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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D.C. 20523

PROJECT PAPER

Proposal and Recommendations  
For the Review of the  
Bilateral Assistance Subcommittee

WORLDWIDE - INTERNATIONAL EXECUTIVE SERVICE CORPS

AID/BAS-036

UNCLASSIFIED

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AGENCY FOR INTERNATIONAL DEVELOPMENT  <b>PROJECT PAPER FACESHEET</b>	1. TRANSACTION CODE <input type="checkbox"/> A - ADD <input type="checkbox"/> C - CHANGE <input type="checkbox"/> D - DELETE	PP  2. DOCUMENT CODE <b>3</b>
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3. COUNTRY/ENTITY Worldwide/IESC	4. DOCUMENT REVISION NUMBER <input type="checkbox"/>
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5. PROJECT NUMBER (7 digits) <input type="text" value="932-0001"/>	6. BUREAU/OFFICE A. SYMBOL PDC	B. CODE <input type="text"/>	7. PROJECT TITLE (Maximum 40 characters) <input type="text" value="International Executive Service Corps"/>
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8. ESTIMATED FY OF PROJECT COMPLETION FY <input type="text" value="8"/> <input type="text" value="2"/>	9. ESTIMATED DATE OF OBLIGATION A. INITIAL FY <input type="text" value="7"/> <input type="text" value="8"/> B. QUARTER <input type="text" value="2"/> C. FINAL FY <input type="text" value="8"/> <input type="text" value="2"/> (Enter 1, 2, 3, or 4)
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10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$) -						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL			4,100			25,100
(GRANT)						
(LOAN)						
OTHER U.S.	1.					
	2.					
HOST COUNTRY						
OTHER DONOR(S)						
TOTALS			4,100			25,100

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <u>78</u>		H. 2ND FY <u>79</u>		K. 3RD FY <u>80</u>	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) ST	769 I	840		4,100		4,000		5,000	
(2)									
(3)									
(4)									
TOTALS				4,100		4,000		5,000	

A. APPROPRIATION	N. 4TH FY <u>81</u>		Q. 5TH FY <u>82</u>		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULED  MM   YY <input type="text" value="0"/> <input type="text" value="9"/>   <input type="text" value="8"/> <input type="text" value="0"/>
	O. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1) ST	5,000		5,000		25,100		
(2)							
(3)							
(4)							
TOTALS	5,000		5,000		25,100		

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1 = NO  
 2 = YES

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## I. INTRODUCTION

IESC was created in 1964, at the suggestion of top leaders of the business community and with the collaboration of the U.S. Government, as a private organization jointly sponsored by U.S. business and government. Its purpose is to promote and assist economic growth and well-being of the people of the developing countries by helping to raise the existing level of executive, managerial and technical skills and practices in commercial enterprises, private nonprofit organizations and government agencies (the last two added in 1974). In carrying out its mission, IESC has established and continually reassessed objectives and policies which are intended to conform to the requirements of U.S. Business, the expressed requirement of the U.S. Congress and A.I.D., and the needs and aspirations of the developing countries. These objectives and policies are briefly expressed in Exhibit I, attached.

It is our opinion that with headquarters support, management and guidance, Country Directors are adhering substantially to these policies in developing and administering projects. These opinions are founded on IESC's post project review system, their critical analysis of completed projects and frequent visits and discussions with local business and government leaders, and on a recent evaluation of IESC's performance by Robert R. Nathan and Associates.

In 1972 the A.I.D. Administrator's Advisory Council reviewed the basic tenets of the support for IESC and determined that IESC served a unique role in the LDC private sector that was not being attended to by any other A.I.D. instrumentality. Since that time the Congress has radically revised its views on the mission of the foreign assistance program, as administered by A.I.D. IESC has made every effort to accommodate its program to Congressional directives that A.I.D. funds be used primarily for assistance to people in need (the "poorest of the poor"), while still adhering to and perfecting its primarily "business to business" role.

It is currently recognized that while time has brought about changes in U.S. objectives in foreign assistance, it has surely not obviated the need for work with the private sector of which IESC is adequately fitted, yielding benefits such as increasing employment opportunities, income generation, self-sufficiency in agricultural and manufactured goods and the involvement of American business in the problems of economic development. It has been found that IESC's efforts can complement and follow the direct work of agencies like A.I.D.

It is noteworthy that some of IESC's most productive work is with countries which, like Mexico, Brazil and Taiwan, have already phased out their A.I.D. programs but remain important allies to whom economic support should be given. It is also recognized that IESC is A.I.D.'s premier agent for the transfer of managerial expertise (business technology).



## II. RATIONALE

### 1. Background:

IESC is a private not-for-profit organization incorporated under the laws of the State of New York for the purpose of improving the economies of the lesser developed countries through the improvement of their business and management skills and, hence, the well-being of their people.

It was formed by the U.S. business community in 1964 at the request of the U.S. Government and, by agreement with A.I.D., it operated with considerable discretion under the guidance and businesslike scrutiny of a Board of Directors, all of whom are, or have been, associated with large and small U.S. businesses. This arrangement has permitted the program to develop with maximum effectiveness in the developing countries and, at the same time, has accrued desired benefits to both the U.S. Government and the U.S. business community. Under this arrangement, more than 6000 projects have been completed to date, and over 4000 volunteer executives have provided short-term assistance to locally owned enterprises in 52 countries.

IESC undertakes carefully selected short-term projects at the direct request of clients who pay up to full cost in accordance with their ability to pay. These clients are carefully screened for their value to the economy. They benefit not only by the solution of their problems, but also by becoming better managers.

Projects are carried out by Volunteer Executives with long successful business experience in the needed skills, who contribute their services without salary. They receive only travel and living expenses for themselves and their spouses.

In the beginning, the U.S. Government agreed to fund 80% of IESC's project expenses (expenses of Volunteer Executives and Country Directors), and 75% of its New York office administrative and service expenses. However, at the beginning of 1967, the funding arrangement was changed by mutual agreement to provide that the government would fund all allowable project expenses, and IESC would fund all New York office expenses, with its own funds generated from client and sponsor contributions. During recent years, IESC has been funding not only all its domestic expenses but also, by agreement with A.I.D., a significant portion of project expenses from contributed funds in excess of its needs.

To illustrate, on a cumulative basis, IESC's total cash expenses for the 1972-1976 calendar years amounted to \$38 million. Actual government grants for the period equalled 55% of the expenses.

As added information, the Volunteer Executives and Executive Recruiters have contributed their services against justifiable project and nonproject expenses in an amount conservatively valued at an additional \$15 million during this period. On this basis, government grants represented 39% of IESC's total cash and noncash costs of \$53 million.

2. Statement of Program:

The program that follows takes into consideration the need to express objectives and goals in the areas of:

- A. Development of Required Assistance
- B. Selection of Countries
- C. Selection of Clients and Project Development

A. Development of Required Assistance

The services IESC offers can be described in three dimensions:

- (1) The kinds of industries and institutions assisted (Categories of Assistance);
- (2) The kinds of skills the executives utilize (Skills Used by Volunteer Executives). Exhibit II, attached, classified services described by (1) and (2); and
- (3) The size of the enterprise assisted.

Since it has always been IESC's policy to attempt to achieve a reasonable balance among small, medium and large enterprises, IESC has always actively assisted small business, as shown in statistics prepared for Board Meetings. However, it appears that IESC assistance to small business may not be keeping abreast of the tremendous interest shown by the governments and leading business executives in many client countries in enlarging the role played by small businessmen in their social and economic life. IESC is therefore undertaking a study, both at headquarters and in the field, of methods by which the healthy growth of small business can be accelerated. As such methods are identified, determinations and tests will be made as to how IESC can best participate.

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The following principles guide the development of "project offerings" as IESC considers the evolving needs of the client countries and the directions which the U.S. Congress, A.I.D. and U.S. business wish development assistance to take, as developed in close contact and discussion.

1. In most cases, the client will be a business. If not, the project should require business or management skills, as in assistance to a government bureau. As an additional example, a project assisting a hospital might be in administration, maintenance or facility planning, but not in medical practice.
2. IESC has utilized, with few exceptions, Volunteer Executives whose business experience is compatible with that of the requesting local enterprise.
3. IESC does not compete for projects with other organizations. In filling out the Agreement with IESC, the client must list and describe alternate sources of assistance to assure that this policy is carried out.
4. IESC has been particularly sensitive to the interests of U.S. consulting firms that operate overseas, and has not only avoided projects where they were involved, but has encouraged their employment wherever the appropriate occasion arose.
5. The service IESC renders is advice, based on analysis of the client's problem. The Volunteer Executive takes no part in actual management.
6. IESC avoids situations which judgment indicates would threaten the interests of U.S. business, e.g., disclosure of proprietary information. Questionable requests are discussed with U.S. business.

#### B. Selection of Countries

IESC continually challenges and monitors the allocation of resources among countries assisted, in consultation with the Executive Committee of the Board of Directors and with consideration for the view of the U.S. Government.

The criteria governing selection of countries to be assisted by IESC include evidence to the effect that:

The country needs development assistance beyond that which it is able to obtain through normal commercial channels.

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IESC assistance has been requested by local business leaders and government officials, and that IESC enjoys the acceptance and support of both.

A sufficient volume of projects is available, of a character serving the priority needs of the country to support a suitable IESC field organization at an appropriate cost.

The continuance of IESC's services to a country depends on the continued existence of the above mentioned factor, plus -

Evidence that the IESC program is actually resulting in successful projects, yielding sustained substantial benefits.

The ability of local firms and institutions to absorb the acceptable proportion of IESC's program costs, or to obtain additional funding to make up the deficiency.

As a part of the program review now underway, each Country Director has been asked to justify IESC's presence in the country to which he is assigned.

### C. Selection of Clients and Project Development

It has always been IESC's objective to respond to assistance needs of the highest national priority, as reflected by development plans and the opinions of responsible leaders of industry and government. Principles guiding, but not controlling selection of projects follow:

1. That the client firm, or nonprofit or government institution, is important to national development and that the project is aimed at achieving a lasting improvement which will benefit both the client and the economy over a period of years.
2. That IESC deals directly with the client who requests the assistance, is willing to make a monetary contribution governed by its ability to pay, and is not able to obtain help at an affordable cost from other sources.
3. That the client is able and willing to cooperate in every way with the Volunteer Executive and to benefit from IESC's help and advice.



4. That the client firm be principally owned by host country nationals.

From its inception, IESC has relied principally on headquarters screening of the projects received, with some advice to Country Directors, particularly if it was felt that their knowledge of country priorities could be improved. In country reviews have indicated the need for more positive guidance as to country priorities and a more comprehensive approach to project development.

IESC is following at the country level an approach that combines these elements.

1. Enlisting the positive support of local business leaders, hopefully through the medium of a Steering Committee now being formed in each major country, whereby the Country Director will be able to learn local industry priorities, and will be asked to undertake projects which contribute to meeting these needs. Similarly, the support of government officials will lead to identification of additional economic priorities and to projects which help to meet these needs.
2. Adopting the "program" concept, whereby a project, rather than being a "thing in itself," is a part of a much broader program undertaken to accomplish a certain purpose. For example, a concerted effort to assist a development bank to evaluate and monitor the establishment of new companies would be a program and would give rise to a "family" of projects.
3. Improving headquarters ability to stimulate, monitor and measure program accomplishments. This would include assistance to Country Directors by seasoned and perceptive Volunteer Executives, chosen for their ability to assess IESC's potential contribution toward meeting the country's needs, and to communicate their understanding to business and government leaders through IESC's established channels.

Recently a group in Thailand has requested assistance in forming a local "IESC." This brings to the fore two important factors which need to be considered in planning IESC's future growth and development: (1) the ability and desire of many client countries to be more self-sustaining and less dependent on other nations, and (2) IESC's desire to maximize worldwide impact through careful resource allocation.

IESC plans to assist this Thai group to develop their capacity to help themselves, while serving as a "backup" in two ways - giving administrative advice, and providing scarce business oriented skills.

3. Cooperative Planning with A.I.D.

IESC is at present deeply involved in discussions with A.I.D. as to how it can work more closely and effectively with A.I.D. personnel in giving more program emphasis to the "New Directions" priorities which the Congress has adopted, and asked A.I.D. to implement. These include:

Helping people more directly rather than through the "trickle down" influence of general economic improvement.

Helping "the poorest of the poor" in rural and in urban areas.

Developing and applying appropriate technology, principally to help small farmers and small businessmen.

The following considerations apply:

The vast majority of IESC projects to date have been with private enterprise or in some cases public-owned factories or utilities.

Projects with nonprofit institutions and governmental agencies are apt to fall mainly into four categories - (1) agriculture and food processing and distribution, (2) health and education, (3) small business of all types, and (4) government administration.

Although the priorities listed above contain many elements which involve private enterprise (e.g., small business and small farming), it is quite evident that the bulk of the impetus within the country, in any massive effort to achieve these goals, will come from government, or groups of public spirited businesses or citizens.

It is necessary to make clear an important aspect of IESC's work with private enterprises or publicly owned productive institutions. When working in the private sector, the Country Director can find the decision point within the business in the owner or manager - the individual who knows that he needs help, and can, himself, arrange for IESC's services. Further, the actual problem the Volunteer Executive attacks is relatively clear cut. The process of analysis, problem identification and statement of solution can be agreed upon, and implementation of the Volunteer Executive's advice is then accomplished by the client.

### The Rural Poor

By way of contrast to the above, the attack on the longstanding and exceedingly complex social and economic problem of assisting the rural poor requires first of all deep top-level government commitment, then extensive analysis involving several professional disciplines, detailed planning, adequate funding, task delineation and organization.

The points to be made are:

1. As has been discussed with A.I.D. officials, IESC believes that opportunities are present for Volunteer Executives wherever business or management expertise is needed, as for example, in selling and moving the crops, helping cooperatives, planning and building public facilities, and by all means assisting small businesses to establish themselves and to grow.
2. While IESC can, no doubt, work on the fringes of a massive project by doing "bits and pieces" for entrepreneurs and government officials, its real contribution must come from close collaboration, beginning at the planning stage, with a well funded and supported attack on a phase of the country's problem. Then IESC can identify its possible contribution in advance and plan and offer its services.

### The Urban Poor

The above comments are illustrated by an example of aid to small farmers but basically they apply to the problems of the urban poor as well. In a recent memorandum to the field, AID/W discussed policy and strategy regarding the urban poor. The memorandum recommends continuance of present programs and, additionally, research and development and pilot demonstration projects toward new activities of benefit to the urban poor. After a decision has been made to do something, it is recommended that the expertise and other capabilities of private and voluntary organizations (of which IESC is one) be enlisted.

### Appropriate Technology

As an important phase of its "New Directions" policy, Congress has entrusted A.I.D. with disposition of a fund of \$20 million to be used in assisting poor nations by developing and helping them to apply "Appropriate Technology." This initiative arises from the belief that proper and balanced development of social welfare as well as general living standards is being hampered in many developing

countries by (a) the introduction of too high a level of technology principally in their industry but also in agriculture, with a resulting waste of valuable capital resources and under-employment of workers, and (b) failure to recognize that in a great many instances the introduction of an "intermediate" technology would result in significant improvement of individual well-being among groups like small businessmen, small farmers and fishermen.

This intermediate technology is thought of as an invaluable adjunct to programs which will help rural and urban poor. IESC is recognized for its ability to transfer business "know-how" and has been asked to cooperate with A.I.D. in its work in development and transfer of appropriate technology.

IESC will work directly with appropriate Technology Institute (ATI) which requested services in identifying needs and capabilities of their clients. IESC has successfully worked with intermediate technology institutes in Colombia and Korea, giving them a better understanding of the needs of the ultimate beneficiary. IESC hopes to extend this type of assistance to the appropriate technology institutes in most of the developing countries.

#### Reimbursable Development Program

The Reimbursable Development Program (RDP) is designed to promote and facilitate the role of U.S. development technology to friendly countries. It is the major channel for the U.S. Government to provide technical services and commodities to developing countries able to pay for them.

IESC can play, at least, a dual role in collaborating with the USG in fostering this program. First, it can be a source of specialized skills to supply specific demands from the developing countries; and, secondly, in view of the presence of IESC in several countries eligible for this program, a reporting arrangement which would highlight the opportunities for RDP can be developed.

III. PERSPECTIVES ON IESC

Quoted from IESC's Three Year Program Review - 1977-1979:

"In our eleven years of operation certain facts have become crystal clear. The retired volunteers have proven to be far more understanding, patient, competent and dedicated than we could have originally conceived. They have been the central force in our success. Our program for short-term executives, their volunteer status, and the charging of a fee have all proven to be essential to the success of our operation. Our competence has proven to be greater than the requirements we have placed upon ourselves, and therefore, with the consent of our Board of Directors, we are embarking on more demanding programs that will impact strongly on the economies of the developing countries. More and more our project development objectives will be in areas of direct interest to Heads of States.

"Our relations with A.I.D. are more intimate and satisfactory today than at any time in our history, but Congress, in pushing for direct solutions to the problems of the poorest of the poor, has placed a different set of requirements and restraints upon us. We believe that we are finding a solution to these requirements without adversely affecting the integrity of our program.

"Under these circumstances, it is important to emphasize again certain characteristics of the IESC form of assistance that have proven successful for a decade and that apply to the future conduct of our business. We should continue to:

- "1. Recognize that IESC is a catalyst between a huge U.S. - business-to-overseas - business assistance program with a small but versatile New York staff and Country Director network.
- "2. Maintain a highly personalized relationship, not only between the client and the volunteer executive, but also between the business leaders and the business communities involved. Need for this personal relationship also exists with U.S.A.I.D. and government leaders, as well as with leaders of governments of countries where we do business.
- "3. Maintain control of and be responsible for IESC's actions throughout every undertaking. This will be the guiding principle in considering every request, whether directly received or involved with a third party (UNDP, World Bank, etc.).

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- "4. Utilize members of Steering Groups as individuals who can advise and help to assure the program's success through either collective or individual efforts. Similarly, utilize Corporate Sponsors, domestic and foreign, who can assist us in solving problems requiring their specialized expertise either as individual businesses or as groups of related industries.
  - "5. Provide workable cooperation with agencies that are interested in studying and evaluating IESC experiences in the transfer of managerial technology. For example, the Ford Foundation is presently cooperating in such a study. Further, the Edna McConnell Clark Foundation is making an intensive survey to determine the maximum utilization of the pool of IESC executives.
  - "6. Continually review the total financing of the program in terms of (a) responsible levels of contributions and contributors and (b) the most effective and economical means of maintaining proper income levels.
  - "7. Sustain and, if possible, improve our record of cost control and effective budgeting. Continue to charge higher prices as inflationary costs mount despite the additional limitations this places on our Country Directors in maintaining project levels.
  - "8. To control overhead and the requirements for the more technical projects we are now undertaking, IESC will maximize the use of highly qualified volunteer executives on short-term assignments.
  - "9. Although IESC's greatest success have been in "one-to-one" problem-solving situations, we must be receptive to other carefully considered situations that may require a systems approach.
  - "10. Since the IESC program responds to developing countries' needs and desires, we must maintain a flexible and professionally responsible plan of action in meeting the many changes that will continue to occur. Being highly selective in what we accept, looking for quality rather than quantity, and continuing to clear actions that are open to doubt with responsible experts will greatly aid us in attaining the kind of results we all seek.

#### "Field Program Development"

"It is recognized that the Country Directors cannot be expected simply to absorb the transition to what we have termed the "program" approach, without substantial headquarters support and assistance. This will take several forms - most important of which are visits from seasoned and perceptive volunteer executives during which country priorities and needs will be discussed with responsible leaders in industry and government. Special

attention will be given to the Steering Group, in order to make sure that the members are fully informed as to IESC's purposes and activities, and cooperating fully with the Country Director in serving local priority needs. The visiting executive will review all local programs with the Country Director in order to give him the benefit of advise and counsel, and to ascertain whether additional assistance is needed from headquarters. This could involve program help from a knowledgeable volunteer executive, or communications material such as analyses or brochures for the Steering Group's use.

"Since the visiting executives will usually be assigned to different countries on each of their visits, it is essential that headquarters effort be directed toward orienting them fully as to the situation of IESC in the country they are to visit."

A

#### IV. PROPOSED PROGRAM

The goals of IESC are twofold; to provide technical and managerial assistance to the overseas client firms and to improve the image of U. S. business abroad. By all objective measures the Corps is successful in achieving these goals. Clients are usually well pleased with the results of the contributions of the volunteers and by extension are favorably impressed with the American enterprise system.

The projects also contribute to the economic and industrial development of the host countries in the form of increased income, expanded trade, increased government revenue and/or increased employment. These broad national benefits occur in the form of spillovers from the individual enterprise which was assisted by IESC - they are difficult to identify with precision and impossible to quantify.

Although it is not feasible to forecast the exact number of projects to be accomplished, it is believed that IESC can be most effective in the range of 500-700 per year, and this is being used as planned total volume. In 1974, 743 projects were started. In 1975, 650 were started, and the figure for 1976 was 451. Briefly, this decline is a result of several factors and, aside from conditions peculiar to any given country, include:

The worldwide recession which is not only felt more severely, but lasts longer in the less developed countries.

Some resistance from clients to the substantial upward adjustment of client contribution which had to be made in order to recover more equitably from clients a portion of the cost of the program, based on the ability to pay, as well as to keep the A.I.D. contribution close to 50 percent.

The desire to comply insofar as possible with Congressional and A.I.D. directives to shift assistance away from large and medium sized business and toward small business, government and social institutions and the poor. This forced Country Directors, to a different degree in different countries, to revise their approach to project development, and to seek new sources of information and support, with consequent decrease in the number of projects secured. Establishment of Steering Groups has occupied considerable Country Director time and it is expected that favorable results will be felt in future years.

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Because of the critical importance of the client/volunteer executive relationship, it is difficult for IESC to operate effectively in countries in which it has no resident presence (an American Country Director or a locally hired country representative or an office in which a Country Director calls from time to time). There are now offices in 27 countries. The present list of countries in which IESC operates does not include certain important countries which seem to fit clearly within the IESC operating parameters, among them India, Pakistan, Bangladesh and Nigeria. Conversely, the present list of countries does include some nations, among them Saudi Arabia, Greece and Kuwait, which would appear not to fit within these parameters.

A major principle in IESC's selection of countries is that assistance be requested by local business leaders and government officials, and that IESC enjoys the acceptance and support of both; and that a sufficient volume of projects is available, of a character serving the priority needs of the country, to support a suitable IESC field organization at an appropriate cost. IESC has been accepting projects on a "target of opportunity" basis in India and Pakistan but has found insufficient interest in these countries to maintain full-fledged programs. Further, IESC has inactivated previous programs in countries such as Morocco, Tunisia, Algeria, Argentina and Nigeria, but will consider reactivation if and when selection criteria are met, as is now being done in the case of Nigeria. IESC's presence in the Middle East has also been reduced. On the other hand, IESC has been testing programs in Egypt and East and West Africa. IESC will continue to evaluate the justification for its being in some countries and not in others, and in consultation with its Board of Directors will activate or inactivate programs where warranted.

Board programming policies correctly give latitude to the Country Director to develop their own set of priorities and their own project mix. This is necessary because only the Country Director can know intimately the operating environment in the country in which he is located. However, there is a need for a better sense of programming in some countries. The IESC operation is very small in terms of total dollars expended for a global effort, and a keen sense of national development is necessary for an optimal program configuration in any given country. IESC will continue its policy of seeking projects with a "multiplier" effect. IESC headquarters is also further "refining" its three year program in order to impart a more disciplined sense of program formulation to its Country Directors, though they must be left with some discretion to devise sound programs in their individual countries.

An examination of the relation of client contributions to volunteer direct expense suggests that clients' contributions are more closely related to volunteer costs than to IESC's policy of a client's ability to pay. However, this apparent relationship on a worldwide basis is coincidental, since client contributions are utilized first to cover New York office expenses and any excess funds over domestic needs are then applied against total project expenses, thus reducing the support required from A.I.D.

The "ability to pay" policy and its application are important for two reasons. First, the ability of IESC to undertake additional projects of all types depends to some extent upon its ability to spread its external resources over a larger number of projects. Second, IESC is sometimes criticized for subsidizing large wealthy clients who have the ability to cover total project costs, including overhead. However, IESC has found that contributions cannot be increased too rapidly without shaking clients' confidence in the real purpose of IESC, and judgment must be used in individual cases. IESC will continue to move toward full implementation of the policy, without seriously jeopardizing the program.

IESC has been "testing" the small business area for over a year. A full-time executive has been assigned to small business development and directives have been issued to all Country Directors to increase activities in small business as well as some small business pilot programs. IESC is also in the process of initiating new types of small business projects on a pilot basis in an attempt to devise more effective means to address the needs of small firms. There is, however, presently limited incentive for some Directors to move strongly in this direction. For example, considerable additional effort is involved in locating and negotiating viable projects with small organizations, as compared with those with larger clients. Also, since a small business client is likely to have difficulty making even a minimal contribution, total costs must be largely subsidized either by revenues from other projects within the country, by revenues from other countries, or by increased U.S. Government funding. The required additional financing is difficult to generate from in-country contribution.

Given the financial structure of IESC's operations, the magnitude of IESC's grass roots involvement will depend heavily on the size of A.I.D.'s annual contribution. In order for IESC to achieve its "major impact" through small enterprises by 1982, the annual grant projected for that year may range from 50 to 100 percent higher than the current \$ 4 million level, depending on alternative assumptions as to fees collectable from grass roots projects. IESC, however, will continue its policy of minimizing the extent of A.I.D. funding to the greatest extent possible.

A successful grass roots program with a real income and employment impact would undoubtedly consist of both direct and indirect assistance projects. Such programming should be aimed at filling the gap between the traditional medium and large business projects and the micro-business ("Mom and Pop" operations) which are clearly beyond the reach of an organization such as IESC. It is the upper strata of the "poor majority", so to speak, which should be the operational milieu of new Corp involvement, especially given the levels of technical expertise currently found in the roster of executive volunteers. It could, however, take up the five years or longer before the IESC's development assistance is predominately through its grass roots involvement. To shorten the time frame for more intensive, extensive and effective small business programming, there are several recommendations which A.I.D. will pursue with IESC to determine to what extent they can be implemented. These are:

1. IESC should consolidate, in report form, the current status of its Small Business Assistance Test Program, the various types of institutions and private companies contacted, and the agreements negotiated or in process. This report should be distributed to IESC's Regional Vice Presidents and Country Directors.
2. If small business programming is to be emphasized there should be at least one "roving" representative assigned to each region for the sole purpose of identifying, contacting and negotiating with potential grass roots catalysts. A considerable amount of "leg work" is required for dedicated and energetic personnel for such project development, as demonstrated by the test program to date. Country Directors cannot do the job effectively.
3. IESC should give serious thought to establishing a permanent Small Business Department in the home office. The roving representatives would report to, and channel their activity and paper work through this Department; a "small business specialist" in the recruitment department might also be required in the future.
4. IESC should assess each Country Director's current in-country staff for the purpose of determining where and how much additional logistic and interpreter support may be needed to administer a grass roots program involving, say 10-20 projects a year. The financial implications of any additional local manpower and support should be estimated.

5. All head office executives, while on field trips should be on the lookout for latent possibilities in a country for institution-building in the public sector to help small entrepreneurs and for promoting the concept of subcontracting by large companies in the private sector.

A.I.D. can and should assist the IESC in grass roots programming efforts:

1. PVC, through Regional Bureaus, should develop a list of potential catalysts from ongoing and new country programs, including general types of volunteer skill requirements. Possibilities for IESC participation in the planning and establishment of new institutions for assisting small enterprises should also be considered.
2. A.I.D.-sponsored PVOs should be queried as to whether any of their present or new projects dealing with small business activity could benefit from IESC involvement.

## V. ACTION STRATEGY

Considering IESC's achievements to date, recent evaluations of IESC, changes in direction by A.I.D. and recent studies initiated by A.I.D. on grass roots and transfer of technology, it is most important that A.I.D. work closely with IESC and monitor the results being achieved against the object of the program planned for the next five years. A.I.D. will specifically address itself to following up with IESC with respect to the following:

1. In order to move its program significantly within the "New Directions" approach, IESC has initiated action to increase the number of clients which have an impact on grass roots and rural people, and has indicated its program development in host countries will be geared to the development strategy of that particular country and will meet the approval of its leaders in business and government. Additionally, a greater coordination with the U.S. Government should be part of the new programming. A.I.D. will periodically check with IESC for the purpose of measuring improvements in this effort.
2. Since one of the basic objectives of IESC is to improve the image of the U.S. interest in countries, it is necessary for IESC to remain in certain countries even after A.I.D. has withdrawn direct support. From the U.S. Government viewpoint, it is also desirable for IESC to help fill the assistance gap with A.I.D. indirect support after withdrawal of direct support. IESC's method of record keeping has facilitated identification of expenditures covered by previous grants and should be adequate in the future. IESC will not utilize A.I.D. funds for countries which A.I.D. determines to have the ability to cover full costs such as Kuwait and Saudi Arabia. IESC will also cooperate to the maximum extent possible with the A.I.D. Reimbursable Development Program.
3. The funds recommended in the proposed A.I.D. budget for IESC for the next five years have been estimated on the basis that IESC will continue its program to reduce costs by more effective operations. IESC will continually review its overhead costs for the purpose of maintaining costs at an absolute minimum while providing adequate guidance and support to operations in the field.

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4. IESC's success in improving generation of funds from clients and other sources has been instrumental in reducing the percentage participation of A.I.D. funds. The recent stress on the "ability to pay" has resulted in a substantial increase in funds received from clients. It is anticipated in the five year budget that IESC's continued success in improving contributions received from large clients will offset greater demands for funds required by an increased number of "grass roots" clients, some of which will have limited ability to pay.
5. The establishment of IESC's working capital fund at levels consistent with sound business practices, and the use of surplus income by IESC over expense needs, should be agreed upon.
6. The establishment of "Steering Committees" should be accelerated, focusing as much as possible on the small businesses and groups.

**PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK**

Life of Project:  
From FY 78 to FY 82  
Total U.S. Funding \$23.1 Million  
Date Prepared: \_\_\_\_\_

Project Title & Number: International Executive Service Corps - 932-0001

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <ol style="list-style-type: none"> <li>To increase the contribution of the private enterprise sector to the GNP in developing countries</li> <li>To improve the image of U.S. business overseas.</li> </ol>	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> <li>GNP data series</li> <li>Less restrictive legislation</li> <li>More joint U.S./Host Country ventures.</li> </ol>	<ol style="list-style-type: none"> <li>Host Country Government computation of GNP</li> <li>Laws</li> <li>Ministry of Planning or Finance records</li> <li>Department of Commerce or Commercial Attache's records</li> </ol>	<p>Assumptions for achieving goal targets:</p> <ol style="list-style-type: none"> <li>That adequate use of qualified volunteers will increase the contribution of more efficient commercial community to the GNP.</li> <li>That effects of volunteers contributions will be recognized both at government and private sector levels and credit be given to the U.S.</li> </ol>
<p>Project Purpose:</p> <p>To promote and assist economic growth and well-being of the people of the developing countries by helping to raise the existing level of executive, managerial and technical skills and practices in commercial enterprises, private nonprofit organizations and government agencies, with particular emphasis on assistance to low-income entrepreneurs.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <p>Measurable and favorable impact on:</p> <ol style="list-style-type: none"> <li>Sales</li> <li>Profits</li> <li>Employment</li> <li>Reorganization and planning traced to volunteer recommendations adopted</li> <li>Larger number of grassroots projects assisted.</li> </ol>	<p>Project and post-project completion records</p>	<p>Assumptions for achieving purpose:</p> <ol style="list-style-type: none"> <li>That businesses aided will implement the recommendations of the volunteers.</li> <li>That the recommendations will continue to result in measurable and favorable impact.</li> </ol>
<p>Outputs:</p> <p>Transfer of U.S. business management and basic technical know-how to developing countries by volunteer advisors with a wide range of career background on U.S. enterprises of every kind.</p>	<p>Magnitude of Outputs:</p> <p>600 assignments per annum completed with an increasing proportion of low-income projects.</p>	<p>IESC records</p>	<p>Assumptions for achieving outputs:</p> <ol style="list-style-type: none"> <li>Requests for assignments will continue at current increasing levels.</li> <li>Businessmen and/or governments will continue to pay the fees.</li> <li>That recruitment will continue to produce qualified volunteers.</li> </ol>
<p>Inputs:</p> <ol style="list-style-type: none"> <li>AID Grant</li> <li>U.S. Corporations</li> <li>Clients' fees</li> <li>Individual sponsors</li> </ol>	<p>Implementation Target (Type and Quantity)</p> <p>IESC Five Year Budget</p>	<p>IESC records</p>	<p>Assumptions for providing inputs:</p> <ol style="list-style-type: none"> <li>That funds are available from AID.</li> <li>That IESC continues generating sufficient funds from clients and sponsors.</li> <li>That IESC seeks larger contributions from the U.S. corporations.</li> </ol>

INTERNATIONAL EXECUTIVE SERVICE CORPS  
ILLUSTRATIVE ESTIMATED BUDGETS FOR FIVE YEAR PROGRAM  
(THOUSANDS OF DOLLARS)

<u>Calendar Years</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Number of Projects	600	600	600	600	600
<u>Estimated Expenses</u>					
Volunteer Executives	\$4,550	\$4,775	\$5,015	\$5,265	\$5,530
Country Directors	2,250	2,305	2,360	2,420	2,480
New York Office	<u>2,200</u>	<u>2,255</u>	<u>2,310</u>	<u>2,370</u>	<u>2,430</u>
Total Expenses	<u>\$9,000</u>	<u>\$9,335</u>	<u>\$9,685</u>	<u>\$10,055</u>	<u>\$10,440</u>
<u>Estimated Revenues</u>					
Projects	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
Other	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total Revenues	<u>\$4,700</u>	<u>\$4,700</u>	<u>\$4,700</u>	<u>\$4,700</u>	<u>\$4,700</u>
<u>Estimated AID Assistance Requested</u>	<u>\$4,300</u>	<u>\$4,635</u>	<u>\$4,985</u>	<u>\$5,355</u>	<u>\$5,740</u>
TOTAL FIVE YEARS					\$25,015
Proposed AID Assistance under this Project Paper	<u>\$4,100</u>	<u>\$4,000</u>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$5,000</u>
TOTAL FIVE YEARS					\$23,100

ASSUMPTIONS

1. The program is expected to range between 500 and 700 project starts annually and average 600 per year over the five year period.
2. Inflation will increase volunteer executives' expenses at about 5% per year.
3. Improvements in efficiency will to a degree offset the effects of inflation of Country Directors' and New York office expenses.
4. Improvements anticipated from efforts to increase contributions from larger clients will be offset by continuing increases in the percentage of small scale enterprises assisted at low contribution levels. Revenues from projects have therefore been held at a constant level.



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Carton de Colombia S.A.

Carvajal & Cia.

Cementos Diamante S.A.

Cerveceria Union S.A.

Chrysler Colmotores S.A.

Colgate-Palmolive Cia.

Comestibles La Rosa S.A.

Compania Colombiana de Alimentos Lacteos S.A. — CICOLAC

Compania Colombiana de Seguros

Compania Colombiana de Tejidos, S.A. — COLTEJER

Compania Nacional de Chocolates, S.A.

Compania Nacional de Lavaduras — LEVAPAN S.A.

"COPROTEX" (Mishaan Hermanos)

Corporacion Financiera de Caldas S.A.

Corporacion Financiera Colombiana S.A.

Corporacion pro Desarrollo del Litoral

Cuellar, Serrano Gomez & Cia. Ltda.

Detergentes, S.A.

Dimarca Ltda.

Empresa de Telefonos de Bogota

Eternit Colombiana, S.A.

Fabrica de Hilados y Tejidos del Hato S.A. — FABRICATO

First National City Bank

Fundacion para el Fomento de la Investigacion Cientifica

y Tecnologica — FICITEC

Gaserosas Posada Tobon S.A. — POSTOBON

Ignacio Gomez & Cia.

INCOLDA — Centro de Desarrollo de Bogota

Industrias Emilio Yidi e Hijos Ltda.

Instituto de Fomento Industrial

International Petroleum (Colombia) Ltd.

Jackson's Fashions

Lacteos Colombianos S.A. — LACOL

La Garantia — A. Dishington S.A.

Loceria Colombiana S.A.

Maderas y Chapas de Narino S.A.

Manuelita S.A.

Owens Corning Fiberglas Colombia S.A.

Pavco S.A.

Pepsi-Cola Panamericana S.A.

Polyquimicos S.A.

Productora de Papeles S.A. — PROPAL

Radio Cadena Nacional, S.A.

Seguros Bolivar

\*as of 4/1/76



Tapes La Libertad, S.A.  
Tecnquimicas Ltda. & Cia. S.C.A.  
Union Carbide Colombia, S.A.

**COSTA RICA**  
Mas x Menos S.A.  
Yoshida de C.R., Ltda.

**CYPRUS**  
George Kallis Manufacturers Limited

**EL SALVADOR**  
ADOC, S.A.  
Almacenes Siman, S.A.  
ANEP (Asociacion Nacional de la Empresa Privada)  
Banco Cuscatlan, S.A.  
Financiera de Desarrollo e Inversion, S.A.  
Ing. Guillermo Borja Nathan  
La Constancia, S.A.  
Poma Hermanos de C.V.  
Sigma, S.A.

**GREECE**  
Allatini S.A.  
Aspioti Eika  
The Athens Papermill, S.A.  
Greek Management Association  
Halkis Cement Company, S.A.  
Hellenic Sugar Industry S.A.  
Interamerican Life Insurance Company, S.A.  
Izola, S.A.  
Loumidia S.A.  
National Bank of Greece  
Olympic Airways  
Olympic Insurance Company  
Pro-Kat S.A.  
The Tambouras Organization  
"Titan" Cement Company S.A.  
Viohalco, S.A.

**GUATEMALA**  
El Salto, S.A.

**HONDURAS**  
Pedro Casanova e Hijos S. de R.L.

**HONG KONG**  
The Shui Hing Company, Limited  
Yangtzekiang Garment Mfg. Co.

**INDONESIA**  
P.T. Aneka Gas Industri  
P.T. Dwi Satrya Utama  
P.T. Industri Marmer Indonesia Tukungagung (Persero)  
Jakarta Theatre, Jan Darmadi Enterprises  
P.T. Keramik Indonesia Asosiasi (Joint Venture) K.I.A.  
P.T. Perusahaan Pelayaran Samudera "TRIKORA LLOYD"  
P.T. Pupuk Sriwidjaja  
P.T. Salim Economic Development Corp.  
P.T. Supreme Cable Manufacturing Corporation (P.T. SUCACO)  
P.T. Tunggal — Pharmaceutical Enterprises  
P.T. United Can Company Limited

**IRAN**  
Ahvaz Beet Sugar & Refining Co.  
Arya National Shipping Lines S.A.  
Azmayesh Industrial Factories  
Benshahr Industrial Co., Ltd.  
Ghazvin Sugar Manufacturing Company, Inc.  
IESC — Iran Small Business Fund  
The Industrial and Mining Development Bank of Iran  
Iran Chamber of Commerce, Industries and Mines  
Pars Cotton Ginning & Oil Mill Corporation  
Sanaye Felezie Iran Co.  
Sherkate Sanaye Pars and Amena  
Sabet Pasal Group  
Sanitary Fixtures Manufacturing Company  
Tolid Daru Company

**KOREA**  
Chonbang Co., Ltd.  
Chong Kun Dang Corporation  
Chunusa Co., Ltd.  
Federation of Korean Industries  
Hankook Tire Mfg. Co., Ltd.

Hanyung Industrial Co., Ltd.  
Keang Nam Enterprises, Ltd.  
Korea Electric Company  
Korea General Foods Co., Ltd.  
Korea Institute of Science and Technology — KIST  
Korea Management Association  
Korea Trade Promotion Corporation — "KOTRA"  
Korean Traders Association  
Kye Sung Paper Mfg. Co., Ltd.  
Kyung Bang Limited  
Lucky, Ltd.  
National Federation of Medium Industry Cooperatives  
Shin Il Foundry Co., Ltd.  
S/K Associates  
Tong Yang Cement Mfg. Co., Ltd.  
Whashin Industrial Co., Inc.

**KUWAIT**  
Yusuf Ahmad Alghanim & Sons W.L.L.

**LEBANON**  
Industrial Development Co.  
The Lebanese Ceramic Industries Co. S.A.L.

**LESOTHO**  
Lesotho National Development Corporation

**MALAYSIA**  
Century Plastics Sdn. Berhad  
Gaya Timber Sendirian Berhad  
Genting Highlands Berhad  
Hock Hua Bank  
Ipoh Realty Company  
Kong Thai Sawmill (Miri) Sendirian Berhad  
Lam Soon Oil & Soap Manufacturing Sdn. Bhd.  
Leong Sin Nam Farms Sdn. Berhad  
Malayan Banking Berhad  
Malaysia Borneo Finance Corporation (M) Berhad  
Malaysian Industrial Development Finance Berhad  
Malaysia International Consultants Sdn. Bhd. — MINCO  
Perak Timber Products Sdn. Bhd.  
Sandakan Real Estate Development Corporation  
Sendirian Berhad  
Tasek Cement Berhad  
United Malaysian Steel Mills Berhad

**MEXICO**  
Banco de Comercio, S.A.  
Banco Nacional de Mexico, S.A.  
Conduxex, S.A.  
Confederacion de Camaras Industriales — CONCAMIN  
Compania Fundidora de Fierro y Acero de Monterrey S.A.  
Corporacion Industrial Mexicana, S.A.  
Fomento Avicola y Comercial, S.A.  
Gases Mexicanos, S.A.  
Hojalata y Lamina, S.A.  
Megaplast, S.A.  
Mercados Zaragoza, S.A.  
Prudencio Lopez Enterprises  
Tecnica Industrial, S.A.

**NICARAGUA**  
Arnoldo Solorzano Thompson Memorial  
IFAGAN, Matadero Modelo

**NIGERIA**  
Maiden Electronics Works Ltd.

**PANAMA**  
Acero Panama, S.A.  
Administracion de Seguros, S.A.  
Eisenmann, S.A.  
Empresas Aliadas, S.A.  
Empresas Diaz y Guardia, S.A.  
Francisco Wong Chang, S.A.  
Guardia & Cia. S.A.  
Guillermo Tribaldos, Jr. & Cia., S.A.  
Heurtematte & Arias, S.A.  
Ingeniera Amado, S.A.  
The Star & Herald Co.

**PERU**  
Adele Investment Company S.A.  
Scala, S.A.



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**PHILIPPINES**

A. Soriano Corporation  
Atlas Fertilizer Corp.  
CFC Corporation  
Herald Publications, Inc.  
Litton Mills, Inc.  
National Steel Corporation  
Paper Industries Corporation of the Philippines  
Radio Mindanao Network, Inc.  
Radiowealth, Inc.  
Rustan Commercial Corporation  
San Miguel Corporation  
Sarmiento Enterprises, Inc.  
United Laboratories, Inc.  
Universal Textile Mills, Inc.

**SINGAPORE**

Amco Metals Pte., Ltd.  
Calbuildings Ltd.  
Copper Industries, Ltd.  
Cycle & Carriage Co. Industries, Ltd.  
Far East Shipbuilding Industries, Ltd.  
Gammon Sendirian Bernad  
Goodwood Hotels Corporation (Pte.) Ltd.  
Kwong Soon Engineering Co. (Pte.) Limited  
Lam Kok Trading Company (Pte.) Limited  
Lian Hup Han & Company Sendirian Bernad  
Malayan Credit Limited  
Malaysia-Singapore Airlines, Ltd.  
METRO (PRIVATE) LIMITED  
Neptune Orient Lines Limited  
Selco (Singapore) Pte. Limited  
Singapore Institute of Management  
The Singapore Traction Company (1964) Limited  
Veneer Products, Ltd.  
Weame Brothers Services (Pte.) Ltd.

**TAIWAN**

Chunyu Works & Co., Ltd.  
Far Eastern Textile Ltd.  
King Kong Iron Works, Ltd.  
Lien Hwa Industrial Corp., Ltd.  
Namchow Chemical Industrial Co., Ltd.  
Taiwan Cement Corp.  
Taiwan Pulp & Paper Corporation  
Tatung Engineering Co., Ltd.

**THAILAND**

The Asia Trust Bank Ltd.  
Denza Chemical Company, Ltd.  
The Dusit Thani Hotel  
Ocean Insurance Co., Ltd.  
President Hotel Co., Ltd.  
The Thai Farmers Bank, Ltd.

**TUNISIA**

Gabes Chimiques Transports  
Industries Chimiques de Fluor  
Industries Chimiques Maghrebines  
Societe Tunisienne des Engrais Chimiques — STEC

**TURKEY**

Ankara Reklam  
Boru Sanayi ve Ticaret A.S.  
Dumus Yasar ve Ogutari A.S.  
Eczacibasi Ilacian, Ltd. Sti.  
Koc Holding A.S.  
Metas Izmir Metalurji Fb. A.S.  
Narin Mensucat A.S.  
Ramas Ticaret ve Sanayi A.S.  
Turkiye Petrolleri A.O.  
Turkiye Sise ve Cam Fabrikalari Anonim Sirketi  
Ulker Gida Sanayi ve Ticaret A.S.

**VENEZUELA**

Casa Pars, S.A.  
Ceramica Carabobo, C.A.  
Metalic S.A.

D. IESC FINANCIAL STATEMENTS - DECEMBER 31, 1976

INTERNATIONAL EXECUTIVE SERVICE CORPS

FINANCIAL STATEMENTS

\* \* \* \* \*

DECEMBER 31, 1976

B

rice  
aterhouse & Co.

SIXTY BROAD STREET  
NEW YORK, NEW YORK 10004  
212-422-6000

April 8, 1977

To the Board of Directors of  
International Executive Service Corps

In our opinion, the accompanying balance sheets and the related statements of revenues and expenses, of changes in fund balances and of detailed expenses present fairly the financial position of International Executive Service Corps at December 31, 1976 and 1975 and its revenues, expenses and changes in fund balances for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

*Pricewaterhouse & Co.*

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INTERNATIONAL EXECUTIVE SERVICE CORPS

B A L A N C E   S H E E T S

	<u>December 31,</u>	
<u>A s s e t s</u>	<u>1 9 7 6</u>	<u>1 9 7 5</u>
Cash:		
New York - operating accounts	\$ 70,923	\$ 89,506
New York - demand and certificate of deposits	1,750,000	700,000
Foreign countries, including time deposits of \$142,857 in 1976 and \$214,286 in 1975 (Note 4)	<u>612,210</u>	<u>701,042</u>
	<u>2,433,133</u>	<u>1,490,548</u>
Receivables:		
Accounts receivable from the Agency for International Development (Note 2)	330,500	1,068,000
Accounts receivable from projects	119,166	147,135
Expense advances and other receivables	<u>136,371</u>	<u>74,055</u>
	<u>586,037</u>	<u>1,289,190</u>
Prepayments and deposits	<u>84,476</u>	<u>96,065</u>
Furniture, equipment and leasehold improvements (Note 1):		
New York, less accumulated depreciation and amortization of \$124,525 in 1976 and \$106,077 in 1975	89,167	108,218
Foreign countries, less accumulated depreciation of \$97,344 in 1976 and \$105,864 in 1975	<u>168,655</u>	<u>140,850</u>
	<u>257,822</u>	<u>249,068</u>
	<u>\$3,361,468</u>	<u>\$3,124,871</u>
<u>Liabilities and fund balances</u>		
Liabilities:		
Accounts payable	\$ 164,677	\$ 253,297
Other accrued liabilities	92,685	50,170
Advance payments from project companies	170,100	125,129
Provision for termination benefits (Note 8)	456,071	376,308
Unexpended portion of grant (Note 4)	<u>24,286</u>	<u>250,381</u>
	1,107,819	1,055,285
Fund balances:		
Operating fund	345,827	170,518
Fixed asset fund (Note 1)	257,822	249,068
Working capital fund (Note 7)	<u>1,650,000</u>	<u>1,650,000</u>
	<u>\$3,361,468</u>	<u>\$3,124,871</u>

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INTERNATIONAL EXECUTIVE SERVICE CORPS

STATEMENTS OF REVENUES AND EXPENSES

For the year ended  
December 31,

1 9 7 6      1 9 7 5

Revenues:

Grants from Agency for International Development (Note 2)	\$4,000,500	\$4,800,000
Contributions from the U.S. private sector (Note 3)	346,097	393,363
Contributions and grants from overseas sponsors (Note 4)	117,027	217,464
Revenues from projects (excluding advance payments)	3,170,591	3,543,933
Other income	<u>88,158</u>	<u>59,883</u>
	<u>7,722,373</u>	<u>9,014,643</u>

Expenses (accompanying statement):-

Project expenses:		
Executive volunteers	3,193,121	4,340,319
Country directors	<u>2,116,354</u>	<u>2,002,743</u>
	5,309,475	6,343,062
Administrative and service expenses	<u>2,237,589</u>	<u>2,228,687</u>
	<u>7,547,064</u>	<u>8,571,749</u>

Excess of revenues over expenses -  
operating fund

\$ 175,309      \$ 442,894

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INTERNATIONAL EXECUTIVE SERVICE CORPS

STATEMENT OF CHANGES IN FUND BALANCES

	For the year ended December 31,	
	<u>1 9 7 6</u>	<u>1 9 7 5</u>
Operating fund:		
Beginning of year	\$ 170,518	\$ 27,624
Excess of revenue over expenses	175,309	442,894
Transfer to working capital fund (Note 7)		<u>(300,000)</u>
End of year	<u>\$ 345,827</u>	<u>\$ 170,518</u>
Fixed asset fund (Note 1):		
Beginning of year	\$ 249,068	\$ 311,393
Net acquisition (disposition) in current year	59,141	(13,517)
Depreciation	<u>(50,387)</u>	<u>(48,808)</u>
End of year	<u>\$ 257,822</u>	<u>\$ 249,068</u>
Working capital fund:		
Beginning of year	\$1,650,000	\$1,350,000
Transfer from operating fund (Note 7)		<u>300,000</u>
End of year	<u>\$1,650,000</u>	<u>\$1,650,000</u>

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INTERNATIONAL EXECUTIVE SERVICE CORPS

STATEMENTS OF DETAILED EXPENSES

	For the year ended December 31,	
	<u>1 9 7 6</u>	<u>1 9 7 5*</u>
Project expenses:-		
Executive volunteers:		
Subsistence	\$2,063,009	\$2,723,726
Travel	1,005,138	1,472,966
Insurance	74,289	73,047
Other	50,685	70,580
	<u>\$3,193,121</u>	<u>\$4,340,319</u>
Country directors:		
Salaries	\$ 798,997	\$ 571,814
Subsistence	181,959	375,883
Travel	306,228	381,668
Rent	175,652	137,465
Telephone and telegraph	74,502	86,975
Office printing and supplies	37,276	37,565
Professional fees	27,090	21,608
Postage	16,240	19,318
Employee benefits and taxes	98,437	74,594
Provision for termination benefits (Note 8)	30,000	24,000
Moving expenses	32,875	29,727
Meetings and conferences	78,430	75,166
Allowances	12,050	61,934
Furniture and equipment acquisitions (Note 1)	90,816	3,612
Other	155,802	101,414
	<u>\$2,116,354</u>	<u>\$2,002,743</u>
Administrative and service expenses:		
Salaries	\$1,097,264	\$1,099,131
Staff travel	113,930	103,592
Rent (Note 5)	203,616	158,944
Telephone and telegraph	140,649	136,718
Office printing and supplies	59,513	74,707
Professional fees	49,733	53,827
Purchased services	51,896	82,535
Meetings and conferences	56,746	74,530
Postage	27,068	25,390
Equipment rental and maintenance	25,190	29,233
Volunteer expenses	66,804	55,271
Employee benefits and taxes	148,314	127,713
Provision for termination benefits (Note 8)	120,000	126,000
Furniture, equipment and leasehold improve- ment acquisitions (Note 1)	269	21,017
Other	76,597	60,079
	<u>\$2,237,589</u>	<u>\$2,228,687</u>

\*Reclassified for comparative purposes.

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INTERNATIONAL EXECUTIVE SERVICE CORPS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1976 AND 1975

NOTE 1 - SIGNIFICANT ACCOUNTING  
POLICIES:-

A. Contributions:

The International Executive Service Corps considers all contributions and grants available for unrestricted use unless specifically restricted by the donor or grantor.

B. Fixed assets:

It has been the practice of the Corps to expense the cost of fixed assets in the statement of revenues and expenses in the period they are acquired and also to include in the balance sheet the cost of such assets with a like amount credited to a contra fixed asset fund account in the statement of changes in fund balances. The assets are being depreciated over their estimated useful lives, with the offsetting charges to the contra fixed asset fund account.

C. Volunteer services:

A major portion of the Corps activities are carried out by unpaid executive volunteers. Only the volunteers' subsistence, travel and related expenses are included in the financial statements. Because of the difficulty of placing a monetary value thereon, the value of the volunteers' donated services has not presently been reflected in the financial statements.

D. Foreign currency translation:

Cash in foreign bank accounts is translated at year-end rates.. Fixed assets in foreign countries are translated at historical rates. Receivables are not adjusted to year-end rates; however, at December 31, 1976 and 1975, the difference between year-end rates and historical rates for receivables in foreign countries was not material. Translation gains and losses resulting from exchange rate fluctuation, which were not significant, are reflected in current earnings.

NOTE 2 - AGENCY FOR INTERNATIONAL  
DEVELOPMENT:

Under a grant agreement with the Agency for International Development (AID), the Corps is to be reimbursed for its allowable project costs up to the maximum provided by the agreement.



The grant agreement with AID provides for reimbursement of allowable project costs up to a maximum of \$4,000,500 in 1976 and \$4,800,000 in 1975. The Corps has incurred allowable project costs in excess of these grants for both years and thus the maximum amounts have been recorded as revenue.

NOTE 3 - CONTRIBUTIONS:

The Corps was the recipient of contributions in the amount of \$68,650 in 1975 designated for expenditure in Kenya. The designated funds were expended at the end of 1975.

NOTE 4 - GRANT:

During 1975 the Corps received a grant of approximately \$285,000 for a designated area from an overseas sponsor. Under the terms of the grant the Corps claimed approximately \$26,000 in 1976 and \$35,000 in 1975 as support for expenditures and has reflected this amount in income. The balance of approximately \$224,000, which remains on deposit overseas, has been reflected as deferred income.

NOTE 5 - LEASE COMMITMENTS:

During 1974 the Corps entered into a lease expiring on January 30, 1983. The minimum annual rentals under this agreement, which includes electricity, is approximately \$195,000 each year for 1977 through 1983.

NOTE 6 - FOREIGN AFFILIATES:

In Brazil and Turkey, the Corps operates through its affiliates whose accounts have been included in the attached financial statements.

NOTE 7 - WORKING CAPITAL FUND:

The Corps maintains a working capital fund to provide for the continuation of IESC's activities in the event that there are delays in the receipt of monies from AID or from other sources, or a failure by the government to authorize, appropriate or allocate funds. During the year ended December 31, 1975 \$300,000 was transferred from the operating fund to the working capital fund to bring the fund balance to \$1,650,000.

NOTE 8 - PROVISION FOR TERMINATION:

The Executive Committee adopted a termination plan, effective in 1973, for its full-time employees. The plan is discretionary and may be cancelled at the option of the directors at any time. Under the terms of the plan the employees will receive up to a maximum of one year's salary after twelve years of service.

As of December 31, 1976, if all employees were terminated, the accrued liability would be approximately \$615,000. Management has established that if salaried staff remain at present levels until all employees completed twelve years of service (i.e., the maximum benefit) the gross liability could reach \$1,530,000. This liability is being provided for by annual charges of \$150,000 over approximately a nine-year period beginning in 1973 and thereafter ratably over the employees first twelve years of employment.

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## E. REPORT OF THE PRESIDENT

December 16, 1977

In 1977 we have made real headway in the development of a practice that will multiply the effectiveness of IESC. We call it the involvement of leadership. One way to identify its true meaning is to say that it extends the leadership exemplified by you members of the Board deep into our overseas countries, project by project.

IESC is a small but professional organization. It is also a highly personal operation that depends upon individual performance. Thus, it can fully utilize the leadership development that I will present to you in this report.

The key to our carefully developed overseas leadership is the local IESC Steering Committee, the group of national leaders in each country that gives direction to our work. We now have over 250 Steering Committee members serving in 23 countries. In their individual countries, they are your counterparts.

This year our Board members, our Steering Committees, and other selected leaders whom I will mention in the following pages have so effectively accepted the responsibility of leadership that we see it reflected in:

- The selection and performance of the 500 executives who were assigned this year,
- The assessment of local needs by industry and geography in each overseas country,
- The objective evaluations of the impact of our efforts,
- The improvement of our system itself in organization and performance,
- The determination of whether to change, increase or cease operations within industries and even in countries.

Further details of this leadership development are presented in the following report on the IESC program.



Frank Pace, Jr.  
President

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## Involvement of Leadership, Past and Present

In the past we have sought the direct involvement of our Board members in a number of special activities. As individuals and as a group you have given us counsel and active participation in recruiting, in educational and health programs, in sponsorship campaigns, in communications development and in evaluating our service in particular industries.

The value of leadership provided by the Board is evident in the increased professionalism of our work, and Board members have given freely of their time. Helpful as our two annual Board meetings are, I particularly thank the Board for the instant and willing responsiveness you show as individuals.

A most recent example of such response is the work of Board member George L. Staff who has devoted several weeks to a review of our operations in New York and in selected countries overseas. His recommendations will be presented later.

During the past two years, the following Board members have met with the New York staff as a group:

C. Peter McColough	Thomas C. Carroll
George L. Staff	Samuel L. Higginbottom
Charles F. Myers, Jr.	P. G. Peterson
Rudolph A. Peterson	Charles C. Tillinghast, Jr.
Sol M. Linowitz	Robert S. Hatfield
Don Johnston	Alexander B. Trowbridge
Henry Kearns	Orville L. Freeman
Najeeb E. Halaby	Edmund T. Pratt, Jr.

Among the other business and government leaders who have visited our New York office for staff meetings are:

Mr. Michael Samuels, U.S. Ambassador to Sierra Leone  
Mr. David E. Bell, The Ford Foundation  
Mr. John E. Murphy, Assistant Administrator of AID, 1976  
Dr. Sterling Wortman, International Agricultural Development Service  
Messrs. Harvey Wallender and Henry Geyelin, Council of Americas  
Mr. David H. Popper, U.S. Ambassador to Chile  
Dr. Leonard Lockwood & Mr. Thomas H. Fox, VITA  
Mr. David Gordon, The World Bank

Such leadership advice and counsel serves to update and extend the effectiveness of our small staff. The result is a further understanding of the problems

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of the developing countries which in turn has provided a multiplier effect throughout the IESC program.

A level of better organized leadership overseas is beginning to be provided by the Steering Committees mentioned in my foreword. Members of the committees maintain close contact with New York as well as with their respective Country Directors. Committee members who have visited New York to counsel with our staff include:

- Jaime Carvajal, Colombia
- Nejat Eczacibasi, Turkey
- Julio Matheu, Guatemala
- Washington Sycip, Philippines
- Roberto Quinonez Meza, El Salvador
- Jaime Montoya, Peru
- C. F. Koo, Taiwan
- Joaquin J. Vallarino, Panama

This fall Vice President Wallace Elton visited Steering Committees in seven countries. We are now putting into effect their recommendations concerning in-country communications.

In a number of instances, Steering Committee members have given us an understanding of and introduction to the governmental procedures of their countries. This results in a strengthening of the IESC program and the opportunity to more effectively demonstrate the contributions that can be made to a country's economy by a thoroughly experienced, top-level IESC executive. Thus, we find that the members of our Steering Committees can interpret to their own governments the benefits of private industry by encouraging the use of IESC executives.



## Operational Highlights

Appendix A contains three tables to which these notes will refer: A P.1, Trends and Projections; A P.2, percentages of assistance requests by industrial category in 23 countries; A P.3, the November monthly report.

Among the significant trends you will note in these tables is the change in the median size of IESC clients (Appendix A P.1) where the annual volume has dropped this year to less than \$1,000,000. In 1975-76, it was over \$1,555,000. Appendix A P.2 indicates the growth in requests for assistance to categories that represent basic needs of people. A prime example is "Agriculture and Food-related Industries" which ranks first, second or third in percentage of requests from 21 of the countries listed. The November 30 Monthly Report (Appendix A P.3) shows Year-to-Date Activity where you will see that Korea, one of the strong promoters of small scale industry, has taken the lead in "new projects accepted".

Worldwide emphasis on small scale industry is responsible for clear changes in trends this year. The trends indicated in Appendix A show growths in categories of assistance that traditionally are areas of small business development.

Incidentally, the exact definition of what constitutes a small scale enterprise does not exist. It has never been clearly defined by our governmental agencies or private research groups. As we seek out the definitions used in various countries, we find that each is different and often involves complex formulas. We have adopted as a simple definition those enterprises whose annual sales are in the \$100,000 to \$1,000,000 range. Although this might not be applicable to every country, it suffices for making an overall study.

As a typical example, in the Philippines we have agreed to three projects with the Minister of Industry. The basic concept is to set up a program whereby large enterprises and small producers will be brought together so that some of the component parts of the products made by large manufacturers are supplied by small entrepreneurs. It is estimated that these projects will help over 100 small enterprises.

In October, we received 10 projects from the Minister of Industry of Greece relating to small enterprises. These projects include two in food canning and two in frozen foods. Each of the four executive volunteers on these projects will work with five enterprises.

In Iran we have completed two projects with OSSSI (Office of Small Scale Industries). One of these relates to setting up industrial parks with joint

facilities for several small scale enterprises. The other relates to assisting with the formulation of the methodology for increased use of local content. It is estimated that these two projects will help from 100 to 120 small enterprises.

In those countries where we are working with government or quasi-government agencies to help small enterprises, we have asked our Steering Committees for their approval prior to accepting these projects. In every case, the Steering Committees have approved.

During 1977, projects in the small scale enterprise category show an increase of approximately 15% over 1976. Even more important than the statistics is the improvement in the quality and scope of these enterprises which will account for nearly one third of all IESC projects. Much credit for the organization of this program, overseas and in the U.S., is due volunteer executive Everett Elting.

#### Country Evaluation and Development

In addition to a more knowledgeable attention to country developments by Steering Committee members, we have extended the assignment of selected Senior Advisors to overseas reviews. As mentioned earlier in this report, Board member George L. Staff has assessed our operations in Turkey after becoming familiar with our New York staff operation. Just as the services of Senior Advisor's William Wichman and Don Kelso have improved our project review procedures, so will further appraisals by advisors like George Staff help to speed the development of our country programs.

We are providing for a further increase in our impact on local economies by assigning other senior volunteer executives to supplement the work of our Country Directors. The advisors are assisting in estimating the value and desirable extent of IESC's operation within a country. Thus, three experienced volunteer executives, Messrs. Corson, Stotts and Retrum, have completed surveys of Indonesia and Iran. Earlier Messrs. Stotts and Retrum worked in Panama. Every effort is being made to reach government and private sector leaders who are best qualified to give advice and personal support in organizing the most effective IESC program in their countries. These and other selected senior executives will draw upon the prestige and knowledge of our Steering Committee members in assessing steps required to give our program its maximum effectiveness.



## Special Test Countries

In addition to the country assessments noted above, we are continuing to test the viability of IESC programs in several geographic areas of more recent IESC experience.

In Egypt, the results of our test program to date indicate an interest in our type of assistance but has produced very little support in either the public or private sector. We plan to meet with Egyptian leaders early in 1978 and decide then what IESC's future involvement should be. Our Country Director for Egypt is being reassigned to Indonesia, and in the meantime, the Egyptian and Arab states programs will be monitored from New York.

Chile continues with new demands and impressive results. We have the wholehearted support of an excellent Steering Committee as well as key leaders of the government, and there is ample reason to expect a buildup in requests for assistance during 1978.

Two IESC executives received special recognition for their services to the President's National Planning Office. Harry Woodbury was personally recognized by President Pinochet for his work on the country's energy program. Fred Woodworth received from the Office of the President a gold medallion in recognition of his significant work in reorganizing telephone and telegraph communications and in outlining the modernization so necessary for the economic growth of Chile.

Africa still calls for patience. We have welcomed a number of special visitors from the African countries in familiarization meetings with our New York staff. The emphasis placed by leaders of our government on assistance to this continent demonstrates the importance attached to developing maximum aid for the African states.

## Country Director Developments

The changing requirements in countries where IESC works plus unforeseen circumstances and human frailties have led to a number of reassignments and repositionings among Country Directors this year.

When it became necessary to shift the Country Director in Greece to Iran, we replaced him with a young Greek national as our local representative with special supervision and guidance by New York. We are pleased with his performance to date.



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When health conditions forced the retirement of our Country Director for Indonesia, we reassigned our experienced man from Egypt.

On the other hand, since the Director in Nicaragua left, we are evaluating the extent of need in that country.

In Panama we are taking action to support a revitalized program. A temporary but experienced executive has been put in charge until a new Country Director can be selected.

Requests for assistance in Ecuador are accelerating and a change in Country Directors will take place by year end.

In the Philippines, our Country Director has asked to be relieved, and a new executive will be assigned early in the year.

When our Director in El Salvador was killed in a car accident this fall, our former Country Director was available on the spot and took charge at once, thus permitting a re-evaluation of the country prior to a new assignment.

### Recruiting

A key ingredient in IESC's success is the quality of the volunteer executive selected for each project. The "product" by which we are known is our assigned U.S. executive. Only with the active recruiting help of U. S. business can we keep that product at a level unequalled by any similar organization. Accordingly, we have taken steps toward increasing the involvement of U.S. business in our recruiting activities.

This summer we tested the effectiveness of personal visits by representatives of the corporations that support us. The following companies sent corporate representatives to meet and counsel directly with our recruiters:

Chase Manhattan Bank  
Colgate-Palmolive  
International Paper  
Revere Copper & Brass  
Continental Group  
Texaco  
Bulova Watch  
IBM

J.C. Penney  
Standard Brands  
General Electric  
Lever Brothers  
Pfizer  
St. Joe Minerals  
Exxon  
Bristol-Myers

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Among the beneficial results of these corporate meetings are the updating of our skills bank and increased help in direct and immediate recruiting as well as good counsel on judging personnel requirements of projects. Further, joint review of requests for assistance helps to provide propriety and worthiness of U.S. corporate support. We intend to continue these meetings in New York and in other key cities across the country.

Vincent Robinson, an experienced executive of Johnson & Johnson, volunteered for a month's review of our corporate relations with special attention to these recruiting procedures. This, plus the meetings with corporate representatives and the addition of six new recruiters to increase our industry scope, has sharpened our skills in meeting overseas requests.

### Government Relations

The President and the Executive Vice President have held discussions with the new administration in our government including the Secretary of State, the Administrator of AID and his assistant who monitors the IESC program.

Fiscal audits and studies such as AID's Nathan Report seem to have made our associates in the government more familiar with and more appreciative of our particular strengths and limitations.

The development of our program for helping small scale industries as outlined previously is in line with the objectives of the AID administration.

An indication of broader interest in our operation is the action taken by the State Department to involve Ambassadors more intimately with the IESC activities both in New York and overseas.

### Improvement of Personnel

A Screening Committee composed of Senior Staff officers has been established to identify potential candidates for Country Director positions and for Senior Positions in the Headquarters office. A basic responsibility of the Committee will be to develop a reservoir of talent from which they will recommend selections for key positions.

All new Country Directors appointed are now being returned to the New York office after a six-months' probationary period for the purpose of appraising performance, determining whether IESC objectives and policies are fully understood, whether further training is necessary and decision as to whether an individual has exhibited the dedication and ability required to successfully continue as Country Director.

The Screening Committee will also be responsible for instituting procedures to periodically evaluate the performance of all Country Directors and Headquarters Senior Staff and to identify individuals who may require replacement.

A later addition to the efforts of the Screening Committee has been two senior advisors who have offered to assist the committee in their search and selection of future Country Directors.

### Planning for the Future

Our continuing development of both the multiplier effect and the development of leadership as mentioned in my foreword will come from partnership arrangements indicated in this report.

We will continue to encourage maximum participation by domestic and foreign leaders in keeping our program on a sound basis in this chaotic world.

Later in 1978 I will send you a pamphlet entitled "The Responsibility of Leadership" which will identify the members of our Board and our Steering Committees. I hope it will encourage individual meetings from the two memberships.

### Studies and Evaluations

Special studies and evaluations of our work have been completed this year with the cooperation of our overseas and domestic staffs.

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The study of our ability to Transfer Technology which began as the IESC/ Ford Foundation Study will evaluate and record IESC's achievements in the business-to-business procedure wherein we have transferred good management techniques and know-how around the world. The research teams have completed their studies in the selected countries of Peru, Brazil and Korea. The final study is planned to begin in Africa this January. Potential users of the study in business, government and business schools have participated in the planning and guidance of the program so that it is adapted to their ultimate requirements.

At the present time, funds to finance the study and to provide for a published report have been pledged by Xerox, Continental Oil, Pfizer, Reader's Digest and Allied Chemical in addition to the Ford Foundation.

A communications review was concluded this summer by Howard Kany, a volunteer senior executive experienced in both the print and broadcast areas. He worked in the New York office and in three countries. A number of his recommendations have been reviewed with Steering Committees and are now being expedited.

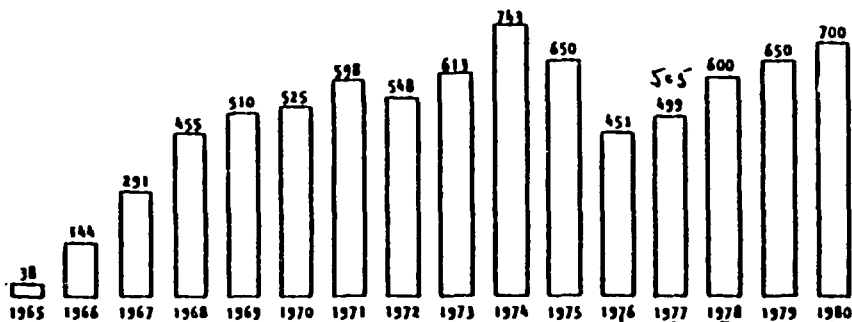
Special reports such as the McKinsey Report, AID's Nathan Report, the IESC Financial Report and the Sponsorship Report are separate agenda items.

#### IESC Three Year Program Review

An updated version of the three year program review, which was initially presented in December 1976, will be given to the June meeting of the Board and annually thereafter. This will permit a preliminary but thorough review by the Executive Committee prior to the Board meeting each year. The next Executive Committee meeting is scheduled for April 1978.

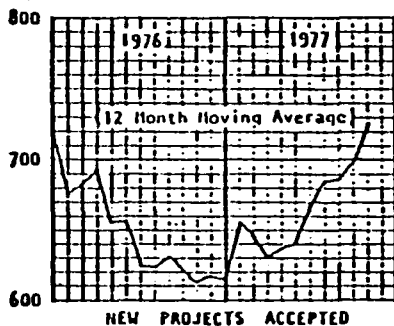
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**CURRENT TRENDS AND PROJECTIONS OF IESC OPERATIONS**



① 468 started, 31 scheduled. ② Based on projects-on-hand & current intake. ③ Planned program for 1979 & 1980.

**LEVEL OF PROJECT ACTIVITY TO-DATE AND PROJECTED**



Year	Percentage
1976	14.6%
1977	15.8%

Region	1976	1977
E.A.		
NE-A.		
C.A.		
S.A.		

PERCENTAGE OF AGRICULTURE/FOOD-RELATED PROJECTS DEVELOPED

Year	Percentage
1965-1976	19.4%
1977	22.1%

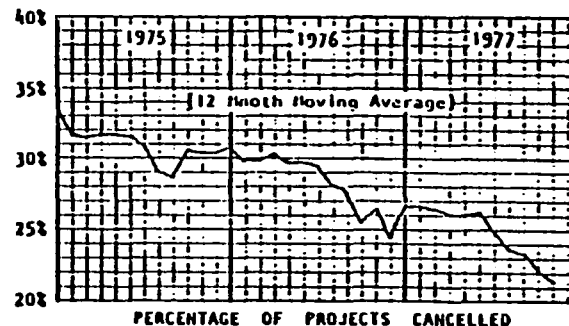
Region	1965-1976	1977
E.A.		
NE-A.		
C.A.		
S.A.		

PERCENTAGE OF PROJECTS FOR GOVERNMENT BUREAUS OR ENTERPRISES UNDER GOVERNMENT CONTROL

Year	Number
1976	143
1977	164


Region	1976	1977
E.A.		
NE-A.		
C.A.		
S.A.		


NUMBER OF SMALL-ENTERPRISE PROJECTS ACCEPTED. (Clients with less than 60 employees or \$1 million annual volume)

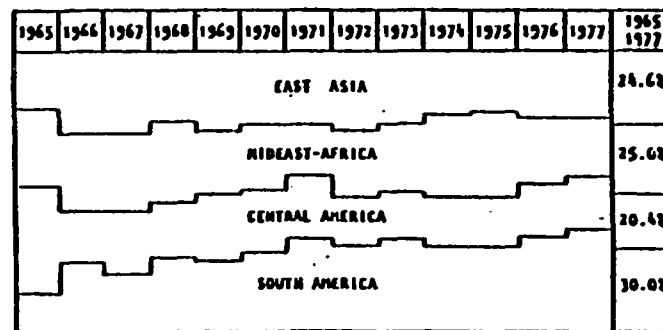


PERCENTAGE OF PROJECTS CANCELLED

**MEDIAN SIZE OF IESC CLIENTS**

1975-1976  ANNUAL \$ VOLUME \$1,555,556  
 (Only one-half of IESC clients had an annual production of more than \$1,555,556)

1977  ANNUAL \$ VOLUME \$925,439  
 (Only one-half of IESC clients had an annual production of more than \$925,439)



PROPORTION OF ACTIVITY IN EACH REGION BY YEAR

CURRENT (1-1-77 to 10-31-77) TREND IN MAJOR CATEGORIES OF ASSISTANCE REQUESTED

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CENTRAL AMERICA & MEXICO

<u>Mexico</u>	
Chemicals & Pharmaceuticals	21%
Machinery, Elect. & Transportation Equipment	19
Agriculture & Food-related Industries	17
Textile & Apparel Manufacturing	17
<u>Guatemala</u>	
Construction & Building Materials	25
Agriculture & Food-related Industries	12
Chemicals & Pharmaceuticals	12
Textile & Apparel Manufacturing	12
<u>Honduras</u>	
Construction & Building Materials	45
Agriculture & Food-related Industries	11
Machinery, Elect. & Transportation Equipment	11
Chemicals & Pharmaceuticals	11
<u>El Salvador</u>	
Agriculture & Food-related Industries	27
Textile & Apparel Manufacturing	23
Machinery, Elect. & Transportation Equipment	10
Construction & Building Materials	5
<u>Panama</u>	
Agriculture & Food-related Industries	22
Chemicals & Pharmaceuticals	18
Construction & Building Materials	13
Communication & Transportation	13
<u>Costa Rica</u>	
Construction & Building Materials	35
Machinery, Elect. & Transportation Equipment	17
Agriculture & Food-related Industries	8
Mining & Base Metal Refining	8

SOUTH AMERICA

<u>Brazil - Rio De Janeiro</u>	
Agriculture & Food-related Industries	20%
Construction & Building Materials	19
Chemicals & Pharmaceuticals	16
Machinery, Elect. & Transportation Equipment	6
<u>Brazil - Sao Paulo</u>	
Paper, Printing & Publishing	25
Machinery, Elect. & Transportation Equipment	18
Communications & Transportation	18
Agriculture & Food-related Industries	9
<u>Colombia</u>	
Construction & Building Materials	22
Textile & Apparel Manufacturing	19
Agriculture & Food-related Industries	17
Machinery, Elect. & Transportation Equipment	10
<u>Ecuador</u>	
Construction & Building Materials	28
Agriculture & Food-related Industries	18
Textile & Apparel Manufacturing	18
Wholesale & Retail Merchandizing	15
<u>Peru</u>	
Mining & Base Metal Refining	23
Chemicals & Pharmaceuticals	18
Textile & Apparel Manufacturing	18
Machinery, Elect. & Transportation Equipment	7
<u>Venezuela</u>	
Agriculture & Food-related Industries	17
Mining & Base Metal Refining	17
Wholesale & Retail Merchandizing	12
Machinery, Elect. & Transportation Equipment	10

EAST ASIA

<u>Indonesia</u>	
Machinery, Elect. & Transportation Equipment	17%
Agriculture & Food-related Industries	11
Construction & Building Materials	11
Mining & Base Metal Refining	11
<u>Korea</u>	
Machinery, Elect. & Transportation Equipment	24
Chemicals & Pharmaceuticals	19
Agriculture & Food-related Industries	12
Construction & Building Materials	9
<u>Singapore</u>	
Agriculture & Food-related Industries	30
Machinery, Elect. & Transportation Equipment	10
Construction & Building Materials	10
Textile & Apparel Manufacturing	10
<u>Malaysia</u>	
Agriculture & Food-related Industries	30
Chemicals & Pharmaceuticals	19
Machinery, Elect. & Transportation Equipment	13
Construction & Building Materials	13
<u>Thailand</u>	
Agriculture & Food-related Industries	34
Textile & Apparel Manufacturing	17
Communications & Transportation	17
Construction & Building Materials	8
<u>Philippines</u>	
Chemicals & Pharmaceuticals	25
Agriculture & Food-related Industries	15
Machinery, Elect. & Transportation Equipment	15
Construction & Building Materials	15
<u>Taiwan</u>	
Machinery, Elect. & Transportation Equipment	22
Government Administration	22
Wholesale & Retail Merchandizing	13
Agriculture & Food-related Industries	5

EUROPE - MIDEAST - AFRICA

<u>Greece</u>	
Agriculture & Food-related Industries	52%
Machinery, Elect. & Transportation Equipment	14
Construction & Building Materials	11
Textile & Apparel Manufacturing	11
<u>Iran</u>	
Agriculture & Food-related Industries	27
Construction & Building Materials	22
Textile & Apparel Manufacturing	11
Paper, Printing & Publishing	11
<u>Turkey</u>	
Mining & Base Metal Refining	22
Agriculture & Food-related Industries	16
Construction & Building Materials	13
Textile & Apparel Manufacturing	9
<u>Kenya</u>	
Agriculture & Food-related Industries	26
Chemicals & Pharmaceuticals	20
Machinery, Elect. & Transportation Equipment	13
Construction & Building Materials	7
<u>Liberia</u>	
Communications & Transportation	24
Agriculture & Food-related Industries	12
Chemicals & Pharmaceuticals	12
Machinery, Elect. & Transportation Equipment	6
<u>Tanzania</u>	
Communications & Transportation	50
Machinery, Elect. & Transportation Equipment	17
Government Administration	17
Construction & Building Materials	8

JP

	ESC	STATUS OF ALL PROJECTS							YEAR-TO-DATE ACTIVITY			
		PROJECTS UNDER RECRUITMENT	RECRUITING DEFERRED	VOLUNTEER SELECTED	VOLUNTEER SCHEDULED	PROJECTS UNDERWAY	PROJECTS INTERRUPTED	PROJECTS COMPLETED	TOTALS	NEW PROJECTS ACCEPTED	PROJECTS STARTED	PROJECTS COMPLETED
S	Argentina						48	48				
O	Bolivia						11	11		1	1	
U	Brazil-Rio	10	1	5	6	4	278	304	35	19	17	
T	Brazil-Sao	7	5	12	3	1	341	423	15	21	22	
H	Chile	4	3	3	4	9	95	116	4	21	13	
	Colombia	5	2	5	6	6	522	548	49	38	30	
A	Ecuador	7	4	3	2	4	94	114	39	30	26	
M	Guyana						2	2				
E	Paraguay						3	3				
R	Peru	3	4	3	1	2	176	189	29	21	21	
I	Venezuela	5	2	3	3	5	105	124	32	26	22	
C												
A	REGIONAL TOTAL	41	18	34	25	33	1727	1882	223	177	152	
C												
E	Mexico	9	1	4	4	8	340	367	39	19	16	
M	El Salvador	3	3	1	2	2	235	247	21	14	14	
N	Guatemala	2	1	3	3	1	129	140	16	9	8	
R	Honduras	3					78	81	10	8	10	
A	Nicaragua	2	1			2	96	102	7	5	4	
L	Panama	4	2	3	4	5	218	239	26	17	10	
	Costa Rica	3		1	4	1	71	82	13	4	4	
A	Dominican Republic						18	18				
M	Bahamas						1	1				
F	Puerto Rico						5	5				
R	Barbados						2	2				
I	Jamaica						1	1				
C	Trinidad						10	10				
A	REGIONAL TOTAL	26	8	12	17	19	1206	1295	132	75	66	
	Ethiopia						29	29				
A	Kenya	5		3	3	7	24	42	20	9	2	
	Swaziland						1	1				
	Nigeria						39	39				
F	Ghana						32	32			1	
	Ivory Coast						2	2				
R	Liberia	3	2	1	4	1	44	55	22	13	14	
	Tanzania	1			3		39	43	14	8	8	
I	Botswana						2	2				
	Sierra Leone		3		1		16	20	1			
C	Mauritius						1	1				
	The Gambia					1	12	13	1	2	1	
A	Lesotho						1	1				
	Zambia						1	1				
	REGIONAL TOTAL	9	5	4	11	9	243	281	50	32	26	
	Cyprus						19	19				
	Greece	5	1	3	10	1	181	204	30	15	11	
	Iran	4	3		1	4	339	352	22	20	16	
E	Israel						15	15				
U	Lebanon	1		1			47	49	3	2	2	
R	Jordan						1	1				
O	Kuwait						48	48		1	4	
P	Saudi Arabia						47	47	2	4	5	
E	Turkey	8	2	1	8	5	280	314	16	22	20	
	Yugoslavia						2	2				
M	Algeria						4	4				
I	Morocco			1			25	26	1			
D	Libya						40	40				
E	Tunisia						43	43				
A	Egypt	3				3	5	11	7	6	3	
S	Sri Lanka						2	2				
T	India	1		2		1	13	17	4	1		
	Pakistan						6	6				
	Nepal						1	1			2	
	REGIONAL TOTAL	22	6	8	19	16	1130	1203	105	71	63	
E	Indonesia	4		4	3	7	161	179	23	12	7	
A	Korea	6	1	2	8	11	298	329	52	33	28	
S	Malaysia	4	1	1	2	2	214	224	17	8	8	
T	Singapore	2		1	1	1	213	241	13	6	7	
	Philippines	6	1	5	3	4	247	264	26	19	20	
A	Taiwan	4		2	2	7	199	214	24	19	17	
S	Hong Kong	1				1	27	27	5	7	4	
I	Thailand	2			1	2	172	177	12	5	5	
A	REGIONAL TOTAL	33	3	15	22	39	1446	1609	172	112	96	
	ALL AREAS	131	40	73	94	116	5852	6320	690	468	403	

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IX. REPORTING AND EVALUATION

1. IESC will report progress to AID/W by submitting quarterly the post project reports which have been completed, plus all other information which will be deemed appropriate to indicate progress toward IESC's goals, such as: monthly status of projects; Directory of Field Offices and Representation; amendments to the Policy and Procedures Manual, etc.
2. The evaluation schedule which is proposed will consist of the following:
  - a. Informal status analysis to be performed by PDC/PVC Project Managers as regular monitoring practice with frequency as determined by mutual agreement between PDC/PVC and IESC.
  - b. A non-intensive (meaning a regular PAR) evaluation by an AID/W team prior to the end of each funding year. This evaluation will be adequate to gauge progress, identify bottlenecks, and determine if continuation of the grant is justified.
3. At the end of the grant, or at any other time, if A.I.D. and IESC so desire, if the record of the grant should indicate the necessity of an intensive evaluation to determine possibilities of replication elsewhere, or continuation of support to the same institution -- outside consultants will be engaged to make such evaluation.

4



I.

INTERNATIONAL EXECUTIVE SERVICE CORPS

General Policies and Objectives

Basic Objectives

The principal objective of the International Executive Service Corps is to furnish business and management expertise to businesses and other institutions in the developing countries in such a way as to contribute to each country's economic progress and the well-being of its people. Its mission is fulfilled by undertaking carefully selected projects which are performed by highly qualified volunteer executives, principally retired businessmen, who receive no compensation other than expenses involved during the assignment.

IESC is a privately managed not-for-profit corporation funded by a combination of contributions from clients, domestic and overseas sponsors, and U.S. and foreign government assistance.

Basic Policies

Principal thrust is toward the private sector, but IESC will undertake worthwhile projects for government or other institutions.

Assist countries which wish to carry on a program of economic development, are willing to help themselves, and desire IESC assistance.

Assist economically important indigenously owned enterprises requesting IESC assistance which are able to benefit from such assistance.

Strive for maximum project impact through acceleration of activity in the client enterprise, and through multiplier effect in other enterprises.

Earn and maintain the good will and support of U.S. industry by assuring its continuing familiarity with the character of projects undertaken in each broad industrial classification.

Use volunteer executives with experience in the industry in which assistance is requested.

Conduct the IESC Program on a highly personalized basis, recognizing that this requirement places a ceiling on total activity.

Enlist the advocacy and support of business sponsors, in the U.S. and overseas.

*DB*

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Maintain a low profile with respect to publicity.

Maximize the monetary contribution from clients and other sources within countries assisted, thereby reducing the portion of total funding needed from U.S. business and the U.S. Government.

Supporting Objectives

To contribute in the most direct and tangible manner to economic development, through careful determination of: types of assistance to be offered, countries to receive assistance, projects to be undertaken, clients to be assisted, volunteer executives to be assigned.

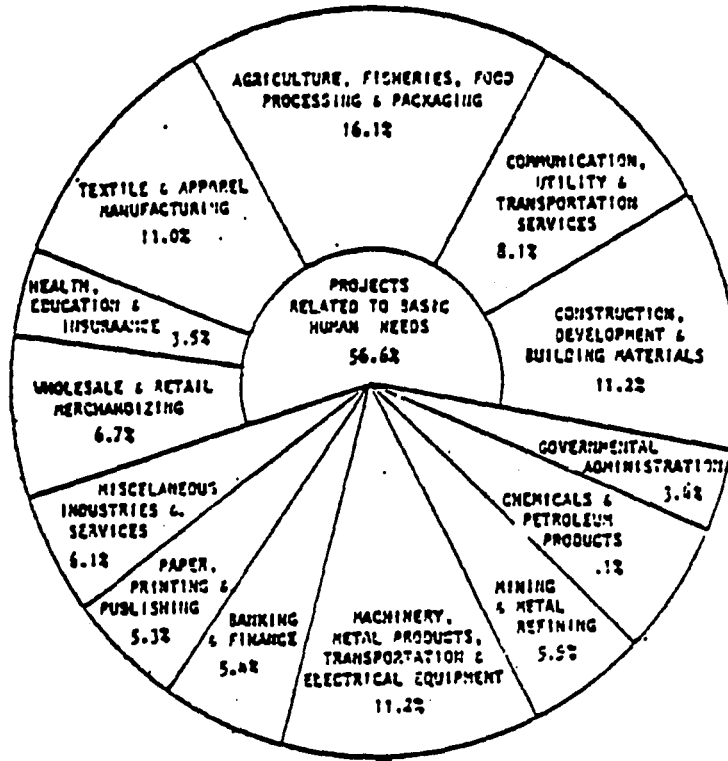
To operate primarily as a "business-to business" entity consistent with the general tone and philosophy of the U.S free enterprise system, and in such a way as to reflect credit on the U.S. and on U.S. business.

To promote assiduously the interests of indigenous clients, observing appropriate confidentiality, while avoiding actions which judgment indicates would threaten the interests of U.S. business.

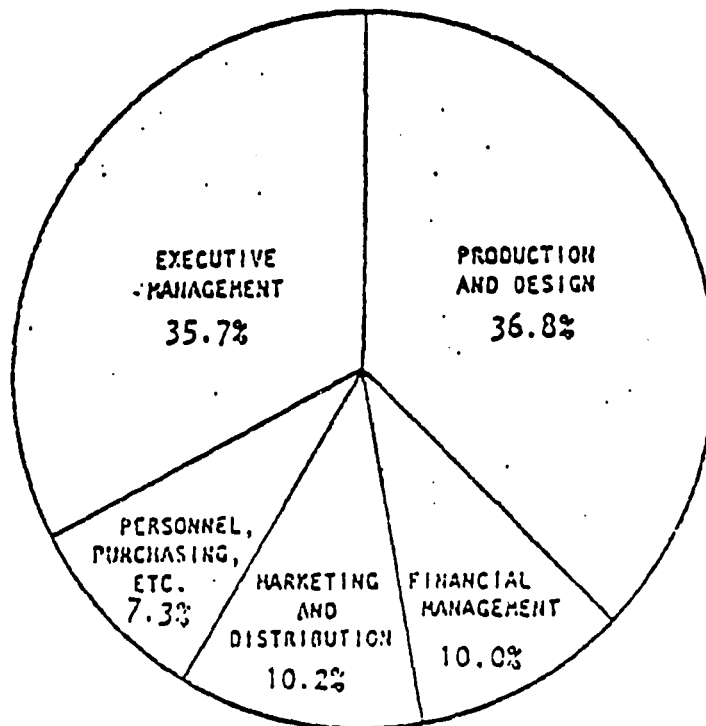
To deserve and maintain the active support of U.S. business and of the legislative and executive branches of the U.S. Government.

To achieve and maintain maximum effectiveness and economy in the conduct of the entire IESC program.

CATEGORIES OF ASSISTANCE AND OF SKILLS USED BY VOLUNTEER EXECUTIVES



CATEGORIES OF ASSISTANCE



SKILLS USED BY VOLUNTEER EXECUTIVES