

NASDA's Business Development Seed Fund -- Accomplishments FY89 to mid FY92

Under the auspices of a Cooperative Agreement with A.I.D., the National Association of State Development Agencies (NASDA) became an implementing agent of the PRE Bureau's MTAP initiative in FY89. Through March 1992, the Business Development Seed Fund managed by NASDA spent or committed a total of \$625,000 on projects and program development. What has the Seed Fund accomplished, how has it served A.I.D.'s objectives, and how much business activity has it generated? **The program has produced:**

PROJECTS: 13 innovative business projects in developing nations

-- States and other export promotion groups helping small and mid-sized US firms are now engaged for the first time in mutually beneficial, business-creating projects in developing countries.

-- The projects are highly leveraged, averaging 4.5 times the A.I.D. contribution, not counting staff and other state costs.

-- The projects are being sustained because it is in the implementing group's interest to do so and to produce results.

BUSINESS: 100's of US companies have benefitted

-- Each project is unique and over half are still ongoing. The Seed Fund has already resulted in at least 50 firms undertaking serious market exploration in developing countries.

-- Northwestern Univ., for example, assisted 55 companies in scoping the Thai market. Five had established operations there by project end. - Delaware surveyed 300 companies and brought representatives of 20 to Costa Rica and Honduras in 1990. The state was back this month for a trade show. - Six transactions are already in the works from the state of Washington's agribusiness trip to Indonesia in January. - The World Trade Center in Kansas expects over \$4.5 million in sales of wheat mills this year as a result of its project in Egypt. - Minnesota sees many co-ventures flowing from its buyer-seller event in Costa Rica in May.

INDIRECT BUSINESS AND DEVELOPMENT: State activities have surged

-- Partly as a result of NASDA's promotional activities and Seed Fund operations, state business involvement in developing countries has grown dramatically in the past few years. States now maintain 33 offices located in or primarily serving countries in which AID is active. The states are conducting a total average of 100 trade missions and shows each year in AID-recipient countries.

TRAINING: Over 200 Second and Third world potential partners

-- The Fund has already generated for Eastern Europe alone technical and practical business training worth \$418,000 at cost.

-- For example, Iowa is conducting major conferences in Eastern Europe on the swine and grain industries and providing training in the state. - Maryland sent a team of eight experts to perform environmental training in Poland. Massachusetts is doing something similar. - Illinois just brought six Hungarian meat industry entrepreneurs to the state.

STUDIES: Project reports of practical business value

-- Reports by the project implementors contain valuable lessons in international business development. If contracted by A.I.D., the cost could well exceed the Fund's total grants to the projects.

-- The final reports by Northwestern and Delaware and interim reports by Washington, Mid-Atlantic World Trade Center and the Southern Technology Council are especially business-oriented.

AWARENESS: A new, influential audience for A.I.D.'s message

-- The Seed Fund has mobilized for business expansion in the Third World a force of 50 states, which employ 900 staff, 160 overseas offices and a total budget of \$100 million dedicated to promoting international trade and investment.

-- The states as well as dozens of associated trade promotion organizations are now much more aware of business opportunities in developing countries and Eastern Europe and of A.I.D.'s role, priorities and programs.

Where do we go from here? The highlights above offer clear evidence of cost-effective program success and compelling arguments for continuing this mutually beneficial and highly-leveraged partnership with the states. We are convinced that the systematic and educative approaches that characterize the Seed Fund projects will by the end of this year begin bearing more of the solid export sales and joint ventures we all want to see.

The program is now hitting its business stride. Re-capitalization is critical. An allocation of \$175,000 is the minimum necessary to keep the program moving and to allow the funding of projects beyond September. To maintain the momentum and promotional activities, it is vital that the allocation be made within the next few weeks.

The Seed Fund may not be as glitzy as some other programs in the PRE portfolio. It does produce solid value from a relatively small investment and considerable indirect benefits, including the appreciation of the twenty state governments who are or plan to be working with the Seed Fund.