect marketing efforts and, in particular, to reconstitute the National Advisory Board to include individuals from the export and tourism sectors which are not now represented.
- o To introduce a number of modern office management innovations to support the technical program, including:
  - A computerized data management and other information

<sup>4</sup> The chronology of IESC Country Directors is presented in the table below by (a) Name of Country Director, (b) Tenure, (c) Months the Program was under Management, and (d) Months Without Management:

(a)	(b)	(c)	(d)
Boris Sokoloff, Jr.	1/86 to 12/86	12	0
German Kortschak	12/86 to 9/88	22	0
Milton Brown	7/88 to 10/89	16	0
Russel Sautelle	10/89 to 3/90	5	1
Pierre Lenseel	4/90 to 1/91	9	1
Dimitri Barton	5/91 to PACD	13	0
Average:		12.8	

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systems for monitoring and evaluation of the project.

- A computerized accounting system that is capable of submitting financial reports not later than 45 days after the close of the quarter as well as a number of other one-time reports.
- Modern inter-office communications flow and control between Casablanca and IESC's office in the U.S. by installing E-mail and other relevant systems.
- Overall, integrated design of the computerized office systems, including the development of detailed specifications for budgeted equipment and plans for equipment installation, start-up and personnel training.

#### **5. Component 5: Audit, Monitoring, Evaluation and Support**

This component groups project funds which will be managed and controlled by USAID/Morocco within the Cooperative Agreement with IESC and cover the cost of external audits, evaluations and other project support activities. Two external evaluations are scheduled, at mid-term and at the end of the project. Additional funds are budgeted for special impact studies and baseline data updates to be accessed on an as-needed basis. Two external audits of IESC financial accounts and internal controls are planned. Funds are set aside for a buy-in to an A.I.D. centrally funded contract providing specialized environmental services for IESC client firms on a case-by-case basis. Finally, approximately five to ten percent of the cost of these funds will be used to finance translation, photocopying, secretarial, data-entry and other miscellaneous administrative costs needed by USAID to support the project.

USAID will have responsibility for contracting actions to access the services included in the Audit, Monitoring, Evaluation and Support component. There will be close coordination with IESC in each instance to insure that the services are well designed and utilized.

#### **IV. PROJECT IMPLEMENTATION**

##### **A. Implementation Plan**

The Project will be implemented over a five-year period, from July 24, 1992 to July 23, 1997. USAID/Morocco will enter into a new Collaborative Assistance Cooperative Agreement with IESC to support the program described in this document. Rapid project start-up is favored by the fact that all project components are already operational. However, timely recruitment of new IESC personnel and procurement of new commodities will be required to make a smooth transition to the new project.

##### **1. Project Management**

The Project will be managed by IESC in collaboration with USAID/Morocco. USAID's interests and specific involvement in the project will be clearly specified in the "substantial involvement" understanding included in the Cooperative Agreement. Within USAID, the Office of Project Development and Private Enterprise (PDPE) will have primary management responsibility. First-line responsibility will be held by a PDPE private enterprise officer who will be assisted by a PDPE foreign service national (FSN) project officer. PDPE will be assisted in administering the Cooperative Agreement by the Agreements Officer in the Regional Contracting Office. The Office of Financial Management will be responsible for accounting of project funds, payment and liquidation of advances, jointly managing and reviewing with PDPE the IESC Annual Financial Reports and periodic external audits, and advising IESC on the adequacy of its accounting procedures.

The principal project management roles of IESC/Morocco, IESC/Stamford, and USAID/Morocco are outlined below:

##### **a. Role of IESC/Morocco**

- o Implement the program as described in this document, except for the Audit, Monitoring, Evaluation and Support component.
- o Report to USAID/Morocco and distribute internal IESC reporting to USAID/Morocco as described in the Information Plan.
- o Maintain adequate levels of staff and timely recruitment of new IESC/Morocco staff, in concert with IESC/Stamford.

##### **b. Role of IESC/Stamford**

- o Define overall policy of the IESC program worldwide and apply those policies as they relate specifically to IESC/Morocco.

- o Assure quality control in IESC staffing and programming through continual monitoring and review of the project with IESC/Morocco and USAID/Morocco.
- o Provide timely recruitment of new IESC/Stamford staff, in concert with IESC/Morocco.

**c. Role of USAID/Morocco**

- o Manage the project from USAID's perspective.
- o Implement the Audit, Monitoring, Evaluation and Support component activities.
- o Monitor and evaluate the IESC/Morocco program to assure that project activities are having the impact desired and advise IESC on measures to improve impact.

**2. Implementation Schedule**

Key events in the five-year life-of-project are outlined below:

**Year 1:**

New Cooperative Agreement signed.  
 IESC staff for all new or vacant positions recruited and fielded.  
 New vehicles, computers and other equipment ordered, received and installed.  
 Improvements in accounting procedures and data management made.  
 Quarterly reports submitted.

**Year 2:**

First Annual Financial Report submitted.  
 Expansion/move of office facilities in Casablanca.  
 Mid-term external evaluation commences.  
 First external audit conducted.  
 Quarterly reports submitted.

**Year 3:**

Second Annual Financial Report submitted.  
 Mid-term evaluation completed.  
 Mid-project modifications taken as necessary.  
 Quarterly reports submitted.

**Year 4:**

Third Annual Financial Report submitted.  
 Quarterly reports submitted.

**Year 5:**

Fourth Annual Financial Report submitted.  
 Second external audit conducted.  
 Final impact evaluation conducted and completed.  
 Quarterly reports submitted.  
 Special end-of-project report submitted by IESC.  
 Project ends.

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A preliminary schedule for accomplishment of the principal project outputs is presented in Table 2.

Table 2: Implementation Schedule of Principal Project Outputs

VETA Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total
VETA Interventions	25	30	30	35	35	155
ABLE Services	3	3	3	3	3	15
TIS Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Sector Surveys	6	6	6	0	0	18
Marketing Associates	2	2	2	1	0	7
Buyer Visits	14	14	14	0	0	42
Investor Visits	3	5	7	9	9	33
Seller Visits	8	10	12	14	16	60
ABLE Services	2	2	2	2	2	10
Ventures Signed	2	3	3	3	3	14
MUST Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Seminars	24	24	24	0	0	72
Familiarization Tours	2	2	0	0	0	4
TO/TA Visits	114	114	71	71	71	441

### 3. Methods of Implementation and Financing

Under the Cooperative Agreement, the method of payment will be direct reimbursement by USAID for allowable project expenditures. Advances will be made as permitted by A.I.D. regulations. External audits, evaluations and other project support efforts funded under the Audit, Monitoring, Evaluation and Support component will be contracted directly by A.I.D., through a combination of indefinite quantity contracts (IQCs), buy-ins to centrally funded contracts or purchase orders. Audits are likely to be contracted through IQCs. Evaluations will be contracted with U.S. firms but have substantial local input. Table 3 below presents the methods of implementation and financing.

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Table 3: Methods of Implementation and Financing  
(USAID Grant Only)  
Related to Project Component Cost

Component/Activity	Method of Implementation	Method of Financing	Amount (US\$'000)
1. VETA 2. TIS 3. MUST 4. Component 4	Collaborative Assistance Cooperative Agreement	Reimbursement with Advances	99,893
5. Component 5	Buy-ins/IGCs/Purchase Orders	Direct Pay	Total: \$ 535
Evaluations	Buy-ins or IGCs with U.S. firms	Direct Pay	(8200)
Impact Studies	Purchase orders with local firms	Direct Pay	(881)
Baseline Data	Purchase orders with local firms	Direct Pay	(854)
Audits	Buy-in to local IGC	Direct Pay	(860)
Env. Studies	Buy-in to AID/W Contract	Direct Pay	(8100)

## B. Financial Plan

### 1. Summary Financial Plan

Table 4 summarizes the total cost of the five-year project by input category. The estimated total cost of \$14 million consists of \$10.4 million in USAID grant funds, \$1.2 million in Moroccan program income through private sector contributions in the form of client fees for IESC services, and \$2.4 million in in-kind contributions by IESC VEs. Table 5 provides the total cost of the project by component while Table 6 provides the total cost of the project by year. Detailed budgets of the USAID grant contribution, client fee income and its applications, and VE in-kind contributions are in Annex G.

It should also be noted that the \$14 million figure for total project cost does not include anticipated additional resources that the project will leverage from both the Moroccan and the U.S. private sectors in the course of implementing the TIS and MUST components. A preliminary estimate of these additional leveraged expenditures is in the \$2 million range, also detailed in Annex G.

Table 4: Summary Cost Estimate and Financial Plan  
(US \$000)

Source	USAID Grant	In-Kind Contribution	Client Fees	Total
Technical Assistance	\$7,883,371	\$2,471,630	\$1,192,500	\$11,547,501
Training	\$263,315	90	90	\$263,315
Commodities	\$224,943	90	90	\$224,943
Other Costs	\$2,028,371	90	90	\$2,028,371
<b>PROJECT TOTAL</b>	<b>\$10,400,000</b>	<b>\$2,471,630</b>	<b>\$1,192,500</b>	<b>\$14,064,130</b>

Table 3: Costing of Project Outputs/Inputs  
(US \$000)

Project Inputs	Project Outputs:					Total
	VETA	TIS	MJST	Comp 4	Comp 5	
USAID Grant	83,252,091	84,272,804	81,220,416	81,159,282	8495,408	810,400,000
In-Kind Contribution	82,471,630	80	80	80	80	82,471,630
Client Fees	81,192,500	80	80	80	80	81,192,500
<b>PROJECT TOTAL</b>	<b>86,916,221</b>	<b>84,272,804</b>	<b>81,220,416</b>	<b>81,159,282</b>	<b>8495,408</b>	<b>816,064,130</b>

Table 6: Projection of Expenditures by Fiscal Year  
(US \$000)

Fiscal Year	USAID	In-Kind	Client	Total
	Grant	Contribution	Fees	
Year 1	82,274,179	8398,650	8193,500	82,866,329
Year 2	82,282,075	8478,300	8231,000	82,991,495
Year 3	82,144,732	8478,300	8231,000	82,854,112
Year 4	81,804,717	8538,110	8268,500	82,631,327
Year 5	81,894,297	8538,110	8268,500	82,720,907
<b>PROJECT TOTAL</b>	<b>810,400,000</b>	<b>82,471,630</b>	<b>81,192,500</b>	<b>816,064,130</b>

## 2. Cost Estimates

Cost factors and other assumptions used in preparing the financial plan (USAID grant funds only) are presented below. Many cost estimates are based on IESC actual costs over the last six years of IESC operation in Morocco. An annual inflation factor of four percent for salaries and 10 percent for most other costs is used throughout. Moroccan dirham rate of 8.5 per U.S. dollar is used to convert local costs.

### a. Technical Assistance

U.S.-hired staff based in either Casablanca or Stamford will be salaried. All U.S. personnel are budgeted as full-time employees. Housing costs for U.S. staff assigned to Morocco are based on the most recent Post Housing Profile conducted by the U.S. Consulate in Casablanca.

Local Morocco-hired employees' salaries are based on current market rates. Moroccan employee benefits cover the following items. Cost of the Caisse Nationale de la Sécurité Sociale (Moroccan Social Security), was calculated on a base of ten percent of total salary for the family benefits portion; 5.7 percent on the first DH3,000 for social services and 1.6 percent on total salary for professional training tax. IESC withholds income taxes from employees' salary, but there is no employer income tax contribution and therefore no project cost for income tax. Employees' insurance was calculated at 0.9 percent of total salary with a 1.15 percent tax on that amount for the life insurance portion; 0.9 percent of the total salary with a 13.8 percent tax on that amount for disability and long-term illness and a flat fee of DH110 for employee, DH110 for employee's spouse and DH66 for each child of an employee, with a 13.8 percent tax on that amount for maternity and sick leave.

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International and local travel and per diem costs have been calculated based on a standard cost factor for U.S.-Morocco round-trip airfare and anticipated average allowable per diem rates in the U.S. and Morocco. Details for all staff travel are provided in Annex G.

Volunteer Executive costs are estimated at a standard rate of \$18,000 per VE intervention. This is based on \$12,000 for travel and per diem per VE assignment in Morocco, plus \$6,000 per VE project to cover direct IESC/Stanford costs (\$3,100 for administrative support expenses, \$2,200 for recruiting services and \$1,000 for field support efforts).

Other technical assistance line items are calculated as follows. For the TIS component, Marketing Associates costs are budgeted at a base cost of \$25,000 per year to cover seven Marketing Associates over a four-year period. Buyer visits (30) and investor visits (12) supported with project funds are budgeted at a base cost of \$3,250 each. Other non-project supported buyer visits, seller visits and investor visits will be paid for by the individuals or companies concerned and represent leveraged resources. The costs of the TIS sector surveys is estimated at a base cost of \$5,600 per survey. Ten TIS-provided ABLE services (market, technology, partner and other searches conducted for Moroccan companies under the VETA and TIS components) have a base cost of \$2,000 per study. Finally, the \$51,000 estimate for TIS artisanal expertise is a modest amount based on prior experience to be applied to technical assistance for small-scale artisanal enterprises.

#### b. Training and Conferences

The annual training budget for the VETA and TIS components is based on the cost of two international airfares for two trainers to stay in Morocco for 20 days each at approximately \$140 per day.

The annual conference budget for the VETA and TIS components is based on the cost of three international airfares for three people to go to conferences in the U.S. or third countries for a duration of ten days each at \$150 per day. Travel tours for two people for two weeks each are budgeted at \$4,600 per tour per year. The MUST component will finance 72 seminars for travel agents and tour operators. The cost of each seminar is based on an estimated 50 participants costing \$56 each. Two seminars are expected to take place each month or a total of 24 for each of three years. MUST Fam tours are calculated at four per year at

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<sup>5</sup> Administrative Support costs cover rent, salaries, operating costs and related expenses of individual VE project administration. Recruiting expenses cover expenses specifically associated with the recruitment effort undertaken by some 40 to 50 volunteer recruiters. Field Support costs cover the home office back stopping expenses during specific VE interventions. The administrative, recruitment and field support costs are determined by prorating these costs to all IESC projects worldwide.

an average USAID grant cost of up to \$4,000 for the participation of approximately 20 industry executives, or a total of \$16,000 per year.

#### **c. Commodities**

Commodities consist of project vehicles, office and apartment furniture, and computers and office equipment. Current IESC project vehicles will be traded in to reduce recent high vehicle maintenance costs due to the age of cars. Computer systems are estimated at \$10,000 each. All procurements will meet A.I.D. source and origin requirements. The eligible Geographic Code for the project is 000 (U.S.) plus the host country. No waivers are anticipated. A detailed list of commodities to be procured is included in Annex F.

#### **d. Other Costs**

Promotion efforts are indicative planning figures budgeted on an estimate of four promotional events (marketing seminars, conferences, tours, etc.) or publications per year at a cost of \$2,500 each. Buy-down cost for the program to place advertisements with the tourism trade is estimated at \$100,000 per year for three years. At least one tourism promotion video will be funded at an estimated USAID contribution of \$100,000.

Office supplies are estimated at \$5,650 per year. IESC maintained office equipment under annual contract: fax (\$1,060/yr.), telephone (\$1,165/yr.), Telex (\$400/yr.), computers (\$1,060/yr/computer) and photocopier (\$1,000/yr.) Vehicle maintenance is calculated at base cost of \$10,000 per vehicle per year for POL (petroleum, oil and lubricants) and maintenance. Office rents for the Casablanca office are based on actual costs over the past six years. Office rents for Stamford-based offices are based on the pro-rata charge per square foot utilized by project financed managers. Office rent for the MUST office is based on a flat charge of \$25 per square foot for 750 square feet.

### **3. Private Sector Contributions**

#### **a. Client Fees**

Client fees charged for each VE intervention are the first source of private sector contributions to the project. Individual private Moroccan companies receiving VEs for assignments ranging from one to three months will pay a standard fee of \$6,000 for the first month and \$3,000 each month thereafter. The \$1.2 million estimate in total fee income is based on an assumption of 155 VE interventions being used to assist individual client companies and an average assignment length of six weeks.

The 15 ABLE studies (three per year) under the VETA component are estimated to cost \$2,000 for 40 hours of IESC staff research and will be charged to individual clients.

## **b. Volunteer Executive In-Kind Contributions**

A Price Waterhouse audit of IESC accounts for 1990 estimated the average value of an IESC volunteer executive (in salary equivalent terms) to be \$469 per day on the U.S. market. The VE interventions are expected to average six weeks (30 working days) in length. In addition, there are other contributions by VEs elsewhere in the IESC operation which will be applied to the project, principally in recruitment assistance for the VETA Program but also for assistance related to TIS and MUST. The calculation of \$2.4 million in VE in-kind contributions is based on an estimated 155 VEs working for 5 working days each at \$469 per day for an average of six weeks.

## **4. Other Leveraged Expenditures**

Experience shows that IESC activities have leveraged considerable other expenditures, mainly from private sector sources. All of this leverage cannot be anticipated, but some forms of leverage can be reasonably estimated. Annex G provides a table suggesting approximately \$2 million in leveraged expenditures. Buyer visits leverage is based on the assumption of 10 buyers per year staying in Morocco for five working days each at the standard audited rate of \$469 per day. Investor and seller visits use the same assumptions except that three and seven days respectively are assumed in Morocco.

Tourism professionals will stay in-country for an estimated seven days. Approximately 114 travel agents or tour operators will visit Morocco in years one and two and 71 in years three, four, and five. USAID-financed costs of FAM tours are expected to be leveraged 10 times by like contributions made mostly by professional trade organizations. Seminars and cooperative trade advertisements will be leveraged an estimated three times. Audio-video productions will be leveraged 100% by other funds from largely the private sector.

## **C. Information Plan**

### **1. Information Needs**

The project's information plan has been designed to satisfy the information needs of a number of project participants and other interested parties. IESC/Morocco, IESC/Stamford, and USAID/Morocco need detailed information, albeit of different kinds, to manage the project optimally. Private sector beneficiaries, the host country government and U.S. Embassy officials need information, specific to different needs, on project impact and benefits to enhance the project's credibility. A.I.D./Washington and other USAIDs pursuing outward-looking trade and investment strategies need information on what works and what doesn't work to improve the design and implementation of projects in other countries.

Information is needed at three levels of project intervention and accomplishments: inputs; "first-level" outputs; and "purpose-level" outputs (see Table 7).

- o At the input level, project decision-makers need to know if project-funded inputs are being delivered as planned. Inputs consist essentially of the quantity (and quality) of technical assistance provided in all project components, as well as the provision of training, commodities and other support. The technical assistance includes the IESC VEs, IESC staff, and specialized expertise such as the Marketing Associates.
  
- o At the first-level output level, an essential measurement of performance is the number and nature of the private companies that are assisted by the project, including specific information on assisted companies at the time assistance begins so that comparisons with company performance thereafter can be analyzed and (to differing degrees) be attributed to project interventions. Information needs to be recorded on the nature of the assistance provided and the response of beneficiaries to VE recommendations, ABE information provided, TIS export and investment promotion efforts, and MUST tourism promotion efforts. Both Moroccan and, particularly in the case of MUST, U.S. companies are intended beneficiaries. At this level, questions like these need to be asked: What are the VE recommendations that firms are deciding to implement? How are they likely to have an impact on competitiveness, productivity or another measure of improved performance? How many firms are deciding to export to new markets opened up with TIS assistance? How many American tour operators and travel agents are deciding to start or increase tour packages to Morocco?

Table 7: Evaluation Matrix: Key Information Indicators

VETA	#s of VEs # of ABLEs	Key Recommendations and Follow-Up	Firms' Implementation of VE Recommendations	Exports
TIS	Export Promotion	Sector Surveys Marketing Associates Buyer Visits Seller Visits Tours, Trg. Seminars	\$ Export Orders	Acquisition of New Technology
	Venture Stimulation	Sector Surveys Investor Visits Other Stimulation	\$ Ventures Created	Job Creation  Investments, Foreign and Domestic
MUST	Promotional Efforts Promotional Materials Familiarization Tours	Numbers of USTOs Packaging Travel to Morocco	Numbers of New U. S. Tourists	Reduced Costs/ Incr'd Profits  Incr'd Foreign Exchange
		Creation of a Private Sector-Lead National Tour Association	\$ Ventures Created	Increased Productivity
	Numbers of VEs	Key Recommendations and Follow-Up	Firms' Implementation of VE Recommendations	Increased Factory Efficiency  Increased Competitiveness

- o At the purpose level, actual results need to be measured over time. The primary measurements (impact variables) at this level are values of exports and investments, jobs created, tourist arrivals and foreign exchange for Morocco generated from increased tourism, and quantifiable measures of improved company performance and profit. Table 8 presents a matrix of the preliminary purpose-level outputs (or impact targets) for the total project.

Table 8: Impact Targets  
(U.S. '000)

VETA Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Export Sales	1,600	3,600	6,600	10,600	14,600	37,000
Domestic Sales	1,500	3,300	5,600	8,600	11,600	30,600
Investments	1,000	2,000	2,500	3,000	3,000	11,500
Reduced Costs	100	100	125	150	175	650
New Jobs Created	200	220	250	280	280	1230
TIS Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Exports Developed	3,000	5,000	7,000	12,000	13,000	40,000
Ongoing Exports	6,000	7,000	8,000	10,000	12,000	43,000
Total Exports	9,000	12,000	15,000	22,000	25,000	83,000
Imports Developed	100	200	1,200	2,500	3,500	7,500
Ventures Signed	2	2	3	3	4	14
Ventures (Value)	1,071	1,071	2,142	2,142	4,284	7,500
MUST Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total
American Tourists	0	4,000	6,000	12,000	18,000	40,000
Tourist Spending	0	5,600	8,400	16,800	25,200	56,000

## 2. Monitoring Plan

The monitoring plan for the project will consist of computerized and other record-keeping and tracking systems, to be put in place under the guidance of the General Manager. The systems will be sufficient to capture all of the data and information listed above. Special attention will be paid in data-base collection to the participation of women entrepreneurs, managers, staff and volunteers. Another area of special attention relates to the Bumpers Amendment and other relevant considerations, such as

A.I.D.'s PD 71, both concerning exports of agricultural products and materials. The monitoring system will include a database that will track all project-related exports and highlight any potential problems.<sup>6</sup> At the same time, IESC will collaborate closely with USAID to integrate the IESC data with USAID's Private Sector Monitoring System (PSMS). USAID is putting the PSMS in place to track the assistance and impact provided to Moroccan private sector companies through all USAID-funded projects and activities in Morocco. The AIM project data will be selectively integrated into this system, which, for example, will track any assistance which an AIM-assisted company has also received from another USAID project.

The following specific reports have been designed to monitor project activities:

- o Annual Work Plans will allow the USAID Project Manager to monitor the conduct of the project without burdening the project with undue and counterproductive operational intervention by USAID into the administration of the project.
- o Quarterly Reports summarizing inputs and first-level output accomplishments will be submitted on all project components, including special implementation problems and recommendations for their resolution. The reports will be based on a mutually agreed format subject to periodic revision, and the reports will include yearly and cumulative summaries, including any evidence of purpose-level achievements.
- o Other occasional reports, as mutually agreed upon by USAID and IESC, will focus on special areas of interest requiring further analysis.
- o Lastly, a Special Report will be submitted by IESC shortly prior to termination of the Cooperative Agreement in July 1997. This report will take into consideration the final external impact evaluation and provide the IESC's own summary of results, conclusions and recommendations relating to its cumulative five-year experience under the project.

IESC may also submit copies of the following internal IESC reports to USAID/Morocco to supplement USAID's information on project activities:

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<sup>6</sup>The Mission financed a study to investigate the competition between Moroccan and U.S. citrus products in third country markets. This study concluded that only in two third country markets do the two countries actually compete (after correcting for seasonality): Canada (Quebec Province) and Holland. However, in both cases Morocco's market share is so small that, when seasonality is accounted for, it is not possible for Moroccan exports to adversely affect U.S. market shares in these countries.

- IESC/Client Agreements and Transmittal of Agreement Memos, which contain information on the nature of the client's problem and describe the work the VE is expected to perform prior to VE recruitment.
- VE Work Plans, submitted to the client for approval, completed about two weeks after the VE commences work, which elaborate the definition of work to be done and include refined company baseline data against which results can be measured.
- VE Reports to clients, which take on varied forms to assure understanding and acceptance of recommendations and are delivered in the course of the VE intervention.
- VE Final Reports, which specify the purpose and scope of the assignment, a summary and review of the work performed and the VE's recommendations.
- Reports of Assistance Rendered, completed just prior to VE departure, which are additional in-house documents used to compile data for evaluation, and which contain key points which the VE would check if he were called back a year or two later to evaluate the results of the project.
- Client Assistance Review (CAR) Questionnaires, which are administered to the assisted company approximately nine to twelve months after the VE intervention, and attempt to measure client progress in implementing VE recommendations and the impact of the recommendations on the client company.
- CD (Country Director) Evaluation Reports (IESC Form 510), recording the CD's (General Manager or VETA Director in future) appraisal of the VE project, its impact on the company and effect on other companies or the overall economy around six weeks after the VE intervention.
- IESC Project Summaries, which are one-page resumes of individual VE projects completed by the IESC/Stamford Evaluation Department around six months after the VE intervention.
- Client's Confidential Reports to IESC (IESC Form 489), containing the client's candid appraisal of the VE's performance and suggestions for improvements in the IESC program.
- CD Evaluation Reports on the VEs (IESC Form 520A) recording the CD's appraisal of the VE's performance and abilities around six weeks after the VE intervention.

### 3. Evaluation Plan

Since assistance to the private sector is the means--not the ends--of socioeconomic development, USAID must be able to document impact greater than benefits to single firms. Two complementary and mutually reinforcing evaluation efforts are envisioned. The first consists of scheduled external impact evaluations. The second consists of on-going evaluation data gathering.

#### a. Impact Evaluations

The Project will finance two external impact evaluations, the first to begin toward the end of the second year and be completed no later than the middle of the third year, and the second to be started and completed during the fifth year. The monitoring system described above lacks the time perspective needed to capture impacts systematically. Except for the CARs, all internal IESC reporting on VE assignments is completed by six weeks after the departure of the VE. While significant on-going accomplishments of other VETA Program, TIS Program, and MUST Program activities will be recorded in the IESC quarterly reports, comprehensive impact analysis will be a principal task for the two external evaluations.

The precise terms of reference for the evaluations will be determined in the six-month period prior to the start of each evaluation and as specific contractors are being selected to perform the work. Illustrative types of analyses and kinds of information to be developed in the evaluations include:

- Surveys of IESC client firms.
- Institutional analyses of the structure, function and policies of IESC/Morocco, IESC/Stamford and USAID/Morocco as they affect project implementation.
- Project costs analyses to compare project costs to benefits.
- Case studies and descriptive profiles of highly successful IESC client firms analyzing their success.
- Comparative statistical analyses to contrast individual IESC client firms with their respective sectors, clients firms as a group compared to their sectors and client firms at varying degrees of VE intervention success and their respective sectors.

In addition, special case studies will be financed to focus on specific cases of client firms without examining the overall project context. Often, project benefits are generalized throughout the client firm, are difficult to quantify or are too dispersed to be evaluated in a cost-effective manner. Sometimes, however, project benefits are worth millions of dollars and spin-off benefits are numerous. One example is when a VE study defines a technological process which result in new investments, job creation and greater market competitiveness. Another example is

when a TIS client makes a multi-million dollar trade breakthrough resulting in new investment, jobs and up-stream benefits. These special cases need to be studied in depth for their secondary effects, and such studies will be either incorporated into the two impact evaluations or be performed separately on an as-needed basis.

#### **b. Ongoing Evaluation Data Gathering**

As part of its database, IESC management will systematically collect baseline data (production, employment, exports, investments, etc.) from client firms and maintain that data in computerized data files so that it can be readily accessed and manipulated. This data base will track changes in these variables which can be directly attributable to the VE intervention. The data bank will be updated once at the end of the VE assignment with information concerning the work accomplished by the VE and the VE recommendations for later implementation. The data bank will be updated once again from six months to a year after the VE intervention and thereafter when follow-up calls are made. This data base will serve to help measure overall impact of the VE efforts. Additionally, it will provide evaluation information for systemic follow-up efforts by IESC management.

#### **4. Information Flow**

The flow of information from data sources to managers is slightly different for different components.

For the VETA component, the VE will have first responsibility for establishing (or refining) baseline data on the client firm. After the intervention is completed the VE will also estimate the potential impacts if recommendations are implemented by the firm affecting exports, job creation, investment, acquisition of new technologies, increased efficiency, value added, and increased productivity. Six months to a year after the intervention, the follow-up survey will update this information.

For the TIS component, the IESC will focus on tracking export orders. Past experience demonstrates that when the TIS staff single-mindedly pursue orders, the other aspects of company growth occur as a result. Project-financed evaluation efforts will document the secondary benefits. As in the past, Marketing Associates will furnish TIS with records of export orders.

For the MUST component, as with TIS, IESC staff will focus on tracking numbers of tourists visiting Morocco and tourist spending. Project evaluations will examine investment, job creation, acquisition of new technologies, efficiencies and other variables. Tour operators working under the program will provide MUST staff with numbers of tourists buying their tour packages.

### 5. Audits and Financial Control

Financial control of the Cooperative Agreement will be managed by IESC/Casablanca staff, monitored by IESC/Stamford and supported by locally procured accounting services and training. This is an area of management which has received special attention by both IESC and USAID during the past year, culminating in a recently completed audit by Price Waterhouse. The audit highlights areas for improvement, which are further discussed in the Administrative Analysis in Section V.

The following financial reports and audits will be provided by IESC and/or external auditors over the period of the project.

- o Quarterly Accounting Reports (A.I.D. Form 269), which will be used in conjunction with liquidation of advances to IESC and reporting on use of client fees.
- o Annual Financial Reports, which will report on sources of funds from USAID, clients fees and value of VE in-kind contributions and their uses among different IESC expenditures. These annual reports, due in July of each year, will give the full picture of the financial situation which was previously missing.
- o External, independent Non-Federal Audits financed by the project and scheduled to take place in the second and fifth years of the project. A Regional Inspector General (RIG/Dakar) audit as well as the local Price Waterhouse audit were completed in March 1992. The audit in year two should determine how well new accounting and account reporting systems are doing and make any corrections midway through the project. The audit in the fifth year will be performed in parallel with the final impact evaluation.

#### **IV. PROJECT ANALYSIS**

##### **A. Technical Analysis**

The technical analysis considers the feasibility of the IESC's proposed technical approaches to carrying out the three principal project components. The IESC approach is discussed generally in Section II and fully detailed for each of the VETA, TIS and MUST components in Section III. Essential feasibility considerations are treated below.

##### **1. VETA Program**

The basic IESC VE assignment system consists of a tried and proven methodology that has been exhaustively evaluated in IESC programs around the world. Improvements to the methodology as it is applied in Morocco, derived from recommendations in the 1992 evaluation by Rudel and Belot, will be applied in this project to enhance the rate of successful VE interventions and emphasize the need for measurable impacts. Among the principal elements of the VE assignment system which should assure its likely success are:

##### Client and Project Selection

Projects are accepted for VE assignments only after rigorous cross examination between IESC staff and the client company, and thereafter between IESC local staff and IESC/Stamford staff to ensure that the scope of work has been properly written and understood so that effective recruitment can begin. This is a key to IESC's success.

##### VE Selection

IESC's computer-based skills bank of over 12,000 volunteer experts is constantly updated to purge the system of ineffective volunteers and introduce fresh volunteers as they enlist. IESC attracts volunteers through a network of 250 volunteer field associates located all over the United States, as well as through press releases which are routinely submitted to VE hometown newspapers, trade journals and alumni publications following VE project completions. There are sixty VE recruiters based in Stamford who are retired business people devoted to nominating only the best of the available volunteers for a given assignment. The VE recruiters are themselves evaluated on the quality of the VEs they select, and they often develop recruiting specialties.

##### Preparation of VEs

In advance of project commencement, IESC provides the VE and VE spouse with maximum information available about the client company in Morocco in order to ensure that a well prepared, motivated VE arrives. Upon arrival, the VE is introduced to the client by IESC

staff. IESC staff then meet frequently with the VE and the client to review the project, monitor the project throughout, make a final evaluation, and strive to insure that maximum possible value of the VE's expertise is rendered to the client.

While IESC's ability to supply qualified VEs is therefore well established, the demand for VEs by Moroccan companies (including their ability and readiness to pay the required fees) appears to remain high. The projected total of 155 new VE assignments over the next five years represents an average of 31 VEs per year and only a slight increase over the 20-25 VEs averaged in prior years in Morocco. Moreover, with an increasing emphasis on marketing the program to client companies outside Casablanca, and planned levels of VETA marketing staff (a direct correlation can be shown between numbers of cold calls and companies contacted with requests for VE assistance), there should be no difficulty in reaching the 155 VE total.

The ABLE program has been functional for almost ten years. It has been employed in the past with Moroccan client companies to good effect. The 25 ABLE searches programmed for the project is a modest number for which there is little reason to question either sufficient demand or ability to supply.

## 2. TIS Program

The TIS Program, as already documented, has been a success story in Morocco. It is not a tried and proven worldwide program with a standard methodology such as the VE assignment system, and where TIS-equivalent programs have been introduced by IESC elsewhere they have differed based on local conditions or the nature of the USAID project which has provided the funding. In addition, no TIS program has had more than a few years of operational experience, and the concept as such is still experimental.

The TIS methodology that has evolved in Morocco is now fairly well articulated, again by the 1992 evaluation by Rudel and Belot, as well as by internal IESC/Morocco papers written by the out-going TIS Director. Feasibility issues must focus on the likelihood of continued success in pulling together the demand and supply factors involved in the TIS equation, i.e., Moroccan exporters in need of and prepared to accept TIS advice and facilitation in establishing export markets in the U.S., and U.S. buyers, brokers, sellers and investors willing (with modest incentives) to look seriously at commercial business opportunities in Morocco. The project assumes that the same approach applied thus far will succeed in identifying an additional 30 Moroccan exporters over a five-year period who will have commenced at least trial export shipments, and another six exporters who will have achieved "breakthrough." These numbers represent only a slight increase in firms assisted and impacts achieved over the three years of TIS experience to date, with TIS export development staff levels remaining constant. On the other

hand, it is well known that much of the Morocco TIS success has been due to the special abilities of the out-going TIS Director, and caution is needed in assuming that the new TIS Director will have equal success.

The feasibility of the TIS foreign investment stimulation subcomponent is less certain. The project has been designed to devote dedicated time, in the form of a full-time investment promotion specialist, to help realize a modest target of 14 new joint or other co-ventures between U.S. and Moroccan firms. A.I.D.'s experience worldwide supports the setting up of distinct staff with distinct skills for export development vs. investment promotion. Historic levels of direct U.S. foreign investment in Morocco have been quite low; nonetheless, the 14 investment ventures should be viewed as a minimum number which the TIS program should be challenged to exceed.

### 3. MUST Program

The approach to be taken by IESC in the MUST Program is derived from its TIS experience and focused heavily of facilitating direct contact among U.S. and Moroccan tour operators and attracting U.S. buyers (tour operators and travel agents) to the Moroccan product. This is a pilot project, but similar approaches, not funded by USAID, have worked to promote tourism most notably in Spain, Greece and Turkey. The MUST Program as designed is based on an IESC proposal, which in turn is based on initial experience under TIS in analyzing the Moroccan tourism sector, conducting two familiarization (FAM) tours, and assessing the potential untapped market in the U.S.

The projected outputs for the component are ambitious and challenging. Moreover, new staff hired to lead the program will have to be very carefully selected to supply the needed special experience and qualifications to achieve anticipated results. There is a heavy programmatic load, in terms of the numbers of additional FAM tours, travel agent seminars, and other promotional work to be done, which will require excellent management in addition to technical skill. On the other side, demand for MUST services by U.S. tour operators/travel agents, on the assumption that MUST project expenditures will cover only limited percentages of "entry costs" with the balance of costs leveraged in most instances from the beneficiaries, may or may not be strong. Much will depend on quality of services and reputation. It is therefore consciously recognized that USAID is taking a measure of extra risk in backing the MUST Program. The three-year pilot effort should provide enough time to determine if hoped-for benefits are in line with costs, which interventions are succeeding and which are not, and whether the program should be continued, modified, or ended.

## **B. Administrative Analysis**

The IESC organizational and staffing chart for the implementation of the AIM project is provided in Table 9. This will be a major project for IESC, one of the few single-country projects with a life-of-project value in the \$10 million range, and demanding highly skilled and coordinated management. At the top of Table 8, there is an indication by dotted line of the oversight and supervision function of IESC senior management staff in Stamford, who will play especially critical roles in the initial recruitment of key new staff members for the AIM Project and, thereafter, with any needs to replace key staff or otherwise trouble-shoot as implementation problems arise during the course of the project. However, once the General Manager/Morocco is in place, it is assumed that individual will have maximum delegated responsibility to carry out the project and supervise all other staff.

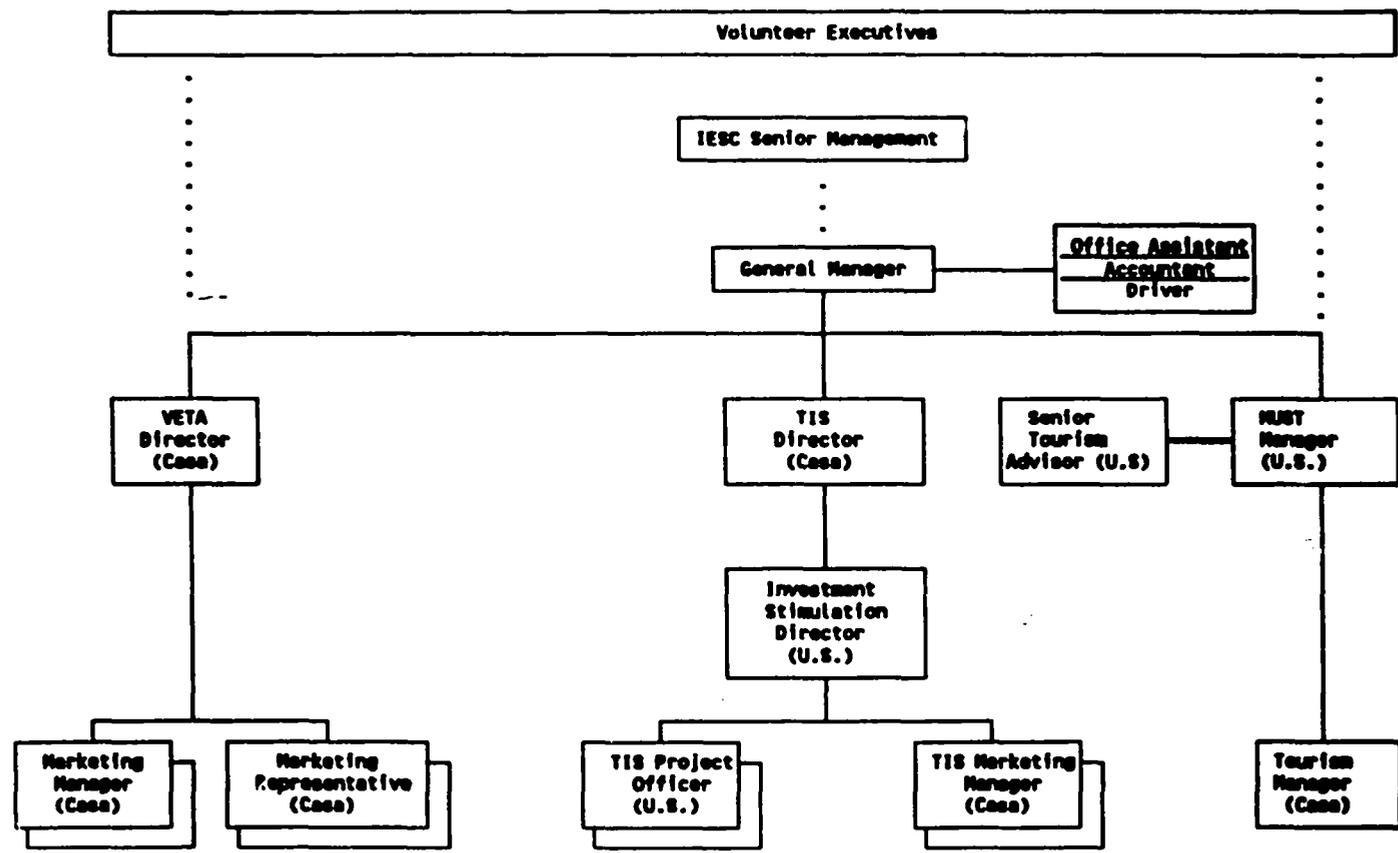
The complexities of management are most apparent in the geographic split of staff between Casablanca and Stamford. The line of supervisory authority goes from the General Manager in Casablanca to each of the three directors for the VETA, TIS and MUST programs, who in turn supervise the remainder of the staff. In practice, it is expected that the General Manager will delegate substantial authority and responsibility to these three directors, providing them the motivation and needed flexibility to perform successfully. At the same time, there is unquestionably a need for teamwork among the three program staffs, and a role for the General Manager in assuring coordination and effective interaction.

Specific considerations by component include the following:

**VETA Program:** There is provision for a VETA Director and two Marketing Managers in Casablanca, supplemented by two or more Marketing Representatives who will work on a commission basis. The principal improvement in the staffing configuration compared to that existing under the current IESC program is the separation of responsibilities between the VETA Director and the General Manager. Previously, there was no General Manager and the VETA Director carried out both functions. While it remains for IESC to determine, based on the qualifications of available candidates, IESC is encouraged to recruit a senior Moroccan individual to occupy the VETA Director position. Also, whereas the VETA Director has previously served in a volunteer capacity, both the VETA Director and the General Manager are budgeted as paid employees in the new project.

**TIS Program:** This program will be supervised by the TIS Director based in Casablanca. For the Export Development subcomponent of TIS, there are two Project Officers in Stamford and two Marketing Managers in Casablanca. For the Foreign Investment Stimulation subcomponent, there is an Investment Stimulation Director based in Stamford. Given the requirements of TIS management, the TIS

Table 9: Organizational Chart for the AIM Project



Director will rely to some degree on the Investment Stimulation Director, who will be the most senior individual based in Stamford, to oversee Stamford TIS operations, and limited part-time additional guidance and support for Morocco-specific TIS operations will be provided by senior IESC management. On a technical level, however, it is extremely important that the Investment Stimulation Director not be expected to participate actively in Export Development activities and, on the contrary, concentrate heavily on foreign investment ventures; his/her oversight responsibilities in Stamford of overall TIS operations should not distract from this primary technical responsibility.

**MUST Program:** As with TIS, this program relies on activities by staff in both Casablanca and Stamford. The Tourism Manager in Stamford will lead the total MUST effort, supported by a Senior Tourism Advisor budgeted for approximately half-time over the three-year period and providing specialized technical expertise and counsel. A second Tourism Manager will be based in Casablanca, overseen for day-to-day supervision purposes by the TIS Director. Given the experimental nature of MUST, it is expected that the General Manager will be more closely engaged in its management.

The other dotted lines in the chart indicate reliance on VEs to assist in different programs. In fact, it is the staff's ability to make effective use of VE resources and the networks they represent that in most instances will spell the difference between success and failure.

Assessments of IESC's capacity to meet the staffing and management challenges associated with the project indicate that the project is administratively feasible. The primary strength is IESC's long-established program to recruit and place VEs in overseas assignments, including six years of experience in Morocco. The TIS program worldwide has recently been evaluated by AID/W and is shown to be sufficiently well managed to handle an expanded TIS effort in Morocco (in fact, the Morocco TIS program was revealed to be the best managed program with the best performance to date). The MUST program, as structured, remains to be tested, but based on IESC's response to the risks with which it was entrusted to demonstrate that TIS could become a success, the similar risk associated with the MUST initiative is reasonable to assume.

Other points of potential vulnerability which will need close attention as the project starts are the skills that IESC staff will need to rapidly adopt, and then refine over time, the new or improved computerized systems for program data management and accounting/financial controls outlined in Section IV. Particularly with regard to the latter systems, the recommendations stemming from the recent local Price Waterhouse audit need to be implemented quickly. The General Manager will be particularly challenged to

establish all computerized systems, ensure that the accounting and other staff are well trained in their use, and make effective use of outside assistance as needed.

### **C. Financial Analysis**

The financial analysis for the project considers the feasibility of that part of the Financial Plan that relies on fees for services from clients. On what basis is it assumed that projected fee income to IESC will be forthcoming?

IESC has been routinely collecting client fees since the inception of its activities in Morocco in 1984. All fees relate to the provision of VEs on one to three-month assignments, at already standard and well known rates (\$6,000 for first month, \$3,000 per month thereafter). There is little reason based on historical experience and IESC's reputation in the marketplace to anticipate any difficulty in continuing to collect fees at the present fee levels from individual Moroccan companies.

### **D. Social Soundness Analysis**

The social soundness analysis considers the full range of beneficiaries expected to derive benefits from the project, with special attention to the impact of the project on women. Also of concern are possible socio-cultural constraints to participation by beneficiary groups in planned project activities.

With regard to beneficiaries, the primary target clients of the project are individual Moroccan and American businesses. Indirect beneficiaries are the individuals who either are currently employed by these businesses or will be employed as a result of a company's decision to invest, expand and create new jobs.

Mechanisms to promote participation by women-owned businesses in the project are not explicit. While some percentage of beneficiary companies will likely be in this category, and while several IESC professional staff both in Casablanca and the U.S. will be women who may be more successful than male colleagues in reaching women-owned business owners, there is no target per se.

The motivations to participate in or take advantage of services provided by the project will vary from company to company. Factors affecting motivation include: (1) the different needs the company may have for assistance; (2) the company's self-perception and readiness to seek and make use of outside assistance or guidance; (3) its willingness to seek new trade and investment relationships with a foreign partner (Moroccan or American); and (4) the company's calculation of the ratio between costs of participation (fees or other expenditures it will incur) vs. potential benefits (improved company operations, cost savings, profits, etc.). Some

of these factors are commercially driven, and the question of demand for IESC services from that viewpoint was addressed earlier in the Technical Analysis. Regarding socio-cultural elements, prior IESC experience has indicated that a sufficient number of companies have chosen to participate in IESC activities and that these have not been constraining factors. Logically, a "self-selection" process occurs in cases where for one reason or another a company chooses not to participate.

Moreover, IESC has developed considerable experience in dealing with Moroccan companies and gained an understanding of what drives motivation. This is transferred into the marketing approaches used in the VETA and TIS programs. Initial experience with tour operators in the U.S., which will be the primary target beneficiaries under MUST, will also assist in identifying those operators most capable of responding to IESC assistance or encouragement. In fact, the ability of IESC staff to quickly assess motivation will be highly important in limiting wasted energy and selecting only those companies which are likely to produce results.

## **E. Economic Analysis**

### **1. Basic Assumptions**

- Benefits will continue to accrue 5 years after the end of the project. Consequently, the span of the project economic analysis is 10 years.
- To make the different categories of benefits comparable, national accounting parameters were used. These parameters adjust financial prices which reflect market distortions, rents, and taxes to "shadow prices" and which are accepted by all analysts to estimate costs and outputs for all projects in Morocco. The system of relative prices is in fact the rates at which commodities and services can be exchanged for each other.
- The project cannot claim to be responsible for all the accrued benefits (e.g., the increase in production) because the inputs used to produce a given output are a primary cost element to be deducted. Furthermore, other factors impossible to quantify, such as a manager's ability at marketing, the dynamics of each sector with regard to its production, the availability of surplus capacity, or overall export and investment trends also contribute to the realization of the

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<sup>7</sup> For more details, refer to A System of National Accounting Parameters, Accounting Ratios and Shadow Prices for Morocco, 1980, Ike Van de Watering, March 1991, Report prepared for USAID under contract number PDC-0095-1-12-0097-00.

expected benefits. As a consequence, we have made the following assumptions:

a. Only before-tax income is to be considered, which means that intermediate consumption of purchased goods and services from other sectors, salaries, subsidies and indirect taxes are netted out from the overall value of sales. The Input-Output Table of Moroccan Economy<sup>8</sup> estimates this income at about 28.9% of total production. This ratio was used to adjust the benefits of the project.

b. One can consider that other unidentifiable factors are responsible for about half of the increase in the output of the enterprises or sectors benefitting from the project. Thus, the project can claim only 50% of the projected benefits.

## 2. Methodology

- Total costs considered include the U.S. grant contribution (\$10,400,000), VETA in-kind contribution (\$2,471,630), and client fee income (\$1,192,500). Total cost was rounded to \$14,064,000.
- Despite the fact that inputs vary for the different project components, outputs (benefits) of the entire project were aggregated to ease the analysis.
- Benefits of all components were split into 4 categories:
  - o Exports developed
  - o Tourism income
  - o Domestic sales generated
  - o Investments

Employment created and imports generated by the project were not included because both are counted as inputs in the generation of the outputs.

- The national accounting parameters used to adjust financial prices to economic 'shadow prices' are the following:

o Exports:	0.802
o Tourism:	0.737
o Domestic Sales:	0.700
o Investment:	0.105

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<sup>8</sup> The most recent input-output table (TES) available is from 1980.

- The resulting adjustment ratios (i.e. national accounting parameter multiplied by 28.9%, divided by 2) were as follows:

o Exports:	0.1157
o Tourism:	0.1057
o Domestic Sales:	0.1012
o Investment:	0.0152

- Finally, to take inflation into account, a deflator equal to 10% was used in estimating the costs and benefits of the project.

### 9. Economic Analysis

Based on the above assumptions and methodology, the net present value of costs was equal to \$11,591,000, while the net present value of benefits reached \$26,231,000. The internal rate of return (IRR) for this project was computed to about 30.6%. Please see Table 10 below.

Table 10: Internal Rate of Return (IRR) Analysis  
(\$ 000)

YEAR		1	2	3	4	5	6	7	8	9	10
COSTS		2,895	3,019	2,881	2,590	2,679					
BENEFITS	Adjust Rates										
Domestic Sales	0.1012	1,500	3,300	5,600	8,600	11,600	11,600	10,100	8,300	6,000	3,000
Investments	0.0152	1,000	2,000	2,500	3,000	3,000	3,000	2,000	1,000	500	0
Exports	0.1157	2,100	4,600	8,600	15,600	21,600	21,600	19,500	17,000	13,000	6,000
Tourism	0.1065	0	4,900	10,680	27,400	39,570	39,570	39,570	34,670	28,890	12,170
TOTAL BENEFITS		4,600	14,800	27,380	54,600	75,770	75,770	71,170	60,970	48,390	21,170
ADJUSTED BENEFITS		410	897	2,122	3,858	6,637	7,933	7,523	7,036	5,811	4,075
Deflator	10%										
Deflated Costs		2,895	2,717	2,334	1,888	1,758	0	0	0	0	0
Deflated Benefits		410	807	1,719	2,813	4,354	4,684	3,998	3,366	2,502	1,579
Net Benefits		(2,485)	(1,910)	(615)	925	2,597	4,684	3,998	3,366	2,502	1,579
IRR:		30.58%									

### F. Environmental Analysis

The Mission's Initial Environmental Examination for this project requested and received a negative environmental determination from the Near East Bureau Environmental Coordinator (see cables 92 Rabat 04008 and 92 State 154300 for additional information). While there is no correlation between IESC interventions and incidence of negative environmental impacts, this determination is based on the

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concern that new export or domestic economic activity resulting from project interventions may be accompanied by an adverse environmental impact for certain client enterprises if not conducted in an environmentally sound manner.

To address this concern, the project will provide sufficient funds to secure appropriate short-term environmental assistance services, through existing IESC mechanisms and/or through a project "buy-in" to an appropriate centrally-funded project, to recommend environmentally sound practices and procedures for those client enterprises judged to be of priority environmental concern for the improved future management and operation of said enterprises. Key environmental services would include assessing the potential environmental liabilities of a given enterprise, i.e., conducting environmental audits, and recommending appropriate interventions for mitigating those liabilities, e.g., operational/energy efficiency improvements, pollution prevention measures, "good housekeeping" techniques, etc.

With this information, private sector participants will be made aware of the potential environmental costs and benefits associated with a given operation or investment for consideration in their greater enterprise improvement/development deliberations. And, in this manner, the Mission can ensure that this project will be conducted in an environmentally sound manner, consistent with all salient agency policies and procedures.

ACTION: AID-1  
INFO: ECON-0 CNTRL-0 DCM-0

ANNEXES

608.

OFFICE FILE

Annex A: AID/W Approval Cable

DISTRIBUTION: AID  
CHARGE: AID

VZCZCTRO762RA0891  
PP RUFHRA  
DE RUEHC #9758 1492122  
ZNR UUUUU ZZH  
P 282120Z MAY 92  
FM SECSTATE WASHDC  
TO AMEMBASSY RABAT PRIORITY 9970  
BT  
UNCLAS STATE 169758

ACTION: PDPE  
DUE DATE: 06/10  
INFO: AIR - DIOI  
PRG: OFA - RLL  
CHRON - RF.

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: MOROCCO - SUCCESSFULL INTERNATIONAL MARKETS  
ACCESS (SIMA) PROJECT (608-0219) -- INTERNATIONAL  
EXECUTIVE SERVICES CORPS (IESC) COOPERATIVE AGREEMENT

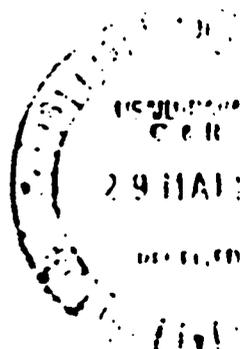
1. THE AA/NE HEREBY REDELEGATES AUTHORITY TO THE MISSION  
TO APPROVE AND AUTHORIZE THE SUBJECT PROJECT AT A LOP  
FUNDING OF DOLLARS 10.4 MILLION FOR A FIVE YEAR PERIOD  
BEGINNING WITH THE FY 92 OBLIGATION.

2. AID/W REQUESTS THAT UNDER THE MOROCCAN U.S. TOURISM  
PROMOTION (MUST) PROGRAM COMPONENT, THE USAID/MOROCCO  
MISSION DIRECTOR CLOSELY EXAMINE AND DOCUMENT EACH TRAVEL  
REQUEST TO DETERMINE WHETHER THE PROJECT SHOULD FUND  
TRAVEL FOR U.S. TOUR OPERATORS VISITING MOROCCO TO DEVELOP  
U.S.-MOROCCO TOURISM BUSINESSES. ALSO, AID/W REQUEST THAT  
THE CONDITIONS OF THE DIRECTOR'S APPROVAL, AS AN EXCEPTION  
TO THE PRINCIPAL OF NON-APPROVAL OF A.I.D. FUNDING, AS  
INFORMALLY DESCRIBED IN THE MISSIONS 4/24/92 FAX, BE  
FORMALLY INCORPORATED INTO THE PROJECT DOCUMENTATION AND  
AUTHORIZATION.

3. AID/W ALSO REQUEST THAT IF THE TRADE AND INVESTMENT  
SERVICE PROGRAM INTENDS TO PROMOTE PRIVATE SECTOR EXPORT

OF PRODUCTS THAT MIGHT POSE POTENTIAL PROBLEMS TO U.S.  
MARKETS, THE MISSION WILL INVESTIGATE THE ISSUE AS IT  
RELATES TO A.I.D. POLICY DETERMINATIONS. BAKER

BT  
#9758



15X

ANNEX B: Table A.1: AIM Logical Framework Matrix

Project Title & Number: Accessing International Markets (AIM) Project (608-0219)  
 Total U.S. Funding: \$10.4 Million  
 Life of Project: Five Years  
 Date Prepared: 5/18/92

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program Goal:</b></p> <p>To promote broad-based, self sustainable economic growth, leading to increased income and employment.</p>	<p><b>Measures of Goal Achievement:</b></p> <ul style="list-style-type: none"> <li>- Lower prices to consumers through increased efficiency and competition</li> <li>- Increased per capita income</li> <li>- Increased GNP</li> <li>- Standard of living increased</li> </ul>	<p>Macroeconomic statistics reported by the Ministries of Finance, Commerce and Industry, Foreign Investment, the Central Bank, the <u>Office de Change</u>, the World Bank and IMF</p>	<p><b>Assumptions for achieving goal targets:</b></p> <ul style="list-style-type: none"> <li>- Strengthening individual firms will result in the creation of more jobs, lower priced goods and benefit the general standard of living and increased equity</li> <li>- Creation of wealth through entrepreneurial effort will be the driving force of socio-economic development.</li> <li>- Broad-based support to the private sector will result in increased competition.</li> <li>- Manufacturing sector currently contributes substantially to socio-economic growth and development</li> </ul>
<p><b>Purpose:</b> To assist Moroccan companies to successfully manage entry and increase their competitiveness in international markets (particularly the U.S. market), by increasing their ability to adopt new technologies, produce more efficiently, attract foreign investment, export, contribute greater value added, and create jobs.</p>	<p>Conditions that will indicate purpose has been achieved. End of Project Status (EOPS).</p> <ul style="list-style-type: none"> <li>- Over 230 Moroccan firms assisted.</li> <li>- At least 20 new technologies, products or processes mastered.</li> <li>- 30 firms achieved trial export shipments.</li> <li>- 6 firms will have achieved major export "breakthroughs."</li> <li>- Total exports by project-assisted firms reached \$83 million.</li> <li>- 14 or more foreign investment ventures signed.</li> <li>- 40,000 additional U.S. tourists visited Morocco.</li> <li>- \$56 million in foreign exchange earnings contributed.</li> <li>- Privatization assistance provided as requested by USAID.</li> <li>- Private associations and governmental organizations assisted by IESC.</li> </ul>	<p>Volunteer Executives End of Tour Reports</p> <p>IESC Quarterly Reports</p> <p>Project Evaluations</p> <p>Trade statistics</p> <p>Industry statistics</p>	<p><b>Assumption for achieving purposes:</b></p> <ul style="list-style-type: none"> <li>- Moroccan private sector can take advantage of IESC services.</li> <li>- Increased profits will be invested into plant expansion, jobs, etc.</li> <li>- Morocco has sufficient comparative advantage to export, attract investment and tourists which is not well known enough to happen without IESC services.</li> </ul>

<p><b>Outputs:</b></p> <ol style="list-style-type: none"> <li>1. Companies' operations and management improved <ul style="list-style-type: none"> <li>Joint and co-venture agreements</li> </ul> </li> <li>3. Market studies produced.</li> <li>4. Export orders signed.</li> <li>5. Companies privatized.</li> <li>6. Technologies mastered.</li> <li>7. Foreign investment stimulated.</li> <li>8. Company-specific training and seminars conducted.</li> <li>9. Government services improved (from a private sector point of view).</li> <li>10. IESC/Casablanca management strengthened</li> </ol>	<p><b>Magnitude of Outputs:</b></p> <ul style="list-style-type: none"> <li>- 155 VE assignment project completed (24: TIS-assisted companies; 11: MUST-assisted companies; and up to 15 (10%): assistance to groups of companies, private associations, government entities, or privatization efforts).</li> <li>- 25 ABE services completed.</li> <li>18 TIS sector surveys completed.</li> <li>7 Marketing Associates assist Moroccan companies.</li> <li>- 42 U.S. buyers visit Morocco.</li> <li>- 60 U.S. sellers visit Morocco.</li> <li>- 33 U.S. investors visit Morocco.</li> <li>- 30 Moroccan export firms make trial export shipments.</li> <li>- 6 Moroccan export firms make trade breakthroughs.</li> <li>- A cumulative total of \$83 million in exports is generated by TIS-assisted companies during the five-year period of the project.</li> <li>- 14 joint or co-ventures are signed; \$7.5 million in investment value.</li> <li>3-4 Familiarization (FAM) tours completed.</li> <li>- 72 seminars for U.S. travel agents/tour operators conducted.</li> <li>- 40,000 additional U.S. tourists visit Morocco, spending approximately \$56 million.</li> <li>- Up to 400 U.S. tour operators/travel agents will visit Morocco on free tickets provided by Royal Air Maroc.</li> </ul>	<p><b>Means of Verification</b></p> <p>Volunteer Executive End of Tour Reports</p> <p>IESC Quarterly Reports</p> <p>Project Evaluations</p> <p>Site visits</p> <p>Quarterly reimbursement requests</p> <p>Quarterly reports</p> <p>Controller's records</p>	<p><b>Assumption for achieving outputs:</b></p> <p>Market demand for IESC services exist. IESC VEs offer a unique service which competes with no local consultancy firm</p>																																								
<p><b>Inputs:</b></p> <p><u>Technical Assistance:</u></p> <p><u>Training:</u></p> <p><u>Commodities</u></p> <p><u>Other Costs</u></p>	<p><b>Magnitude of Inputs</b></p> <table border="1"> <thead> <tr> <th></th> <th>USAID</th> <th>VE/Kind</th> <th>Client Fee</th> <th></th> </tr> </thead> <tbody> <tr> <td>Tot</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1. VETA</td> <td>\$3.2</td> <td>\$2.4</td> <td>\$1.2</td> <td>6.8</td> </tr> <tr> <td>2. TIS</td> <td>4.2</td> <td>0</td> <td>0</td> <td>4.2</td> </tr> <tr> <td>3. MUST</td> <td>1.4</td> <td>0</td> <td>0</td> <td>1.4</td> </tr> <tr> <td>4. Comp.</td> <td>1.0</td> <td>0</td> <td>0</td> <td>1.0</td> </tr> <tr> <td>5. Comp.</td> <td>.5</td> <td>0</td> <td>0</td> <td>.5</td> </tr> <tr> <td><b>Total:</b></td> <td><b>\$10.4</b></td> <td><b>\$2.4</b></td> <td><b>\$1.2</b></td> <td><b>\$14</b></td> </tr> </tbody> </table>		USAID	VE/Kind	Client Fee		Tot					1. VETA	\$3.2	\$2.4	\$1.2	6.8	2. TIS	4.2	0	0	4.2	3. MUST	1.4	0	0	1.4	4. Comp.	1.0	0	0	1.0	5. Comp.	.5	0	0	.5	<b>Total:</b>	<b>\$10.4</b>	<b>\$2.4</b>	<b>\$1.2</b>	<b>\$14</b>		<p><b>Assumptions for providing inputs:</b></p> <p>AID funds will become available</p> <p>VEs will continue to volunteer services</p> <p>Moroccan companies will pay for services</p>
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5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE? YES

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Most Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to:  
(a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

a) Yes, increased international trade is a major project purpose;  
b) Yes, fostering private initiative and competition will be a direct outcome of the project;  
c) No  
d) Yes, as companies are better able to penetrate competitive export markets, increased competitiveness is expected to spill over into local business operations;  
e) Yes, through use of IESC volunteer experts;  
f) No

2. U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

The project will buy down the cost of Moroccan companies attempting to export and the cost of investors seeking to invest in Morocco. Only private trade channels and services of private enterprises are planned to be used.

**3. Congressional Notification**

**a. General requirement (FY 1992 Continuing Resolution; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the notification requirement has been waived because of substantial risk to human health or welfare)?**

**Congressional Notification will be prepared.**

**b. Notice of new account obligation (FY 1992 Continuing Resolution): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?**

**N/A**

**c. Cash transfers and nonproject sector assistance (FY 1992 Continuing Resolution): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?**

**N/A**

**4. Engineering and Financial Plans (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?**

**a) Yes  
b) Yes**

*JK*

5. **Legislative Action (FAA Sec. 611(a)(2))**: If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? N/A

6. **Water Resources (FAA Sec. 611(b); FY 1992 Continuing Resolution)**: If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) N/A

7. **Cash Transfer and Sector Assistance (FY 1992 Continuing Resolution)**: Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)? N/A

8. **Capital Assistance (FAA Sec. 611(e))**: If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively? N/A

**9. Multiple Country Objectives (FAA Sec. 601(a)):** Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

- a) Yes, increased international trade is a major project purpose;
- b) Yes, fostering private initiative and competition will be a direct outcome of the project;
- c) No
- d) Yes, as companies are better able to penetrate competitive export markets, increased competitiveness is expected to spill over into local business operations;
- e) Yes, through use of IESC volunteer experts;
- f) No

**10. U.S. Private Trade (FAA Sec. 601(b)):** Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

The project will buy down the cost of Moroccan companies attempting to export and the cost of investors seeking to invest in Morocco. Only private trade channels and services of private enterprises are planned to be used.

**11. Local Currencies**

**a. Recipient Contributions (FAA Secs. 612(b), 636(h)):** Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

Businesses receiving services from the IESC will pay fees based on IESC approved client fee structure.

**b. U.S.-Owned Currency (FAA Sec. 612(d)):** Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No

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**c. Separate Account (FY 1992 Continuing Resolution). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies: N/A**

**(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?**

**(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?**

**(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?**

**(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?**

**12. Trade Restrictions**

**a. Surplus Commodities (FY 1992 Continuing Resolution):** If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

**No.** Assistance for the production of export commodities will only occur where high demand exists, therefore not in commodities where surplus world markets exists; the project will not support businesses in commodities which compete with U.S. producers of the same, similar or competing commodity.

**b. Textiles (Lautenberg Amendment) (FY 1992 Continuing Resolution):** Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

**No**

**13. Tropical Forests (FY 1992 Continuing Resolution):** Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

**a) No  
b) No**

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**14. PVO Assistance**

**a. Auditing and registration (FY 1992 Continuing Resolution):** If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

**a) Yes**

**b. Funding sources (FY 1992 Continuing Resolution, Title II, under heading "Private and Voluntary Organizations"):** If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

**b) Yes**

**15. Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)):** Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

**Case-Zablocki Act will be complied with.**

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16. Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Yes

17. Women in Development (FY 1992 Continuing Resolution, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

Yes. Project monitoring will track increases in female participants.

18. Regional and Multilateral Assistance (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

No.

19. Abortions (FY 1992 Continuing Resolution, Title II, under heading "Population, DA," and Sec. 525):

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a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? No

b. Will any funds be used to lobby for abortion? No

20. Cooperatives (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life? No

21. U.S.-Owned Foreign Currencies

a. Use of currencies (FAA Secs. 612(b), 636(h); FY 1992 Continuing Resolution): Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services. U.S. does not own any foreign currency in Morocco.

b. Release of currencies (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No

22. Procurement

a. Small business (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes

b. U.S. procurement (FAA Sec. 604(a)): Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him? Yes

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c. Marine insurance (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

Morocco does not discriminate against any insurance companies.

d. Non-U.S. agricultural procurement (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

N/A

e. Construction or engineering services (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

No

f. Cargo preference shipping (FAA Sec. 603)): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

No

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**g. Technical assistance (FAA Sec. 621(a)):** If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Yes, use of other Federal Agencies is not contemplated.

**h. U.S. air carriers (International Air Transportation Fair Competitive Practices Act, 1974):** If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes

**i. Termination for convenience of U.S. Government (FY 1992 Continuing Resolution):** If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

Yes

**j. Consulting services (FY 1992 Continuing Resolution):** If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

Yes

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**k. Metric conversion**  
(Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Yes

Yes

Yes

**l. Competitive Selection Procedures (FAA Sec. 601(e)):** Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes

**23. Construction**

**a. Capital project (FAA Sec. 601(d)):** If capital (e.g., construction) project, will U.S. engineering and professional services be used?

N/A

**b. Construction contract (FAA Sec. 611(c)):** If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

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**c. Large projects, Congressional approval (FAA Sec. 620(k)): If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?** N/A

**24. U.S. Audit Rights (FAA Sec. 301(d)): If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?** N/A

**25. Communist Assistance (FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?** Yes

**26. Narcotics**

**a. Cash reimbursements (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated?** Yes

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b. Assistance to narcotics traffickers (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?

1) Yes  
2) Yes

27. Expropriation and Land Reform (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President?

Yes

28. Police and Prisons (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?

Yes

29. CIA Activities (FAA Sec. 662): Will assistance preclude use of financing for CIA activities?

Yes

30. Motor Vehicles (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained?

Yes

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31. **Military Personnel (FY 1992 Continuing Resolution):** Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? **Yes**
32. **Payment of U.N. Assessments (FY 1992 Continuing Resolution):** Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? **Yes**
33. **Multilateral Organization Lending (FY 1992 Continuing Resolution):** Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? **Yes**
34. **Export of Nuclear Resources (FY 1992 Continuing Resolution):** Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? **Yes**
35. **Repression of Population (FY 1992 Continuing Resolution):** Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? **Yes**

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36. **Publicity or Propaganda (FY 1992 Continuing Resolution):** Will assistance be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? **No**

37. **Marine Insurance (FY 1992 Continuing Resolution):** Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate? **Yes**

38. **Exchange for Prohibited Act (FY 1992 Continuing Resolution):** Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law? **No**

**C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY**

1. **Economic and Political Stability (FAA Sec. 531(a)):** Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? **Yes.**  
**Yes.**

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**2. Military Purposes (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes?** No

**3. Commodity Grants/Separate Accounts (FAA Sec. 609): If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? (For FY 1992, this provision is superseded by the separate account requirements of FY 1992 Continuing Resolution, see Sec. 575(a)(5).)** N/A

**4. Generation and Use of Local Currencies (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1991, this provision is superseded by the separate account requirements of FY 1992 Continuing Resolution Sec. 575(a), see Sec. 575(a)(5).)** N/A

**5. Cash Transfer Requirements (FY 1992 Continuing Resolution, Title II, under heading "Economic Support Fund," and Sec. 575(b)). If assistance is in the form of a cash transfer:** N/A

**a. Separate account: Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds?** N/A

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b. Local currencies: Will all N/A  
local currencies that may be  
generated with funds provided as a  
cash transfer to such a country  
also be deposited in a special  
account, and has A.I.D. entered  
into an agreement with that  
government setting forth the amount  
of the local currencies to be  
generated, the terms and conditions  
under which they are to be used,  
and the responsibilities of A.I.D.  
and that government to monitor and  
account for deposits and  
disbursements?

c. U.S. Government use of N/A  
local currencies: Will all such  
local currencies also be used in  
accordance with FAA Section 609,  
which requires such local  
currencies to be made available to  
the U.S. government as the U.S.  
determines necessary for the  
requirements of the U.S.  
Government, and which requires the  
remainder to be used for programs  
agreed to by the U.S. Government to  
carry out the purposes for which  
new funds authorized by the FAA  
would themselves be available?

d. Congressional notice: Has N/A  
Congress received prior  
notification providing in detail  
how the funds will be used,  
including the U.S. interests that  
will be served by the assistance,  
and, as appropriate, the economic  
policy reforms that will be  
promoted by the cash transfer  
assistance?

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21 JUL 1992

24/1342

MONSIEUR LE DIRECTEUR DE L'USAID  
RABAT

**OBJET /** Le corps International des Services Exécutifs (CISE)

**REFER /** Votre lettre du 03 Juin 1992.-

-oOo-

Suite à votre lettre citée en référence et aux discussions qui ont eu lieu à ce sujet entre mes services et ceux de l'USAID, j'ai l'honneur de vous informer que j'ai pris note de votre décision de confier l'exécution du projet d'assistance aux entreprises privées en matière de commerce extérieur au CISE.

A cet égard, je vous rappelle que l'intervention du personnel du CISE entre dans le cadre de l'Accord de coopération bilatérale signé le 24 Avril 1957 par la Gouvernement du Royaume du Maroc et celui des Etats-Unis d'Amérique. S'agissant des avantages accordés au personnel du CISE opérant au Maroc ils ont été précisés par la lettre du Ministère délégué auprès du Premier Ministre chargé des Affaires Economiques, n° 4 - 270 du 06 Février 1985.

Veuillez agréer, Monsieur le Directeur, l'expression de ma parfaite considération.

Le Ministre Délégué  
auprès du Premier Ministre  
Chargé des Affaires Economiques

Signé Moulay Taha FAHIM

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UNITED STATES OF AMERICA  
AGENCE FOR INTERNATIONAL DEVELOPMENT  
RABAT, MOROCCO

ANNEX D: page 2

United States Address :  
USAID - Morocco  
APO New York 09284

العنوان المحلي :  
137، شارع علاء بن عبد الله  
صندوق البريد 120  
الرباط - المغرب  
الهاتف : 622-65

Adresse locale :  
137, Avenue ABal Ben Abdellah  
B.P. 120  
Rabat - Maroc  
Téléphone : 622-65

OFFICE OF THE DIRECTOR

Moulay Zine Zahidi  
Ministre délégué auprès  
du premier Ministre Chargé des  
Affaires Economiques et de  
la Privatisation

JUN 03 1992

Monsieur le Ministre,

Comme suite à nos entretiens relatifs à la poursuite des activités du Corps International de Services d'Experts (CISE) au Maroc, activités financées par l'USAID, j'ai l'honneur de vous transmettre, ci-joint, pour examen, un résumé du nouveau projet de cinq ans "Accès au Marché International (AMI).

Ce projet a été conçu pour tabler sur l'oeuvre déjà accomplie par le CISE, notamment son assistance aux entreprises marocaines leur permettant de pénétrer avec succès et d'améliorer leur compétitivité sur les marchés extérieurs (particulièrement, sur le marché américain), en augmentant leur capacité d'adapter les nouvelles technologies, de produire de façon plus rentable, d'attirer les investissements étrangers, d'exporter, de contribuer à élever la valeur ajoutée et à créer des emplois.

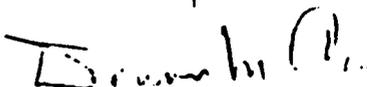
Cet important volet de notre programme d'assistance bilatérale maroco-américaine sera entièrement exécuté par le CISE. C'est à cette fin que je vous adresse la présente lettre vous demandant de bien vouloir vous entendre avec l'USAID pour qu'elle accorde sa contribution au CISE pour un montant total de 10,4 million de dollars. Le montant total de l'ensemble du projet est estimé à 14 millions de dollars.

Je me permets, en outre, de vous demander de bien vouloir assurer les mêmes privilèges au CISE et à ses conseillers-représentants au Maroc, que ceux dont jouissent tous ceux qui exercent des activités financées par l'USAID.

Je vous prie, Monsieur le Ministre, l'assurance de ma haute considération.

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P.J.

  
Dennis M. Chandler  
Directeur

**ANNEX E: Justification for Noncompetitive Award**

**FROM:** Richard P. Burns, Chief PDPE Office *M*  
**THRU:** Dennis M. Chandler, Mission Director *DC*  
**TO:** Mary Reynolds, Grants Officer

**Problem:**

To justify that competition is not required for the award of a cooperative agreement to the International Executive Services Corps (IESC).

**Background:**

IESC first established a modest operation in Casablanca in 1985 to offer to private Moroccan manufacturers access to the pool of U.S. retired executives on a volunteer basis for periods of one to three months. The start-up costs for this effort were met by an A.I.D. Core Grant, a small contribution from USAID/Morocco and the fees charged to clients served by the program. In 1985, 19 projects were developed by IESC.

In late 1985 IESC assigned Boris Sokoloff to Morocco as Country Director, to develop a five-year cooperative agreement together with the USAID Mission, covering services for the period 1986 to 1991. The IESC component was one of three original components of the Private Sector Export Promotion Project (608-0189), which began in 1986.

ANE Assistant Administrator Greenleaf approved the Request to Negotiate a Single Source Cooperative Agreement with the IESC on June 4, 1986, based on evidence that ". . . IESC's extensive knowledge of the local export community gives a predominant capability to provide the services required in a timely and cost efficient manner."

The IESC component was initially funded at \$2.8 million and included three subcomponents: (a) A long-term export adviser assigned to Centre Marocain de Promotion des Exportations (CMPE) to upgrade the capabilities of that institution to promote Moroccan exports; (b) Firm specific assistance in production and/or marketing, and export marketing assistance to groups of firms and associations (estimated to total 130 volunteer executive interventions); and (c) Management of an Export Development Fund to respond to Government of Morocco requests to USAID for assistance in specific export development activities.

After the two-year assignment of the long-term adviser to CMPE expired in 1988, the cooperative agreement with IESC was amended in 1989, (a) to discontinue the long term adviser to CMPE, (b) to add the Trade and Investment Service program (TIS) and (c) to provide funding in the amount of \$1.5 million for the new TIS activity. The person who filled the position of long-term adviser to CMPE was placed in charge of the new TIS operation. Later, the cooperative agreement was further extended to add one additional year without increasing the budget with an end date of June 30, 1992.

The proposed AIM Project (608-0219) follows on and expands the successes of the first \$4.020 million grant to the IESC from June 1986 to June 1992. The Trade and Investment Services Program under the previous grant is the most successful USAID-funded trade promotion activity in the world. The Volunteer Executive Technical Assistance provided by retire American business has helped over 130 firms to master new technologies and improve management practices. The new planned project will continue the above two activities and promote increased American tourists to Morocco as well.

**Justification:**

Exception for noncompetitive award of a new cooperative agreement with the IESC is justified on two grounds. First, IESC's world-wide business network of more than 12,400 volunteer industry experts and its vast network of business contacts in Morocco developed over the last seven years gives IESC a predominant technical capability to assist to the Moroccan private sector according to the objectives of the AIM Project. In this regard, USAID's experience with IESC in Morocco has been superior, as confirmed by a recent evaluation. Second, this is a follow-on assistance award intended to continue or further develop the ongoing assistance relationship between IESC and USAID/Morocco. IESC has clearly proven to be important as a player in USAID's private sector portfolio.

**Authority:**

A.I.D. Handbook 13, 2B.4.b gives the Grants Officer authority to review the Justification of Noncompetitive Awards upon the written submission by the technical officer. Only in the case where the grants officer rejects the justification will the matter be referred to the responsible Assistant Administrator or Officer Director reporting directly to the Administrator.

**Standard:**

Handbook 13, Chapter 2. Section 2A.3.b and d lay out the conditions under which competition is not required in the selection of recipients. The circumstances permitting the exception, which are directly applicable to the cooperative agreement with the IESC are (a) "Assistance awards for which one recipient is considered to have exclusive or predominant capability, based on experience, specialized facilities or technical competence, or based on an existing relationship with the cooperating country or beneficiaries" (2A.3.b.); and (b) "Follow-on assistance awards intended to continue or further develop an existing assistance relationship." (2A.3.d.)

Approved: Mary Reynolds  
Mary Reynolds, Grants Officer

Date: 18 June 1992

Cleared: CONT:RDeschambault: (draft)  
PDPE:AShpleigh: (draft)  
Drafted: GMorrell:PDPE:X2372:6/10/92

ANNEX F: Commodity Lists

USAID Grant Contribution  
Table F.1: Total Commodity Budget

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>VEVA COMMODITIES: TTL</b>	<b>\$51,000</b>	<b>\$2,000</b>	<b>\$2,163</b>	<b>\$2,250</b>	<b>\$2,340</b>	<b>\$60,633</b>
Bodge Voyager, equi.	\$25,200	00	00	00	00	\$25,200
Bodge Colt, equi.	\$12,600	00	00	00	00	\$12,600
Computer System	\$10,000	00	00	00	00	\$10,000
Typewriter	\$2,000	00	00	00	00	\$2,000
Small Value Purchases	\$2,000	\$2,000	\$2,163	\$2,250	\$2,340	\$10,633
<b>TIS COMMODITIES: TTL</b>	<b>\$90,000</b>	<b>\$20,000</b>	<b>\$2,163</b>	<b>\$2,250</b>	<b>\$2,340</b>	<b>\$114,633</b>
Artisanal Commodities	\$25,000	\$20,000	00	00	00	\$51,000
Bodge Spirit, equi	\$17,000	00	00	00	00	\$17,000
Bodge Colt, equi.	\$12,600	00	00	00	00	\$12,600
Bodge Colt, equi.	\$12,600	00	00	00	00	\$12,600
Computer System	\$10,000	00	00	00	00	\$10,000
Office Furniture (1)	\$10,000	00	00	00	00	\$10,000
Small Value Purchases	\$2,000	\$2,000	\$2,163	\$2,250	\$2,340	\$10,633
<b>MUST COMMODITIES: TTL</b>	<b>\$26,000</b>	<b>\$1,090</b>	<b>\$1,188</b>	<b>00</b>	<b>00</b>	<b>\$28,278</b>
Computer System/US	\$10,000	00	00	00	00	\$10,000
Small Value Purchases	\$1,000	\$1,090	\$1,188	00	00	\$3,278
Office Furniture (2)	\$15,000	00	00	00	00	\$15,000
<b>IN COMMODITIES: TTL</b>	<b>\$11,200</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>\$11,200</b>
Modem	\$1,200	00	00	00	00	\$1,200
Office Furniture (1)	\$10,000	00	00	00	00	\$10,000
<b>TOTAL PROJECT COMMODITIES</b>	<b>\$179,000</b>	<b>\$31,250</b>	<b>\$5,515</b>	<b>\$4,499</b>	<b>\$4,679</b>	<b>\$224,943</b>

Table F.2: IESC Computer System Package Budget  
Illustrative Package

Equipment	Unit	Unit Value	Total
PC 3 1/2"	1	\$1,826	\$1,826
Floppy 3 1/2"	1	\$127	\$127
Harvard Graphics	1	\$375	\$375
Word Perfect 5.1	2	\$195	\$390
Lotus 123	1	\$495	\$495
Direct Access	1	\$99	\$99
P.C. Tools 7.0	1	\$103	\$103
Norton 6.0	1	\$89	\$89
D.Base IV	1	\$795	\$795
HP LaserJet III	1	\$1,514	\$1,514
Pacific Data 486	1	\$599	\$599
25-In-One Font	1	\$399	\$399
MD Ethernet Card	1	\$183	\$183
QEMM Memory Manager	1	\$62	\$62
Supplies			
Toner/Dev. Cart	5	\$115	\$575
Box Discs 3 1/2"	2	\$55	\$110
Box Discs 5 1/4"	1	\$199	\$199
Sub-Total			\$7,940
Insurance/Transport.			\$794
Grant Total			\$8,734
One for the Office			
Modem (Local)	1	\$1,200	\$1,200
XTalk or ProComm Plus	1	\$200	\$200

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## Annex G: Detailed Budgets

### USAID Grant Contribution

**Table G.1: Total Project Budget Summary by Component and Year**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Component 1: VETA	\$545,757	\$465,805	\$629,167	\$719,860	\$731,501	\$3,252,091
Component 2: TIS	\$949,627	\$917,780	\$859,336	\$773,683	\$772,436	\$4,272,864
Component 3: MUST	\$481,860	\$364,686	\$373,269	\$0	\$0	\$1,220,416
Component 4:	\$231,934	\$217,884	\$235,319	\$233,052	\$241,094	\$1,159,282
Component 5:	\$45,000	\$176,000	\$47,840	\$78,122	\$149,346	\$495,408
<b>USAID GRANT GRAND TOTAL</b>	<b>\$2,274,179</b>	<b>\$2,282,075</b>	<b>\$2,144,732</b>	<b>\$1,804,717</b>	<b>\$1,894,297</b>	<b>\$10,400,800</b>

**Table G.2: Total Project Budget Summary by Inputs and Year**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Technical Assistance: TTL</b>	<b>\$1,547,725</b>	<b>\$1,674,452</b>	<b>\$1,672,529</b>	<b>\$1,489,212</b>	<b>\$1,499,452</b>	<b>\$7,883,371</b>
Component 1: VETA	\$459,172	\$546,749	\$567,749	\$455,985	\$465,070	\$2,094,725
Component 2: TIS	\$735,327	\$760,868	\$723,271	\$632,176	\$625,288	\$3,477,430
Component 3: MUST	\$173,992	\$180,952	\$188,190	\$0	\$0	\$543,133
Component 4	\$178,734	\$185,884	\$193,319	\$201,052	\$209,094	\$968,082
Component 5	\$0	\$0	\$0	\$0	\$0	\$0
<b>Training: TTL</b>	<b>\$73,135</b>	<b>\$72,895</b>	<b>\$73,685</b>	<b>\$21,372</b>	<b>\$22,227</b>	<b>\$263,315</b>
Component 1: VETA	\$13,000	\$13,520	\$14,061	\$14,623	\$15,208	\$70,412
Component 2: TIS	\$6,000	\$6,240	\$6,490	\$6,749	\$7,019	\$32,498
Component 3: MUST	\$54,135	\$53,135	\$53,135	\$0	\$0	\$160,405
Component 4	\$0	\$0	\$0	\$0	\$0	\$0
Component 5	\$0	\$0	\$0	\$0	\$0	\$0
<b>Commodities: TTL</b>	<b>\$179,000</b>	<b>\$31,250</b>	<b>\$5,515</b>	<b>\$4,499</b>	<b>\$4,679</b>	<b>\$224,943</b>
Component 1: VETA	\$51,800	\$2,080	\$2,163	\$2,250	\$2,340	\$60,433
Component 2: TIS	\$90,000	\$28,080	\$2,163	\$2,250	\$2,350	\$124,833
Component 3: MUST	\$26,000	\$1,090	\$1,188	\$0	\$0	\$28,278
Component 4	\$11,200	\$0	\$0	\$0	\$0	\$11,200
Component 5	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Costs: TTL</b>	<b>\$474,318</b>	<b>\$503,478</b>	<b>\$393,004</b>	<b>\$289,633</b>	<b>\$367,938</b>	<b>\$2,028,371</b>
Component 1: VETA	\$41,785	\$43,456	\$45,195	\$47,002	\$48,883	\$226,321
Component 2: TIS	\$117,800	\$122,512	\$127,412	\$132,509	\$137,809	\$638,043
Component 3: MUST	\$227,733	\$129,509	\$131,356	\$0	\$0	\$488,599
Component 4	\$42,000	\$32,000	\$42,000	\$32,000	\$32,000	\$180,000
Component 5	\$45,000	\$176,000	\$47,040	\$78,122	\$149,246	\$495,408
<b>USAID GRANT GRAND TOTAL</b>	<b>\$2,274,179</b>	<b>\$2,282,075</b>	<b>\$2,144,732</b>	<b>\$1,804,717</b>	<b>\$1,894,297</b>	<b>\$10,400,800</b>

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Table B.3: Component 1: Volunteer Executive Technical Assistance (VETA) Program

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>TECHNICAL ASSISTANCE: TTL</b>	<b>8459,172</b>	<b>8546,769</b>	<b>8567,769</b>	<b>8655,985</b>	<b>8645,878</b>	<b>82,894,725</b>
Marketing Effort: Sub-Ttl	8201,922	8197,999	8182,399	8179,135	8188,220	8949,675
VETA Director	885,800	887,200	889,488	861,868	864,342	8297,898
Benefits (15%)	88,258	88,588	88,923	88,288	89,651	844,685
Marketing Manager	848,888	841,688	843,264	844,995	846,794	8216,653
Benefits (25%)	818,888	818,488	818,816	811,249	811,889	854,163
Marketing Manager	834,788	836,888	837,332	839,833	846,994	8187,946
Benefits (15%)	85,285	85,413	85,630	85,855	86,889	828,192
Marketing Sup (Off-Set)	88	(812,888)	(824,888)	(824,888)	(824,888)	(884,888)
Marketing Sup (Off-Set)	88	88	(812,888)	(824,888)	(824,888)	(888,888)
Administrative Asst.	815,388	815,912	816,848	817,218	817,889	882,878
Benefits (15%)	82,295	82,387	82,482	82,582	82,685	812,438
Travel/Per Diem	831,172	832,419	833,716	835,864	836,467	8148,838
Volunteer Excess: 8 Proj.	19	24	26	31	31	131
Volunteer Excess: Sub-Ttl	8257,258	8348,758	8385,358	8476,858	8476,858	81,945,858
Travel/Per Diem (812K)	8228,888	8288,888	8312,888	8372,888	8372,888	81,572,888
Admin. Sup. (83,188)	858,988	874,488	888,688	896,188	896,188	8486,188
Recruiting (82,288)	841,888	852,888	857,288	868,288	868,288	8288,288
Field Support (81,888)	819,888	824,888	826,888	831,888	831,888	8131,888
Bus Res Studies (Off-Set)	(86,888)	(86,888)	(86,888)	(86,888)	(86,888)	(838,888)
Travel (Off-Set)	(884,458)	(884,458)	(884,458)	(884,458)	(884,458)	(8422,258)
<b>TRAINING: TTL</b>	<b>813,888</b>	<b>813,520</b>	<b>814,861</b>	<b>814,623</b>	<b>815,288</b>	<b>870,412</b>
Training	86,888	86,240	86,490	86,749	87,819	832,498
Conferences	87,888	87,288	87,571	87,874	88,189	837,914
<b>COMMODITIES: TTL</b>	<b>851,888</b>	<b>82,888</b>	<b>82,163</b>	<b>82,258</b>	<b>82,348</b>	<b>860,633</b>
Dodge Voyager, equi.	825,288	88	88	88	88	825,288
Dodge Colt, equi.	812,688	88	88	88	88	812,688
Computer System	818,888	88	88	88	88	818,888
Typewriter	82,888	88	88	88	88	82,888
Small Value Purchases	82,888	82,888	82,163	82,258	82,348	818,833
<b>OTHER COSTS: TTL</b>	<b>841,785</b>	<b>843,456</b>	<b>845,195</b>	<b>847,882</b>	<b>848,883</b>	<b>8226,321</b>
Off. Rent, Uts & Ins/Casa	87,958	88,268	88,599	88,943	89,388	843,868
Phone/Telex/Fax/Post	88,258	88,588	88,923	89,288	89,651	844,685
Office Supplies	82,825	82,938	83,056	83,178	83,305	815,388
Vehicle Operation	828,888	828,888	821,632	822,497	823,397	8188,326
Off. Equip. Maintenance	82,768	82,878	82,985	83,185	83,229	814,949
<b>VETA BUDGET SUMMARY</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
Technical Assistance	8459,172	8546,749	8567,749	8655,985	8645,878	82,894,725
Training	813,888	813,520	814,861	814,623	815,288	870,412
Commodities	851,888	82,888	82,163	82,258	82,348	860,633
Other Costs	841,785	843,456	845,195	847,882	848,883	8226,321
<b>VETA Total</b>	<b>8565,757</b>	<b>8605,885</b>	<b>8629,167</b>	<b>8719,860</b>	<b>8731,581</b>	<b>83,252,891</b>

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Table 6.4: Component 2: Trade and Investment Services (TIS) Program

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>TECHNICAL ASSISTANCE: TTL</b>	<b>\$735,827</b>	<b>\$760,868</b>	<b>\$723,271</b>	<b>\$632,176</b>	<b>\$625,288</b>	<b>\$3,477,430</b>
TIS Staff: Sub-Ttl	\$467,927	\$486,644	\$506,110	\$526,355	\$547,409	\$2,534,445
TIS Director/Case	\$70,000	\$72,000	\$75,712	\$78,740	\$81,000	\$379,143
Benefits (25%)	\$17,500	\$18,000	\$18,928	\$19,685	\$20,273	\$94,786
Housing	\$22,500	\$23,492	\$24,431	\$25,409	\$26,425	\$122,345
TIS Proj. Off./US	\$35,000	\$36,400	\$37,856	\$39,370	\$40,945	\$197,571
Benefits/Taxes (25%)	\$8,750	\$9,100	\$9,464	\$9,843	\$10,236	\$47,393
TIS Proj. Off./US	\$30,000	\$31,200	\$32,448	\$33,764	\$35,096	\$162,490
Benefits/Taxes (25%)	\$7,500	\$7,800	\$8,112	\$8,436	\$8,774	\$40,622
Marketing Man./Case	\$25,300	\$26,312	\$27,344	\$28,409	\$29,507	\$137,833
Benefits (15%)	\$3,795	\$3,947	\$4,105	\$4,260	\$4,420	\$20,325
Marketing Man./Case	\$21,500	\$22,464	\$23,363	\$24,297	\$25,209	\$116,995
Benefits (15%)	\$3,240	\$3,370	\$3,504	\$3,643	\$3,790	\$17,549
Administrative Ass't./Case	\$18,000	\$18,720	\$19,469	\$20,248	\$21,057	\$97,494
Benefits (15%)	\$2,700	\$2,808	\$2,920	\$3,037	\$3,159	\$14,634
Inv. Stimulation Dir./U.S.	\$60,000	\$62,400	\$64,896	\$67,492	\$70,192	\$326,979
Benefits/Taxes (25%)	\$15,000	\$15,600	\$16,224	\$16,873	\$17,548	\$81,245
Executive Oversight/US	\$7,392	\$7,608	\$7,995	\$8,315	\$8,648	\$40,937
Marketing Support/US	\$6,940	\$7,238	\$7,528	\$7,829	\$8,142	\$37,698
Admin. Cost Allocation	\$10,000	\$10,720	\$11,469	\$12,248	\$12,857	\$57,494
Travel/Per Diem	\$94,602	\$98,386	\$102,322	\$106,414	\$110,671	\$512,395
<b>TIS Marketing: Sub-Ttl</b>	<b>\$267,900</b>	<b>\$274,224</b>	<b>\$217,161</b>	<b>\$105,821</b>	<b>\$77,879</b>	<b>\$942,985</b>
Volunteer Execs: @ Proj.	6	6	6	6	6	24
Volunteer Execs: Sub-Ttl	\$109,800	\$109,800	\$73,200	\$73,200	\$73,200	\$439,200
Travel/Per Diem (\$12K)	\$72,000	\$72,000	\$48,000	\$48,000	\$48,000	\$288,000
Admin. Support (\$3,100)	\$18,600	\$18,600	\$12,400	\$12,400	\$12,400	\$74,400
Recruiting (\$2,200)	\$13,200	\$13,200	\$8,800	\$8,800	\$8,800	\$52,800
Field Support (\$1,000)	\$6,000	\$6,000	\$4,000	\$4,000	\$4,000	\$24,000
<b>TIS Marketing: Sub-Ttl</b>	<b>\$158,100</b>	<b>\$164,424</b>	<b>\$143,961</b>	<b>\$32,621</b>	<b>\$4,679</b>	<b>\$503,785</b>
Sector Surveys	\$33,600	\$34,944	\$36,342	80	80	\$104,886
Marketing Associates	\$50,000	\$52,000	\$54,000	\$28,122	80	\$184,202
Buyer Visits	\$32,500	\$33,800	\$35,152	80	80	\$101,432
Investor Visits	\$13,000	\$13,520	\$14,061	80	80	\$40,581
Seller Visits	80	80	80	80	80	320
Bus. Research Studies	\$4,000	\$4,160	\$4,326	\$4,499	\$4,679	\$21,665
Artisanal Expertise	\$25,000	\$26,000	80	80	80	\$51,000
<b>TRAINING: TTL</b>	<b>\$6,000</b>	<b>\$6,240</b>	<b>\$6,490</b>	<b>\$6,749</b>	<b>\$7,019</b>	<b>\$32,498</b>
Conferences	\$2,000	\$2,080	\$2,163	\$2,250	\$2,340	\$10,833
Seminars	\$2,000	\$2,080	\$2,163	\$2,250	\$2,340	\$10,833
Tours/Trade Fairs	\$2,000	\$2,080	\$2,163	\$2,250	\$2,340	\$10,833
<b>COMMODITIES: TTL</b>	<b>\$90,000</b>	<b>\$28,080</b>	<b>\$2,163</b>	<b>\$2,250</b>	<b>\$2,340</b>	<b>\$124,833</b>
Artisanal Commodities	\$25,000	\$26,000	80	80	80	\$51,000
Dodge Spirit, equi	\$17,800	80	80	80	80	\$17,800
Dodge Colt, equi.	\$12,600	80	80	80	80	\$12,600
Dodge Colt, equi.	\$12,600	80	80	80	80	\$12,600
Computer System	\$10,000	80	80	80	80	\$10,000
Office Furniture (1)	\$10,000	80	80	80	80	\$10,000
Small Value Purchases	\$2,000	\$2,080	\$2,163	\$2,250	\$2,340	\$10,833

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**Table G.4 (Concluded)**  
**USAID Grant Contribution**  
**Component 2: Trade and Investment Services (TIS) Program**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>OTHER COSTS: TTL</b>	<b>\$117,000</b>	<b>\$122,512</b>	<b>\$127,412</b>	<b>\$132,509</b>	<b>\$137,809</b>	<b>\$638,043</b>
TIS Promotional Materials	\$10,000	\$10,400	\$10,816	\$11,249	\$11,699	\$54,163
Office Rent/U.S.	\$21,600	\$22,444	\$23,363	\$24,297	\$25,269	\$116,973
Office Rent/Case	\$7,000	\$8,112	\$9,436	\$9,774	\$9,125	\$42,247
Phone/Telex/Fax/Post/U.S.	\$13,100	\$13,720	\$14,277	\$14,848	\$15,442	\$71,493
Phone/Telex/Fax/Post/Case	\$16,500	\$17,140	\$17,846	\$18,540	\$19,305	\$89,349
Office Supplies/U.S.	\$7,000	\$7,200	\$7,371	\$7,674	\$8,109	\$37,914
Office Supplies/Case	\$5,900	\$5,720	\$5,949	\$6,107	\$6,434	\$29,790
Vehicle Operation	\$30,000	\$31,200	\$32,448	\$33,746	\$35,096	\$162,490
Off. Equip. Maintenance	\$3,000	\$3,120	\$3,245	\$3,375	\$3,510	\$16,249
Sample Storage/Stanford	\$1,700	\$1,748	\$1,839	\$1,912	\$1,989	\$9,208
Shipping Samples	\$1,300	\$1,540	\$1,622	\$1,687	\$1,735	\$8,124
<b>TIS Budget Summary</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
Technical Assistance	\$735,827	\$760,848	\$723,271	\$632,176	\$625,288	\$3,477,430
Training	\$6,000	\$6,240	\$6,490	\$6,749	\$7,019	\$32,498
Commodities	\$90,000	\$20,000	\$2,163	\$2,250	\$2,340	\$124,833
Other Costs	\$117,000	\$122,512	\$127,412	\$132,509	\$137,809	\$638,043
<b>TIS Total</b>	<b>\$949,827</b>	<b>\$917,700</b>	<b>\$859,336</b>	<b>\$773,683</b>	<b>\$772,456</b>	<b>\$4,272,804</b>

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Table 8.5: Component 3: Morocco U.S. Tourism (MUST) Promotion Program

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>TECHNICAL ASSISTANCE: TTL</b>	<b>\$173,992</b>	<b>\$180,952</b>	<b>\$188,190</b>	<b>00</b>	<b>00</b>	<b>\$543,133</b>
Sr. Tourism Advisor/US	\$40,000	\$41,600	\$43,264	00	00	\$124,864
Tourism Project Off./US	\$40,000	\$41,600	\$43,264	00	00	\$124,864
Benefits (25%)	\$10,000	\$10,400	\$10,816	00	00	\$31,216
Tourism Manager/Case	\$71,000	\$71,200	\$72,448	00	00	\$214,648
Benefits (15%)	\$4,500	\$4,600	\$4,667	00	00	\$14,867
Travel/Per Diem	\$49,492	\$51,472	\$53,531	00	00	\$154,494
<b>PROMOTION (TRAINING): TTL</b>	<b>\$54,135</b>	<b>\$53,135</b>	<b>\$53,135</b>	<b>00</b>	<b>00</b>	<b>\$160,405</b>
FAM Tours	\$16,000	\$16,000	00	00	00	\$32,000
Seminars/US	\$50,635	\$50,635	\$50,635	00	00	\$151,905
Trade Meetings/Confers.	\$2,500	\$2,500	\$2,500	00	00	\$7,500
Computer Training	\$1,000	00	00	00	00	\$1,000
<b>COMMODITIES: TTL</b>	<b>\$26,000</b>	<b>\$1,090</b>	<b>\$1,100</b>	<b>00</b>	<b>00</b>	<b>\$28,278</b>
Computer System/US	\$10,000	00	00	00	00	\$10,000
Small Value Purchases	\$1,000	\$1,090	\$1,100	00	00	\$3,278
Office Furniture (2)	\$15,000	00	00	00	00	\$15,000
<b>OTHER COSTS: TTL</b>	<b>\$227,733</b>	<b>\$129,509</b>	<b>\$131,356</b>	<b>00</b>	<b>00</b>	<b>\$488,599</b>
Coop Trade Advertisement	\$83,333	\$83,333	\$83,333	00	00	\$250,000
Audio-Video Productions	\$100,000	00	00	00	00	\$100,000
Subscriptions, Part. Fees	\$1,000	\$1,040	\$1,082	00	00	\$3,122
Off. Rent/US	\$18,750	\$19,500	\$20,200	00	00	\$58,450
Ph/Telex/Fax/Post/US	\$9,600	\$9,984	\$10,383	00	00	\$29,967
Office Supplies/US	\$1,200	\$1,248	\$1,298	00	00	\$3,746
Equipment Mainten./US	\$1,000	\$1,040	\$1,082	00	00	\$3,122
Office Rent/Case	\$2,600	\$2,704	\$2,812	00	00	\$8,116
Phone/Telex/Fax/Post/Case	\$8,250	\$8,500	\$8,923	00	00	\$25,673
Office Supplies/Case	\$1,500	\$1,560	\$1,622	00	00	\$4,682
Equipment Maintain./Case	\$500	\$520	\$541	00	00	\$1,561
<b>MUST BUDGET SUMMARY</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
Technical Assistance	\$173,992	\$180,952	\$188,190	00	00	\$543,133
Training	\$54,135	\$53,135	\$53,135	00	00	\$160,405
Commodities	\$26,000	\$1,090	\$1,100	00	00	\$28,278
Other Costs	\$227,733	\$129,509	\$131,356	00	00	\$488,599
<b>MUST Total</b>	<b>\$481,860</b>	<b>\$364,686</b>	<b>\$373,869</b>	<b>00</b>	<b>00</b>	<b>\$1,220,416</b>

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Table 6.6: Component 4: IESC Management

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>TECHNICAL ASSISTANCE: TTL</b>	<b>\$178,734</b>	<b>\$185,884</b>	<b>\$193,319</b>	<b>\$291,852</b>	<b>\$289,894</b>	<b>994,682</b>
IESC General Manager	\$70,000	\$72,800	\$75,712	\$78,740	\$81,800	\$379,143
Benefits (25%)	\$17,500	\$18,200	\$18,928	\$19,685	\$20,453	\$94,766
Housing	\$22,500	\$23,492	\$24,431	\$25,489	\$26,425	\$122,345
Travel/Per Diem	\$18,616	\$19,361	\$20,135	\$20,940	\$21,773	\$100,830
Accountant/Case	\$27,000	\$28,000	\$21,632	\$22,497	\$23,377	\$108,326
Benefits (15%)	\$3,000	\$3,120	\$3,245	\$3,375	\$3,510	\$16,249
Accountant/Half-time/US	\$15,000	\$15,600	\$16,224	\$16,873	\$17,548	\$81,245
Benefits (25%)	\$3,750	\$3,900	\$4,056	\$4,218	\$4,387	\$20,311
Driver	\$4,200	\$4,368	\$4,543	\$4,724	\$4,913	\$22,749
Benefits (15%)	\$630	\$655	\$681	\$709	\$737	\$3,412
Office Assistant	\$5,000	\$5,120	\$5,245	\$5,375	\$5,510	\$26,249
Benefits (15%)	\$450	\$468	\$487	\$504	\$526	\$2,437
<b>COMMODITIES: TTL</b>	<b>\$11,200</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>\$11,200</b>
Modem	\$1,200	00	00	00	00	\$1,200
Office Furniture (1)	\$10,000	00	00	00	00	\$10,000
<b>OTHER COSTS: TTL</b>	<b>\$42,000</b>	<b>\$32,000</b>	<b>\$42,000</b>	<b>\$32,000</b>	<b>\$32,000</b>	<b>\$180,000</b>
Services: Acc't/Trans/Trg	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000	\$160,000
IESC Promotional Material	\$10,000	00	\$10,000	00	00	\$20,000
<b>IESC MANAGEMENT TOTAL</b>	<b>\$231,934</b>	<b>\$217,884</b>	<b>\$235,319</b>	<b>\$233,852</b>	<b>\$241,894</b>	<b>\$1,159,282</b>

Table 6.7: Component 5: Audit, Monitoring, Evaluation & Support

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Evaluations	00	\$100,000	00	00	\$100,000	\$200,000
Special Impact Studies	\$15,000	\$15,600	\$16,224	\$16,873	\$17,548	\$81,245
Baseline Data Update	\$10,000	\$10,400	\$10,816	\$11,249	\$11,699	\$54,163
Audits	00	\$30,000	00	\$30,000	00	\$60,000
Environmental Services	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
<b>TOTAL</b>	<b>\$45,000</b>	<b>\$176,000</b>	<b>\$47,040</b>	<b>\$78,122</b>	<b>\$149,246</b>	<b>\$495,408</b>

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**Table 8.8: Private Sector Contribution**

Program Income: Source of Client Fee Income						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Component 1: VETA: Ttl	\$193,500	\$231,000	\$231,000	\$268,500	\$268,500	\$1,192,500
VETA Client Fee Revenue	\$187,500	\$225,000	\$225,000	\$262,500	\$262,500	\$1,142,500
ABLE Studies Revenue	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$30,000
Component 2: TIS	\$0	\$0	\$0	\$0	\$0	\$0
Component 3: MUST	\$0	\$0	\$0	\$0	\$0	\$0
Component 4	\$0	\$0	\$0	\$0	\$0	\$0
Component 5	\$0	\$0	\$0	\$0	\$0	\$0
<b>INCOME GRAND TOTAL</b>	<b>\$193,500</b>	<b>\$231,000</b>	<b>\$231,000</b>	<b>\$268,500</b>	<b>\$268,500</b>	<b>\$1,192,500</b>

**Application of Client Fee Funds**

**A. Project Off-Set: Deducted From Total Project Costs**

VETA Marketing Rep.	\$0	\$12,000	\$24,000	\$24,000	\$24,000	\$84,000
VETA Marketing Rep.	\$0	\$0	\$12,000	\$24,000	\$24,000	\$60,000
ABLE Studies Revenue	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$30,000
International Travel	\$135	\$676	\$3,378	\$16,890	\$84,450	\$107,329
<b>TOTAL PROJECT OFF-SET</b>	<b>\$6,135</b>	<b>\$18,676</b>	<b>\$45,378</b>	<b>\$70,890</b>	<b>\$138,450</b>	<b>\$359,529</b>

**B. Additive to Project Funds to  
Further Eligible Program Objectives**

IESC/Morocco: Gen. Support	\$119,250	\$119,250	\$119,250	\$119,250	\$119,250	\$596,250
<b>INCOME GRAND TOTAL</b>	<b>\$125,385</b>	<b>\$137,926</b>	<b>\$164,628</b>	<b>\$190,140</b>	<b>\$257,700</b>	<b>\$1,192,500</b>

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**Table 8.9: In-Kind Volunteer Executive Contribution**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Component 1: VETA: TTL	\$398,650	\$478,380	\$478,380	\$558,110	\$558,110	\$2,471,630
VETA Client Projects	\$351,750	\$422,100	\$422,100	\$492,450	\$492,450	\$2,180,850
VE Recruiting Effort	\$46,900	\$56,280	\$56,280	\$65,660	\$65,660	\$290,780

**Table 8.10: Other Leveraged Expenditure  
(TIS and MUST Components)**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Component 2: TIS: Tel	\$46,900	\$63,315	\$77,385	\$91,435	\$108,835	\$379,890
Buyer Visits	\$23,450	\$28,140	\$32,830	\$37,320	\$42,210	\$164,150
Investor Visits	\$7,895	\$11,725	\$14,415	\$17,185	\$21,185	\$77,385
Dealer Visits	\$16,415	\$23,450	\$28,140	\$32,830	\$37,320	\$138,355
Component 3: MUST: Tel	\$374,262	\$374,262	\$233,893	\$233,893	\$233,893	\$1,447,803
Tourism Prof. Visits	\$374,262	\$374,262	\$233,893	\$233,893	\$233,893	\$1,447,803
FAM Tours	\$160,000	\$160,000	\$0	\$0	\$0	\$320,000
Seminars/US	\$16,878	\$90,000	\$79,000	\$0	\$0	\$185,878
Coop Trade Advertisement	\$250,000	\$250,000	\$250,000	\$0	\$0	\$750,000
Audio-Video Productions	\$100,000	\$0	\$0	\$0	\$0	\$100,000
<b>GRAND TOTAL</b>	<b>\$421,162</b>	<b>\$437,577</b>	<b>\$310,478</b>	<b>\$324,548</b>	<b>\$333,928</b>	<b>\$1,827,693</b>

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Table 6.11: IESC Planned Annual Travel Budget

	(1) US/N Airfare 1 = \$2,500	(2) US Dom Air 1 = \$800	(3) US/Wor P.D. 1 = \$1,100	(4) US Land Tvl 1 = \$240	(5) Nor Per Diem 1 = \$910	(6) In-US P.D. 1 = \$1,000	Total						
<b>VETA Component</b>													
VETA Director/Casa	1	\$2,500	0	\$0	1	\$1,100	1	\$240	6	\$5,460	0	\$0	\$9,308
VETA Marketing Dir. #1	0	\$0	0	\$0	0	\$0	0	\$0	12	\$10,920	0	\$0	\$10,920
VETA Marketing Dir. #2	0	\$0	0	\$0	0	\$0	0	\$0	12	\$10,920	0	\$0	\$10,920
Administrative Assistant	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$0
<b>Total Annual Travel: VETA</b>		<b>\$2,500</b>	<b>0</b>	<b>\$0</b>	<b>\$1,100</b>	<b>\$240</b>	<b>6</b>	<b>\$5,460</b>	<b>24</b>	<b>\$27,300</b>	<b>0</b>	<b>\$0</b>	<b>\$31,172</b>
<b>TIS Component</b>													
TIS Director/Casablanca	4	\$10,000	0	\$0	8	\$8,800	10	\$2,400	12	\$10,920	0	\$0	\$32,150
TIS Project Officer/US #1	1	\$2,500	2	\$1,600	1	\$1,100	3	\$720	1	\$910	1	\$1,000	\$8,320
Venture Promotion Dir/US	4	\$10,000	4	\$3,200	8	\$8,800	10	\$2,400	8	\$7,280	4	\$4,000	\$35,714
TIS Marketing Dir #1/Casa	1	\$2,500	0	\$0	1	\$1,100	1	\$240	12	\$10,920	0	\$0	\$14,774
TIS Marketing Dir #2/Casa	0	\$0	0	\$0	0	\$0	0	\$0	4	\$3,640	0	\$0	\$3,644
TIS Admin. Assistant/Casa	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$0
<b>Total Annual Travel: TIS</b>		<b>\$25,000</b>	<b>\$4,800</b>	<b>\$19,800</b>	<b>\$4,640</b>	<b>\$33,670</b>	<b>25</b>	<b>\$20,000</b>	<b>36</b>	<b>\$33,670</b>	<b>\$5,000</b>	<b>\$94,602</b>	
<b>MUST Component</b>													
Sr. Tourism Advisor/US	2	\$5,000	2	\$1,600	2	\$2,200	2	\$480	2	\$1,820	2	\$2,000	\$13,110
MUST Director/US	2	\$5,000	4	\$3,200	2	\$2,200	2	\$480	2	\$1,820	4	\$4,000	\$16,714
MUST Project Officer/US	1	\$2,500	0	\$0	1	\$1,100	3	\$720	1	\$910	1	\$1,000	\$6,234
Tourism Manager/Casa	1	\$2,500	0	\$0	0	\$0	0	\$0	12	\$10,920	0	\$0	\$13,420
<b>Total Annual Travel: MUST</b>		<b>\$15,000</b>	<b>\$4,800</b>	<b>\$5,500</b>	<b>\$1,680</b>	<b>\$15,470</b>	<b>7</b>	<b>\$7,000</b>	<b>17</b>	<b>\$15,470</b>	<b>\$7,000</b>	<b>\$49,492</b>	
<b>IESC Management Component</b>													
IESC General Manager/Casa	2	\$5,000	0	\$0	2	\$2,200	2	\$480	6	\$5,460	0	\$0	\$13,150
IESC General Accountant	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$0
IESC Driver/Casa	0	\$0	0	\$0	0	\$0	0	\$0	6	\$5,460	0	\$0	\$5,460
IESC Officer Asst./Casa	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$0
<b>Total Annual Travel</b>		<b>\$5,000</b>	<b>\$0</b>	<b>\$2,200</b>	<b>\$480</b>	<b>\$10,920</b>	<b>8</b>	<b>\$30,610</b>	<b>\$0</b>	<b>\$18,616</b>	<b>\$0</b>	<b>\$18,616</b>	
<b>Grand Total: IESC Travel</b>		<b>\$47,500</b>	<b>\$9,600</b>	<b>\$28,600</b>	<b>\$8,640</b>	<b>\$87,360</b>	<b>32</b>	<b>\$12,000</b>	<b>53</b>	<b>\$193,882</b>			

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