

DRAFT

THE DEBT-FOR-DEVELOPMENT COALITION, INC.

WORKPLAN

JANUARY 1, 1992 - DECEMBER 31, 1992

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EXECUTIVE SUMMARY

A. Introduction

This workplan summarizes The Debt-for-Development Coalition, Inc. (DDC) plans for calendar year 1992 under a cooperative agreement with the United States Agency for International Development. The effective period of this cooperative agreement is August 30, 1991 through August 29, 1994. Several of the activities summarized in this report represents a continuation of activities initiated under a cooperative agreement between Private Agencies Collaborating Together, Inc. ("PACT") and the United States Agency for International Development ("AID") through which DDC was funded.

The longterm goal DDC is to enhance the availability of developmental resources and the role of NGOs in promoting economic and social development in low and middle income countries, emphasizing four main areas as follows:

- o To increase the demand for debt conversions from NGOs:
- o To generate increased LDC country interest and support for debt-for-development transactions;
- o To lower the transaction costs in doing debt-for-development conversions;
- o To develop the internal and administrative strength and capacity of DDC so that its efforts can be sustained.

Educational activities, technical assistance to LDC governments, technical assistance to NGOs, training, information dissemination and institutional strengthening of DDC are to be undertaken in meeting our goals.

B. Background of The Debt-for-Development Coalition, Inc.

In 1987, a group of NGOs comprising representatives of cooperatives, higher education, international agricultural research, and private voluntary groups met to identify how the

debt-for-development mechanism could be applied to their own work. The group reviewed the work done by environmental groups in the field of debt for nature. From these meetings, DDC was formed. Its purpose has been to explore whether debt conversions could be an effective tool for enhancing their overseas activities, to educate interested members of the NGO community, to provide technical assistance (financial, legal and administrative) needed by individual NGO's that wish to undertake debt conversions and to represent their interests with governments and donors.

The Debt-for-Development Coalition, Inc. has grown in the past two years. DDC was a one-person operation until October, 1989 when it employed two additional staff members. In 1990, the DDC staff grew from three to six full-time staff members. There are presently six full time professional staff members and one part-time consultant. They are the President and CEO, Dr. John B. Ross; Senior Vice president, Ms. Margaret Fahs; Vice President and Director of Transactions, Mr. Peter G. Beresford; Vice president and Director of Legal Affairs, Mr. Paul S. Haar; Senior Manager - Transactions, Mr. Craig Sarsony; Director of Finance and Administration, Ms. Estelle Brumskine; Financial Consultant, Ms. Elizabeth Krahmer who works part-time. DDC personnel have expertise in banking, economics, development programming and management, educational programming, finance and accounting, law and government funding.

Accomplishments

In the first two years of its existence, DDC has increasingly made its presence felt in the NGO community with educational work, and especially its informational data and publications. Over 6,000 copies of The Guide to Debt for Development, done in cooperation with a number of cooperatives, have been distributed. The country opportunity series covers about 25 countries. DDC has also been instrumental in creating sectoral users groups (debt-for-science, debt-for-child welfare, debt-for-education, etc.) that bring DDC into contact with NGOs that are interested in, or likely to use, debt conversions as a financing tool.

Numerous NGOs have requested DDC technical assistance for activities ranging from preparing feasibility and financial analysis, to discussing debt conversions with potential donors, to assisting in structuring entire transactions.

DDC has assisted local AID missions in identifying issues surrounding debt-for-development programs, and to help AID move the debt-for-development initiative ahead on a faster more aggressive basis.

C. Activities plan for calendar year 1992

DDC has planned a full program of activities for calendar year 1992. We will spend a significant amount of time monitoring developments in many countries in order to identify opportunities for leveraging funds in these countries. We will also expend efforts in closing transactions which are already in progress in certain countries. DDC staff will also prepare educational and informational materials, publications, hold conferences and workshops on debt-for-development and the country-specific and sector-specific opportunities in debt-for-development. Public policy analysis is also an important part of our activities planned for calendar year 1992. The DDC also plans to strengthen its organization during this period to ensure it is a viable organization that can continue to provide services after its current cooperative agreement is completed by exploring other sources of funding directly related to its mission, completing staff recruitment and implementing career development planning for all staff.

The Debt-for-Development Coalition, Inc.
WORKPLAN

January 1, 1992 - December 31, 1992

A. Introduction

The Debt-for-development Coalition, Inc. (DDC) has a cooperative agreement with the United States Agency for International Development (AID) for the period August 30, 1991 to August 29, 1994. The purpose of this agreement is to enhance the role of Non-governmental Organizations (NGOs) in promoting development in low and middle income countries; to increase, among both NGOs and government officials in these countries, appreciation for and knowledge and use of debt swaps as a development tool; and to reduce accumulated and future debt through debt for development conversions.

DDC has a full program of activities plan for calendar year 1992. A number of activities undertaken in the previous fiscal year will continue during this period. This workplan details the activities for calendar year 1992 and presents information by countries and by tasks. Included also is our budget and organizational chart.

B. Activities by countries

During calendar year 1992, DDC will spend a significant amount of time and resources monitoring developments in a relatively large number of countries in order to identify on a timely basis opportunities for leveraging funds in such countries. Significant efforts will also be expended in order to close transactions which are already in progress in certain countries. Emphasis will also be placed on generating new transactions in countries which are known to offer leveraging opportunities.

It should be recognized that the environment for debt may change relatively quickly in any given country (due to numerous factors), the DDC's country focus is liable to change frequently

within a short time period.

Currently, the DDC expects to focus on the following countries in order to close existing transactions or pursue new transactions. This list is not all inclusive but rather lists those countries of primary interest only.

1. Bolivia

The DDC has spent very considerable resources in attempting to close a proposed transaction in this country and we expect additional time and effort will need to be dedicated to attempt to close this important deal. We do not foresee other worthwhile opportunities in Bolivia due to scarcity of eligible debt.

2. Ecuador

The DDC has assisted two clients in presenting debt conversion applications for programs in this country. Due to government policy considerations, Ecuador has suspended its debt conversion program. The DDC will nevertheless attempt to obtain the requested approvals for these transactions. Unless there is substantial positive change in Ecuador which favors reopening of debt conversion in that country, it is doubtful that the DDC will seek new business in Ecuador.

3. Ethiopia

The DDC has identified important client interest in this country and is in contact with a seller of a large amount of local currency at a favorable exchange rate. We are attempting to structure a transaction between several of our clients and the seller of local currency and should this be successful, and the Ethiopian Government approval of such a possible transaction be forthcoming, we would attempt to structure other similar transactions.

4. Ghana

The DDC has spent a lot of resources in attempting to close a proposed transaction in Ghana. Additional time and effort will be needed in calendar year 1992 to complete this transaction. We do not foresee other worthwhile opportunities in Ghana due to the scarcity of eligible debt.

5. Kenya

Large amounts of money are being converted from hard currency into Kenyan shillings by NGOs. Multinational companies have been sellers of shillings at attractive exchange rates and we are currently attempting to identify a seller of a relatively large amount of shillings to satisfy the expressed demand of various clients. The degree of success which we have in this regard largely depends upon whether Kenya continues the current liberalization of their economy.

6. Mexico

Mexico operates a well defined debt conversion program which offers attractive benefits to our clients. Our efforts will concentrate on identifying new transactions as well as closing the transaction for which an authorized request has been submitted.

7. Nigeria

Nigeria operates a debt conversion program and we believe that this fact together with the significant amounts of money being spent by NGOs in Nigeria warrants the DDC exploring the attractiveness and viability of our clients participating in Nigeria's conversion program. We are cognizant of the fact that the benefit offered by debt conversions in Nigeria has recently approximated the differential between the free and official rates of exchange and that some NGOs have utilized the free rate of

exchange. Should this be a legal alternative to debt conversion then DDC will become active in assisting NGOs in receiving inconvertible currencies at favorable rates in Nigeria.

8. Philippines

The Philippines has operated a successful debt conversion program which offers modest leverage for our clients. To date, we have sensed moderate client interest in the Philippines. Given that a well managed program exists we will focus to some extent on developing new business in the Philippines.

Conclusion

During the last six weeks of 1991 the DDC spent considerable effort in quantifying the amount of inconvertible currency which multinational companies may hold in Africa and this effort continues. To date we are cautiously optimistic that transaction opportunities will arise in various African countries as a result of this effort.

In Central America we are aware of potential opportunities for pursuing transactions and prior to February, 1992 we expect to determine the viability of structuring transactions for our clients who have operations in this region.

C. Activities by tasks

1. Publications

The Debt-for-Development Coalition, Inc. intends to publish the following reports during calendar year 1992:

- Annual report - A report which would include our background and mission, our major areas of focus and our financial statements. This should be completed by the second quarter of calendar year 1992.
- General description brochure - A brochure stating who we are and the services we provide. We expect to complete this brochure by the end of February, 1992.

- Newsbriefs - staff will explore potential for developing one-page newsletters informing the public of debt-for-development opportunities.

- Guide for Debt-for-Development - revision of the Guide for Debt-for-Development for NGO's will begin and a guide specifically for finance ministers in debtor countries will be developed. Completion is scheduled for the end of the third quarter of calendar year 1992.

2. Workshops and Presentations

The DDC will over this calendar year develop a list of target countries and sector opportunities for new debt-for-development programs. We intend to hold one country-specific workshop in the first quarter of 1992.

By the end of the fourth quarter of calendar year 1992, we plan to hold four to six country or area of activity workshops, to be selected from the following:

<u>Countries</u>	<u>Area of Activity</u>
Argentina	
Mexico	Health & Family Planning
Venezuela	Science & Technology
East Africa	Education
Central America	Sustainable Development
Brazil	

We are currently working on a proposal for a workshop with Pace University/Brazilian University on debt programs and if accepted, will be held in the third quarter, calendar year 1992.

3. Public Policy

The Debt-for-Development coalition, Inc. will monitor

legislature action and review agencies policies of concern to the Debt-for-Development Community. DDC will also monitor the proposed IRS ruling pertaining to allocation of contributions to international organizations.

4. Promoting Debt-for-Development

During this fiscal year, DDC will work on refining the Mexico Debt-for-Science, Technology and Human resource program. Working with the United States-Mexico Commission for Educational and Cultural Exchange, DDC expects to complete the first pooling transaction and develop additional programs by the third quarter of calendar year 1992. The Commission expects approval for the development of a \$100 million authorization.

During the third quarter of calendar year 1992 we will work with the InterAmerican Institute for Cooperation in Agriculture (IICA) to develop a project to assist in efforts to promote debt swaps for sustainable development to the governments in Latin America. This work will stress agricultural and environmental programs.

5. Marketing and Sales Program for debt-swap inconvertible currency and other innovative financial transactions (non hard currency trade transactions).

To implement our marketing and sales program, DDC's immediate March, 1992 quarterly goal includes the following:

- o Developing target lists of countries where significant volumes of at least one type of inconvertible currency or non hard currency trade transaction can be done. We would also develop a "watch" list of countries where significant amounts of transactions can be done in future;
- o Developing a data base of troubled debtor countries;
- o Develop marketing and sales informational needs;

- o Undertake client calling program
- o Develop mechanisms of working with AID and other donors (perhaps liaisons with special sector groups) to assist their grantees in leveraging grant funds, with special attention to priority areas such as:
 - health, family planning and child survival;
 - sustainable development (CGIAR centers, cooperatives, and other agriculture/natural resource development focused organizations;
 - educational institutions; and
 - foundations

7. Information Dissemination Education

To provide support and leadership on policy and technical issues for AID Advisory Committee on debt-for-development, DDC intends to, during the third quarter of calendar year 1992, develop guidance materials for NGOs on the rules governing the use of AID resources for debt conversions, work with AID to establish an Agency advisory committee on debt for development, and provide briefing to AID personnel on debt-for-development opportunities.

8. Institutional Strengthening

One of our major objectives is to make DDC a viable organization that can continue to provide services after its current cooperative agreement with AID is completed. With this end in mind, we have come up with several measures to ensure our objective is achieved.

Financial

1. Internal and management controls

Internal and management controls will be established to ensure

that DDC safeguards its assets, provide management with relevant information to make informed financial and economic decisions and to ensure that DDC remains a viable organization. Major internal and management controls to be implemented by the third quarter of this fiscal year include:

- a. Developing a general Accounting\Operations manual detailing general office procedures, overall description of the DDC's accounting process, forms used and a year-end manual. Also included would be our cash receipt/disbursement procedures, furniture and equipment control procedures, travel procedures, etc.
- b. Developing an internal budgetary system showing on a monthly basis, amount budgeted in each expense category by department, amount expended to date, available balance, variances and explanation of variances.

We will also work with AID to ensure approved funding is available in a timely fashion and properly monitor AID grant. This involves an on-going coordination with the Grant officer and the Project officer, on-going review and analysis of AID expenditures, and preparation and submission of all required reports.

Administration

To ensure each staff possesses professional/technical skills necessary to perform required job duties, we will develop strong on-the-job training programs, coordinate with department heads to determine the professional/technical skills needed by staff and recommend staff members avail themselves, if appropriate, of workshops and seminars.

To strengthen team spirit and efficient functioning of staff, we will establish a formal system of Information Releases by the end of January, 1992. The type of information to be distributed internally will consist of :

- Introduction of new employees, promotions and other personnel changes;

- Proposed rules, regulations issued by AID that will affect how we currently account for certain operations;
- Information to ensure adherence to DDC's policies and procedures; and
- Other types of information of interest to the staff.

The DDC will also develop network of pro bono attorneys and law firms, both domestic and foreign, to assist in implementation of debt-for-development transactions; and review and update all contracts and agreements with a view towards mutually beneficial and balanced documentation.

E. Conclusion

The staff of DDC is confident that with this program we will be able by calendar year end 1992 to fulfill our basic mission and begin to lay the foundation for becoming financially self-sufficient. We are creating a highly motivated client-oriented staff dedicated to increasing the resources available for development while minimizing the risks inherent in these types of transactions. There is a growing need to provide additional information on debt for development as more governments and NGO's become more interested in utilizing this mechanism. Thus, the DDC will continue to emphasize producing educational materials and broadening the market for debt-for-development transactions.

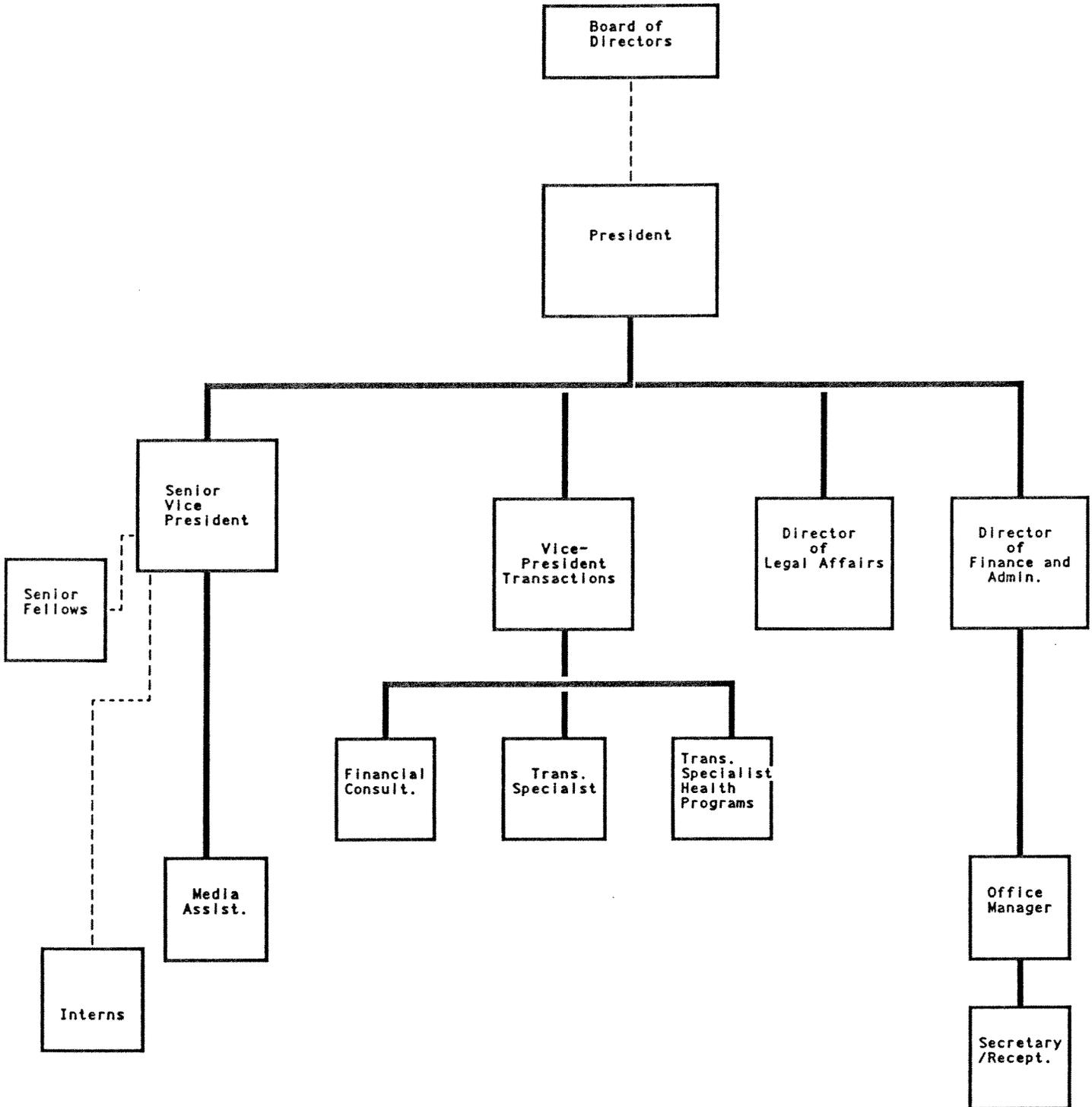
F. Budget

A budget for calendar year 1992 is contained on the following page. This budget shows the specific line items that DDC supports out of its core cooperative agreement with AID and the amounts that DDC provides from other sources.

G. Organizational Chart

DDC's organizational chart defining line of authority and responsibility is attached.

The Debt-for-Development Coalition, Inc.



The Debt for Development Coalition, Inc.
Budget -Jan. 1,1992 to Dec.31, 1992

Budget Item	AID Grant	Counterpart Contribution	Total Programs and Support Services
	Debt-for-Dev. Programs	Support Services	Support Services
SALARIES	\$	\$	\$
President	101,500.00	0.00	101,500.00
Executive Vice President	60,000.00	0.00	60,000.00
Vice President, Transactions	67,000.00	0.00	67,000.00
Transactions Officer	60,000.00	0.00	60,000.00
Director, Legal Affairs	67,000.00	0.00	67,000.00
Director, Health Programs	55,000.00	0.00	55,000.00
Director, Finance & Admin	0.00	40,000.00	40,000.00
Media Assistant	32,000.00	0.00	32,000.00
Office Manager/Secretary	0.00	27,500.00	27,500.00
TOTAL SALARIES	442,500.00	67,500.00	510,000.00
Fringes (30.00%)	132,750.00	20,250.00	153,000.00
Consultants	50,000.00	3,000.00	53,000.00
Travel	48,000.00	5,000.00	53,000.00
Printing & Publications	21,500.00	1,000.00	22,500.00
Seminars & Workshops	5,000.00	1,000.00	6,000.00
Phone/Fax/Telex	18,000.00	3,000.00	21,000.00
Postage	8,000.00	2,000.00	10,000.00
OTHER COSTS			
Professional fees	0.00	50,000.00	50,000.00
Rent	0.00	52,500.00	52,500.00
Office supplies	2,000.00	4,000.00	6,000.00
Equipment	15,000.00	0.00	15,000.00
Maintenance & repairs	0.00	2,500.00	2,500.00
Miscellaneous	1,000.00	10,000.00	11,000.00
TOTAL COSTS	743,750.00	221,750.00	965,500.00