

PDCAX 7/3

FEB 5 1987

(#2)

ACTION MEMORANDUM TO THE ASSISTANT ADMINISTRATOR, ANE BUREAU

FROM: ANE/PD, Peter Bloom

SUBJECT: Project 398-0050, Amendment to the Grant to International Executive Service Corps (IESC) to continue their Program in Yemen

Problem: Your approval is needed to add \$100,000 to a grant to IESC so that they can continue their program in Yemen to give technical and management assistance to private sector firms providing goods or services of high-priority development impact.

Discussion: On September 30, 1985, CM negotiated a \$50,000 grant to IESC so that they could extend their program to Yemen. The purpose of this grant is to assist in financing IESC Volunteer Executives (VEs) who give technical and management assistance to Yemeni private sector firms providing goods or services of high-priority developmental impact. Details of the proposed assignments were given in the FY 86 Yemen Action Plan. Specific problems of marketing, production and management are addressed by IESC, who spend from two to three months working directly with a specific firm, association or institution (IESC "client"). According to SANAA 05867 (copy attached), the services of five (5) VEs have been co-financed from the existing grant and more funding is needed to co-finance up to 15 more VEs.

In SANAA 00361 and 00421, USAID/Sanaa requested AID/W to amend the existing grant agreement with IESC to add \$100,000 for program activities in Yemen. The \$100,000 amendment to the Grant will permit IESC to extend technical and management assistance to approximately 8-10 more Yemeni firms (the actual number will depend upon the share of the total project costs that each client is willing and able to bear, the duration of each project, and the degree to which IESC, with the collaboration of the client, is able to minimize operating costs and multiply the impact of each VE.) In principle, IESC will seek to obtain an average contribution of 50% of the VE's expenses (travel and per diem) from the client. None of the new funds will be available to finance the cost of a resident IESC Country Director in Yemen; per agreement with the IESC headquarters in Stamford, for the duration of this Grant IESC will continue to program VE assignments in Yemen by sending TDY IESC staff from Egypt or the U.S.

Prior to using any funds made available pursuant to this Grant, IESC will inform USAID/Sanaa in writing of any proposed VE assignment. This will be accompanied by a draft copy of the IESC/Client agreement, including terms of reference of the assignment and a budget estimate. If there are any objections, USAID/Sanaa must inform IESC within fifteen (15) working days after receipt of the request.

Recommendation: That you: (1) approve a grant of \$100,000 to IESC to continue their program in Yemen, using funds from Project 398-0050, Regional Private Sector Development Fund, and (2) sign the enclosed PIO/T requesting M/CM to amend Grant No. NEB-0050-G-SS-5160-00 with IESC on behalf of USAID/Sanaa.

APPROVED: Charles W. Greenleaf, Jr.

DISAPPROVED: _____

DATE: FEB 6 1987

Clearances:

DAA/ANE:RBell	<u>[Signature]</u>	Date:	<u>2/6/87</u>
ANE/PD:PBloom	<u>[Signature]</u>	Date:	<u>2/4/87</u>
ANE/DP/PR:EBrockie	<u>[Signature]</u> 1-30-87	Date:	<u>[Signature]</u>
ANE/PD/MEDNE:ANathanielsz	<u>[Signature]</u> AMA	Date:	<u>1/28/87</u>
ANE/MEUR:EMcLeod	<u>[Signature]</u>	Date:	<u>1/30/87</u>

ANE/PD/PE:RWilliams:vmf:1/23/87:doc #0240g:7-6391
FINAL:1/28/87:myra

AID 1350-1 (10-79)	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT	1. Cooperating Country YEMEN (Regional)	Page 1 of Pages
		2. PIO/T No. 398-0050-3-7635501	3. <input checked="" type="checkbox"/> Original or Amendment No. _____
		4. Project/Activity No. and Title Project # 398-0050 Regional Private Enterprise Activities	

DISTRIBUTION	5. Appropriation Symbol 72-1171021.6 QDSA-87-37398-KG-12	6. Allotment Symbol and Charge 746-63-398-00-69-71
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7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document	8. Project Assistance Completion Date (Mo., Day, Yr.)
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9. Authorized Agent M/SER/CM	10. This PIO/T is in full conformance with PRO/AG Date <u>N/A</u>
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11a. Type of Action and Governing AID Handbook <input type="checkbox"/> AID Contract (HB 14) <input type="checkbox"/> PASA/RSSA (HB 12) <input type="checkbox"/> AID Grant (HB 13) <input type="checkbox"/> Other	11b. Contract/Grant/PASA/RSSA Reference Number (If this is an Amendment) <u>N/A</u>
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12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)

Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
					100,000
	B. U.S.-Owned Local Currency				

13. Mission References

14a. Instructions to Authorized Agent
M/SER/CM is requested to amend Grant Number NEB-0050-G-SS-5160-00 with the International Executive Service Corps (IESC) in the amount of \$100,000. The estimated completion date for the Grant activities is now September 30, 1988. All other conditions remain the same.

14b. Address of Voucher Paying Office
Controller, USAID/Yemen

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate	Phone No. 7-6991	B. The statement of work lies within the purview of the initiating and approved agency programs	Date
ANE/PD/PE, Richard M. Williams <i>RW</i>	Date <u>1/27/87</u>	ANE/PD/PE: D. CAHN <i>DC</i>	<u>1/27/87</u>

C. Funds for the services requested are available	Date
ANE/MEDNA, A. Nathanielsz <i>AMN</i>	<u>1/28/87</u>
ANE/DP, E. Brockie <i>EB</i>	<u>1-30-87</u>

E. Funds for the services requested are available	Date
ANE/MENA, E. McLeod <i>EMC</i>	<u>1/30/87</u>
FM/PAFD, G. Stoddard <i>GS</i>	

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to	17. For the Agency for International Development
Signature _____ Date _____	Signature <u>Charles W. Greenleaf</u> Date <u>2/9/87</u>
Title _____	Title <u>AA/ANE, Charles W. Greenleaf</u>

FUNDS RESERVED BY
 POSTED 1/28/87
 R/PAFD

ACTION
COPY

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

PAGE 01

SANAA 00421 171149Z

5831 098715 AID035

ACTION AID-00

ACTION OFFICE ANPD-05

INFO AMAD-01 ANME-03 RELO-01 /010 A0

INFO LOG-00 EB-00 NEA-07 L-03 /018 W

-----324507 171150Z /38

R 171147Z JAN 87

FM AMEMBASSY SANAA

TO SECSTATE WASHDC 2806

UNCLAS SANAA 00421

ACTION COPY

AIDAC FOR ANE/PD, DICK WILLIAMS

E.O. 12356: N/A

SUBJECT: INTERNATIONAL EXECUTIVE SERVICE CORPS (IESC)

REF: (A) 86 SANAA 5867, (B) TELCON THOMAS-WILLIAMS

JAN 12

MISSION REQUESTS AID/W AMEND EXISTING PROJECT AGREEMENT
WITH IESC TO ADD \$100,000 FOR PROGRAMS IN YAR AS AGREED
IN TELCON REF B. RUGH

SEARCHED _____
INDEXED _____
DATE RECD. 1/20/87
FILED 1/26/87
RETURN TO PDS _____
ACTION _____
DATE _____

ACTION
COPY

UNCLASSIFIED

Department of State

INCOMING
TELEGRAM

PAGE 01
ACTION AID-00

SANAA 05867 031311Z

1877 023485 AID1940

ACTION OFFICE ANPD-05
INFO AMAD-01 GC-01 PSC-03 PPR-01 ES-01 ANME-03 RELO-01 PRE-06
AGEE-01 /023 A0

INFO LOG-00 COPY-01 EB-08 NEA-07 /018 W
-----263772 031918Z /44

R 031307Z SEP 86
FM AMEMBASSY SANAA
TO SECSTATE WASHDC 1121

UNCLAS SANAA 05867

ACTION COPY

AIDAC FOR ANE/PD, DICK WILLIAMS

E.O. 12356: N/A
SUBJECT: IESC

1. LORNE OLSEN, IESC COUNTRY DIRECTOR FOR EGYPT, WAS IN YEMEN FROM AUGUST 9 TO 14 NEGOTIATING WITH YEMENI PRIVATE FIRMS FOR IESC VOLUNTEERS HE SIGNED UP FOUR COMPANIES AND OBTAINED A LETTER OF INTENT DEPENDENT UPON THE OUTCOME OF A FEASIBILITY STUDY CURRENTLY UNDERWAY, FROM A FIFTH COMPANY. MISSION UNDERSTANDS IESC IS CURRENTLY RECRUITING THE FOUR VOLUNTEERS WHO SHOULD BE IN COUNTRY BY NOVEMBER/DECEMBER 1986.

2. OLSEN AND MISSION ARE OPTIMISTIC ABOUT FUTURE PROSPECTS FOR IESC IN YEMEN AND AGREE THAT IT IS ESSENTIAL TO HAVE A COUNTRY DIRECTOR TO EXPLOIT PRESENT MOMENTUM AND DEVELOP ADDITIONAL IESC CLIENTS. MISSION THEREFORE, REQUESTS \$300,000 FOR FY 87 FROM REGIONAL PRIVATE ENTERPRISE FUND, OR ANOTHER SOURCE, TO FUND 15 VOLUNTEERS AND A COUNTRY DIRECTOR FOR YEMEN; THE EXACT AMOUNT TO BE NEGOTIATED WITH CHARLES NEISWINDER OF IESC.

3. PLEASE ADVISE. RUGH

ACTION OFFICE D. Williams

DATE REC'D. 9/15

DUE DATE 9/12

RETURN TO PCS WITH NOTATION OF:

ACTION TAKEN _____

DATE _____

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ACTION
COPY

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Department of State

INCOMING
TELEGRAM

PAGE 01 SANAA 00361 141231Z

8209 096549 AID7346

ACTION AID-00

~~ACTION COPY~~

ACTION OFFICE ANPD-05

INFO AMAD-01 ANME-03 RELO-01 /010 A0

INFO LOG-00 EB-00 NEA-07 L-03 /018 W

-----076054 141232Z /38

R 141230Z JAN 87
FM AMEMBASSY SANAA
TO SECSTATE WASHDC 2787

UNCLAS SANAA 00361

AIDAC FOR ANE/PD, DICK WILLIAMS

E.O. 12356: N.A.

SUBJECT: INTERNATIONAL EXECUTIVE SERVICE CORPS (IESC)

REF: (A) 86 SANAA 5867, (B) TELCON THOMAS-WILLIAMS
JAN 12

MISSION REQUESTS AID/W AMEND EXISTING PROJECT
AGREEMENT WITH IESC TO ADD \$100,000 FOR PROGRAMS IN YAR
AS AGREED IN TELCON REF B. RUGH

ACTION OFFICE D. WILLIAMS

DATE REC'D. 1-14-87

DUE DATE 1-21-87

RETURN TO PCS WITH NOTATION ON:

ACTION TAKEN _____

DATE _____

UNCLASSIFIED

6

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

398-0050

FEB - 1 1988

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR
ASIA AND NEAR EAST

FROM: ANE/PD, Ronald F. Venezia *Ronald Venezia*
SUBJECT: ASEAN - Approval of Funding and Implementing
Arrangements for the ASEAN - U.S. Data Exchange

Action: Your approval is requested (1) to earmark not to exceed \$130,000 of SDA funds from the Regional Private Enterprise Development Project (398-0050) to fund the ASEAN - U.S. Data Exchange program, (2) to approve a waiver to Circular A-76 authorizing the negotiation of a PASA agreement with the U.S. Trade Representatives (USTR) Office to carry out the Program, and (3) to authorize final clearance and execution of a Memorandum of Understanding between the U.S. and ASEAN which will establish the basis for the program.

Background: In May, 1987, the United States Trade Representative (USTR) held a Data Exchange Seminar with the ASEAN countries in Singapore. As a result of the seminar, ASEAN participants expressed interest in receiving U.S. technical assistance to develop an automated data exchange system for trade and tariff data. USTR has determined that the first step in developing ASEAN capability to provide integrated trade and tariff data is a review of their existing systems, and formulation of recommendations for their integration. Within each country, trade and customs data are collected separately by the ministries responsible for tariff and customs statistics. The review will propose system alternatives to provide the capability to merge these trade and tariff data elements, as is the practice in most developed countries. Such a modernization of their systems will provide ASEAN with the ability to track imports and exports with duty and quota information, and to format the data necessary for exchange with the United States and for eventual participation in the GATT Tariff Study.

In conjunction with the study, consultants are also needed to provide a software package to format and analyze the data from any exchange of tariff and customs statistics. The ASEAN countries may then implement the recommendations for integrating the systems, and incorporate the computer technology into their national data

systems. It is expected that the implementation of such a system will help stimulate U.S. - ASEAN and intra-regional trade, and support the Agency's policy to promote efficient markets and regional cooperation.

Discussion: AID and USTR have been working to finalize arrangements for carrying out the ASEAN - U.S. Data Exchange program to provide technical assistance for the data integration study and for software assistance. We have also been investigating the need for hardware to run the system and have been looking into the necessary administrative arrangements. Although final confirmation of arrangements has not yet been received from all ASEAN countries, we now have sufficient information and agreement on the program to execute a general Memorandum of Understanding on the program with ASEAN during the February 10-11 ASEAN - U.S. dialogue in Washington, and to earmark funding. A copy of the MOU proposed for final clearance with ASEAN and execution is contained in Attachment A. The MOU has been cleared at the staff level of USTR, State and AID. State (George Gowan) is coordinating the signature arrangements for this general MOU. Once final details have been received from all interested ASEAN countries we will establish side letters with each country for the necessary implementing arrangements.

Because of USTR's unique capability in the trade and tariff exchange area, your approval is now being sought to execute a PASA with USTR to carry out the program. (Copy of waiver to Circular A-76 waiver justifying USTR's unique capability is contained in Attachment B.) We will prepare a PIO/T for the PASA upon your clearance. It should be noted that USTR and U.S. Customs will be contributing significant staff time to this effort as their contribution, and we will cover their travel and per diem. Funding for the program is not expected to exceed \$130,000. The breakdown of costs is estimated as follows:

Systems Consultant for 16 weeks	\$ 35,000
Consultant Travel and Per Diem	\$ 14,400
U.S. Customs Specialist, Travel and Per Diem	\$ 14,400
USTR Coordination, Travel and Per Diem	\$ 7,200
Clerical and Printing Costs	\$ 2,000
Personal Computers (6 x \$8,000)	\$ 48,000
Contingency	\$ 5,400
	<u>\$130,000</u>

We are proposing that funding for the program be provided through the Regional Private Enterprise Development Project (398-0050) because (1) sufficient SDA funding will be available for this type of activity under the Regional project once a Congressional Notification allowing expenditures in Asia expires on February 9, 1988, (2) information from ASEAN countries has not been obtained in time to develop, process and approve a new project activity before the February 10 ASEAN - U.S. Dialogue, and (3) it was determined that even if the activity is financed through the Regional Project, it can be packaged as an ASEAN activity by executing an MOU and appropriate side letters in the ASEAN mode. Other alternatives were investigated, but none were considered feasible in the limited timeframe available.

Recommendation: That you sign below to (1) approve funding of not to exceed \$130,000 from the Regional Private Enterprise Project (subject to expiration of CN) for the ASEAN - U.S. Data Exchange Program, (2) approve sending to ASEAN for final clearance and execution on February 10 - 11 the MOU in Attachment A, and (3) approve a waiver to Circular A-76 authorizing the negotiation of a PASA with the U.S.T.R. (Attachment B).

Approved

Julie P. Bloch

Disapproved _____

Date

Feb. 1, 1988

Attachment: a/s

Clearances:

ANE/PD: BODell	(draft)
ANE/DP: ASilver	(draft)
GC/ANE: HMorris	(draft)
ANE/EA: KSchwartz	(draft)
STATE/EAP/EA: GGowen	(draft)
ANE/PD/PE: DHagen	(draft)
SER/PPE: JMurphy	(draft)
USTR: MRicci	(draft)

ANE/PD/EA: JATennant: psw:01/27/88:78228:21760

Attachment A

D R A F T

MEMORANDUM OF UNDERSTANDING
ASEAN-U.S. DATA EXCHANGE TECHNICAL ASSISTANCE PROGRAMI. GENERAL

In accordance with understandings reached through the continuing ASEAN-U.S. Dialogue this memorandum expresses the understanding and intentions of the United States and the Government of Singapore, acting on behalf of ASEAN, concerning the provision of a TECHNICAL ASSISTANCE PROGRAM TO STUDY CUSTOMS AND STATISTICAL SYSTEMS AND TO MAKE RECOMMENDATIONS FOR FULL IMPLEMENTATION OF THE ASEAN-U.S. DATA EXCHANGE IN PARTICIPATING COUNTRIES. All commitments expressed below are subject to final approval and to execution of any necessary side letters covering final implementation arrangements, such as additional logistical support, ~~rights of audit and inspection~~, and any other necessary conditions.

II. DEFINITIONS

For the purposes of this Memorandum of Understanding, unless the contrary intention is stated:

"ASEAN" shall mean the Association of Southeast Asian Nations.

"USAID" shall mean the United States Agency for International Development.

"USTR" shall mean the Office of the United States Trade Representative, Executive Office of the President.

The "ASSISTANCE PROGRAM" shall mean the program to study existing customs and statistical systems and to make recommendations for full implementation of the ASEAN-U.S. Data Exchange in each participating country.

"EXPERTS" shall mean specialists in the customs and/or information systems areas who are designated by the United States Government to consult with ASEAN members for the purposes of the assistance program described herein.

"COMPUTER SOFTWARE" shall mean licensed programs and/or operating instructions for a computer system.

"COMPUTER HARDWARE" shall mean a microcomputer and related peripherals.

III. ARRANGEMENTS

1. To assist ASEAN in the full implementation of the ASEAN-U.S. DATA EXCHANGE, the United States Government will provide technical experts to consult with participating ASEAN members on customs and statistical procedures, and to make recommendations for system changes and modifications that would enable the country to complete the entire data exchange format. Each government agrees to provide these experts with appropriate access to government offices and officials, ports, and automated systems and associated documentation, in order to carry out this assistance program.

2. In order to facilitate the experts movement in and out of each country, each government will provide customs clearance for demonstration equipment they carry (computer hardware, software, and associated documentation). The appropriate United States agency will provide serial number identification of any demonstration equipment to the host government in advance of arrival.

3. This assistance allows computer software to be provided to participating ASEAN members for purposes of the data exchange. Each country, in accepting this software, agrees not to copy or alter this software, or install the software on any machine, for purposes other than those related to and agreed upon for the data exchange. The country agrees to accept all terms of any associated software license.

4. This assistance allows computer hardware to be provided to any ASEAN member in which it is required to advance prospects for full implementation of the data exchange. The country, in accepting the hardware, agrees that the use of the hardware will be limited to purposes related to and agreed upon for the data exchange. The country shall offer to return to the United States Government, or to reimburse the United States Government, for any hardware which it obtains under this assistance which is not used in accordance with the preceding sentence. The country should demonstrate adequate administrative and financial arrangements to monitor use of the

hardware and to provide for any servicing requirements of it. The country agrees to grant duty and tax free importation of any equipment which is provided under this assistance or to pay any necessary duty or taxes if exemption is not granted.

5. The United States government and participating ASEAN members shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this assistance program and to evaluate the effectiveness of such operations. The Parties to this memorandum further have the right to examine any property provided under this assistance and to inspect and audit any records and accounts with respect to any property provided under this assistance.

6. Each participating ASEAN member reserves all rights to implement any recommendation which results from this assistance program.

7. The United States, USAID, USTR, and the experts are in no way liable for circumstances which result from the implementation of any recommendation which results from this assistance program.

IV. AMENDMENTS

Amendments to this Memorandum may be made at any time by an exchange of letters between the signatories.

Done in Washington, D.C., United States of America, in two originals, in English, this ___ day of __, 1988.

.....
(NAME)
For the Government of
the United States of
America

.....
(NAME)
For the Government of
Singapore

JUSTIFICATION FOR A PARTICIPATING AGENCY SERVICES
AGREEMENT (PASA) WITH THE UNITED STATES
TRADE REPRESENTATIVES OFFICE

It is recommended that a PIO/T exemption be granted from the provision of Circular A-76 in the execution of a Participating Agency Services Agreement (PASA) with the U.S. Trade Representatives Office (USTR) for technical assistance and technical oversight of the ASEAN - U.S. Data Exchange Program. Handbook 12, Chapter 1, Paragraph 1,B,2 provides that the Assistant Administrator has the authority to submit a signed statement that a proposed PASA agreement is exempt from the provisions of Circular A-76 because: (1) it is for the provision of technical assistance, (2) the facilities and resources of the other Federal agency are particularly or uniquely suitable for the technical assistance being provided, and (3) those facilities and resources are not competitive with the private sector.

The USTR will be providing technical assistance under this program in three areas:

1. Overall project management;
2. Services of Customs specialist
3. Services of a Trade Systems specialist

The USTR has a clear and substantial superiority over all other public and private U.S. sources to provide the necessary technical assistance for a trade and tariff data integration program. Indeed, USTR launched the idea for the program with ASEAN during a data exchange seminar in May, 1987. USTR has also been working with other countries around the world to install the integrated tariff and trade data exchange system for participation in the GATT Tariff Study. The USTR is the only U.S. organization, either public or private, that has the broad mandate to deal with both tariff and trade concerns to facilitate trade, and that has the necessary experience and expertise dealing with these concerns. Its credentials are clearly exceptional to line up the necessary technical assistance and provide program management and recommendations for the data exchange activity. Moreover, because these issues are government to government concerns, and involve policy level coordination, the services of a private organization would not

be appropriate for carrying out the proposed program. Thus, the facilities and resources of USTR are not competitive with the private sector.

USTR has indicated during meetings and memoranda that it is interested in carrying out this work and has the capability. The required services from USTR under this relatively modest (\$130,000) activity can be provided without unduly interfering with its other programs.

Recommendation: It is recommended that you approve a waiver for Circular A-76 authorizing the negotiation of a PASA agreement with the U.S. Trade Representatives Office for the implementation of the ASEAN - U.S. Data Exchange program.

Approved: _____

Philip C. Hoch

Disapproved: _____

Date: _____

Feb. 1, 1988

2179o

AGENCY FOR INTERNATIONAL DEVELOPMENT

WASHINGTON, D.C. 20523

JAN 7 1988

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, ANE

FROM: ANE/PD, Ronald F. Venezia *Ronald Venezia*

SUBJECT: Regional Private Enterprise Development Project
(398-0050) *File*

Problem: To amend the Regional Private Enterprise Development Project to (a) include Asia Missions (including the ASEAN and South Pacific Regional programs) and Egypt, and (b) increase to \$100,000 the delegation of subproject approval to Director, ANE/PD.

Background: The Regional Private Enterprise Development Project was authorized by the Near East Bureau in FY 1984 to foster private sector development through institution building, technical and managerial assistance, human resource development, and transfer of US technology. The Life of Project funding level is \$2,975,000 with all obligation of funds to be completed by April 5, 1990, deriving from both DA and ESF accounts although no ESF funding has been used to date. The Project Authorization currently restricts outreach of the project to the following ANE countries: Jordan, Lebanon, Morocco, Oman, Portugal, Tunisia, Turkey, and Yemen.

The project directly supports US efforts to encourage the private sector to take an expanded role in economic development, especially in those sectors of high-priority interest to Missions. The project is set up to finance activities which (a) are new and discrete, (b) supplement on-going Mission private sector initiatives, (c) support other USG private sector initiatives, e.g., TDP, OPIC, ExIm, USTR, (d) support PRE initiatives, and (e) complement other domestic, regional, or international donor private sector efforts. Examples of activities are:

- (1) studies of economic and sector policies and business environment;
- (2) technical and managerial assistance to small and medium scale private companies and support to business/trade associations;
- (3) investment promotion including sector surveys, feasibility studies and investor conferences; and

(4) training including vocational, entrepreneurial, and management training and assistance/training to financial institutions.

A summary of FY 1984-1987 subproject activities is attached to this Action Memorandum.

Individual Missions, host governments, private sector entities and AID/W can initiate subprojects lasting one year or less. Proposals are reviewed by the originating entity, e.g., the Mission, for conformity to subproject eligibility and selection criteria and then forwarded by the Mission to ANE/PD with a subproject financing request. ANE/PD then prepares a short approval memorandum. Subprojects under \$75,000 are approved by the ANE/PD Office Director, while those in excess of \$75,000 are approved by the AA/ANE.

Procurement of goods and services is generally on an AID direct contracting basis. For services, IQC, PSC, or Section 8(a) small business contract modes are used; also, PASAs can be obtained. The project can buy-in to other projects, such as the PRE PEDS II Project, and the Missions may buy into the regional project if it does not conflict with bilateral agreements. In cases where direct AID contracts are not appropriate, e.g., IESC services, PVO services, or feasibility studies by potential investors, grants or other contracting modes are used.

Discussion:

(a) Expansion of geographical coverage.

Extension of project activities to Asia Missions (including the two regional programs--ASEAN and South Pacific) will clearly supplement ongoing Mission trade and investment support activities to the private sector. Typical examples are joint USTR/ASEAN country trade information development; IESC support activities; and development of private sector strategies in all ANE Missions. The accessibility of funding for trade and investment support actions in Missions, which currently lack bilateral flexibility, is expected to result in a widening of A.I.D. Mission ability to foster private sector growth.

The project should be extended in the Near East to include Egypt in order to increase support and provide discretionary funding for direct U.S. private sector investment promotion, for example the U.S. Investment Promotion Office. It is believed that this project can serve as a vehicle for rapid investor support, and that the expansion of the project to Egypt could allow the Mission to provide as-needed support to the Egypt-US Business council to investigate and advocate specific avenues of investment.

Participation in this project by USAID/Egypt and other Missions with high earmarks will be on a buy-in basis, except in unusual circumstances which will be handled on a case-by-case basis.

(b) Subproject Approvals.

The original project design delegated to the Director, ANE/PD, subproject approvals up to \$75,000; subprojects with a cost in excess of that amount, or with cumulative funding in excess of \$75,000, are approved by the Assistant Administrator, ANE.

Increasing the delegation of subproject approval to the Director, ANE/PD, from \$75,000 to \$100,000 is expected to reduce paperwork and administrative burdens on the Assistant Administrator's Office without altering the subproject review process. There do not appear to be cases where subprojects forwarded to the AA/ANE for approval have been rejected, nor is there a rationale in the original project paper design for the \$75,000 subproject approval cap for the ANE/PD Director.

Notification to Congress: A Congressional notification has been prepared and has been sent to LEG for forwarding to the Congress.

Recommendations: (a) That you approve extending the project to Asia Missions (including the ASEAN and South Pacific Regional Programs) and Egypt by signing the attached authorization.

(b) That you approve an increase in the delegation of subproject approval authority to the Director, ANE/PD, from \$75,000 to \$100,000.

APPROVED: _____

Julie C. [Signature]

DISAPPROVED: _____

DATE: _____

1/8/88 Job

Attachments:

**Project Amendment Authorization.
Project 398-0050 Subproject Obligations FY 1984-1987.**

Clearances:

ANE/PD/SA, TRishoi (draft)

ANE/GC, HMorris (draft)

ANE/PD/EA, JTennant (draft)

ANE/EGYPT, RBrown (draft)

ANE/PD/ME, JSilver (draft)

ANE/DP/, LRogers (draft)

ANE/PD/PE: DHagen/GRAndersen: 12/08/87:0563g

Revised: ANE/PD/PE: DLCahn: 1/4/88:0578g