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FINANCIAL STRATEGY OF THE
CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION
(CABEI) IN CENTRAL AMERICA

UNIDO PROJECT NO. DG/RLA/83/019

ACTIVITY CCDE: DG/03/31.4.2

CONTRACT NO. 86/32

MARSHALL BURKES & ASSOCIATES

DECEMBER 20, 1986

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INTRODUCTION

During the last two or three years, a high number of industrial firms in the developing countries have had serious difficulties. This has caused adverse effects on their banks and development finance companies like CABEI. Recently, more attention has been given to rehabilitation with or without existing management and owners. If rehabilitation is not practical with or without technical assistance, the remaining assets are reappraised and liquidated. These actions represent prudent management by the financial institutions!

CABEI had private sector loans in five countries with serious difficulties. After UNIDO was asked to develop a concept for rehabilitation in 1984, the second request for implementation assistance came in early 1986. For background purposes, the reader is referred to Appendix A.

This report will discuss those implementation activities. For a quick overview of these activities and accomplishments to date, the reader is directed to Appendix B. This report will restate the objectives of this assignment. Since this assignment pertained to on-the-job advice about a variety of topics, considerable emphasis was placed on regular status reports. Those reports are represented in Appendix D. Therefore, the body of this report will indicate that each objective was satisfactorily completed and a current status statement will be provided when appropriate. This report will offer a brief summary and a strong recommendation.

OBJECTIVES - GENERAL AND SPECIFIC

In the aftermath of the international recession, the main development objective, as set by CABEI and its major sources of funds, is to contribute to reactivate the industrial sector of the Central American region. For operational purposes, the immediate objectives of this project are:

1. To prepare a program of diagnostic activities for CABEI in order for it to be able to respond to the urgent need for financial and technical assistance of the industrial sector in Central America and thus contribute to their rehabilitation.
2. To then establish a diagnostic mechanism that would receive continuous feedback from various priority industrial sectors, thus enabling CABEI to respond on a continuous basis with practical, technical and financial assistance.

The concept on how to organize and accomplish these rehabilitation functions was originally developed and presented in Comments for the Benefit of RECAP and CABEI by this consultant and is presented as Appendix M. This project began at the official recognition of this rehabilitation concept and the drafting of a master work plan last February. That master work plan is presented as Appendix I. With the \$1.5 million from USAID for technical assistance, CABEI would hire the technical experts through

a master contractor. A team approach would be taken with the two or three outside technical consultants and the assigned RECAP officer (counterpart approach) on a project-by-project basis. The master contractor would provide a chief-of-party to coordinate the activities with about 32 companies over 12 months. CABEI requested an independent consultant to represent and protect them in this new environment. Also, CABEI wanted assurance that the original concept was implemented properly and promptly. Therefore, the specific functions of the consultants under this contract are the following:

1. Advise on implementation of the rehabilitation concept.
2. Provide the criteria and qualifications for each type of consultant in the 15 terms of reference.
3. Assist in the selection of a master contractor to provide the consultants for each assignment.
4. Assist in the selection of the initial consultants from the contractor's short list for each major assignment.
5. Develop a rehabilitation training program for CABEI project officers and locate the instructor.
6. Advise on the management information system activities.
7. Assist CABEI/RECAP and senior management in the decision making process of rehabilitation as the consulting recommendations are submitted for formal action.

CURRENT STATUS

The purpose of this section is to assure the reader that each function was successfully accomplished along with several unofficial requests or suggestions from representatives of UNIDO, CABEI, JSAID, Nathan and others.

The status of each function is as follows:

1. Our rehabilitation concept is formalized, adopted and in place in the Revised Master Plan.

Since it has rigorous tests of accomplishment, the challenge is to prevent the technical assistance consultants from taking short cuts that jeopardize quality. In fact, IESC failed to assign an effective financial consultant on Honduras Plywood. RECAP asked me to prepare and document a case for a re-do, as indicated in Appendix G. I have been available to CABEI every day in person or by phone since this contract began on March 1. I have responded each time and have not avoided a single request. More importantly, they have used our input.

2. The criteria and qualifications for each type of technical assistance consultant was developed by Raul Zelaya and myself and was included in the formal Request for Proposals (RFP) in March. I presented the rehabilitation information and responded to questions from the twenty prospective bidders during the public sessions in late April.
3. CABEI selected the best of six competing contractors to furnish rehabilitation assistance. As a quality control measure, I located and modified model USAID selection procedures. This individual reading and scoring procedure was reluctantly adopted and followed. One losing bidder with loud political ties decided not to contest. Otherwise, the whole process could have been aborted with a time loss of six months. I did not volunteer my scores on the bidders but did participate in the negotiations on the budget and expected performance, as indicated in Appendix F.
4. The initial selection of consultants through the consortium commenced last week. In order to avoid personalities and location of the candidates, I have stressed documented experience in rehabilitation, as indicated in Appendix K. IESC failed to clear candidates with RECAP management last spring as I had arranged in February. Since their Honduras Plywood report failed, primarily because of the wrong financial consultant, RECAP now appreciates this selection process. Last week, I voiced objections to one consortium member who was pushing for a dominant role as he had no direct rehabilitation experience.
5. A rehabilitation training course was developed for CABEI. Dr. Luis Fortin, a highly qualified instructor and native Spanish speaker was attracted to lead the course. The sessions were oversubscribed and had to be restricted by Personnel, which promised another course. Dr. Perez-Venero selected an instructor for basic computer training as a prerequisite course. As indicated in Appendix E, the courses were well received. Recent staff-prepared rehabilitation documents include financial projections prepared with Lotus 1-2-3.
6. The pending reorganization of CABEI recognized our early comments about authority to make decisions at the RECAP Chief level but keep the senior management and Board properly informed before actions. Also, the World Bank was asked by Mervin Wiener of UNDP/World Bank to set up the criteria for a management information system. USAID has reserved \$1 million for this implementation activity. I have assisted when asked, but there are better ways to use the funds.

7. The delay by CABEI Legal has prevented any decisions on final rehabilitation proposals until early next summer. I have been advising on projects at the earlier stages. However, I was not asked to comment on the Copan Sula Hotel rescheduling which was approved by the Board last week. This premature re-scheduling represented a "political" decision without the professional support of RECAP, who did try to observe our professional rehabilitation standards. The USAID liaison representative is preparing a letter to the CABEI President that asks substantial questions.
8. The Chief of Party from Nathan arrived the day the contract was finally signed, which was during the latter part of my two-week session in CABEI in mid-November. (I also revised the industrial rehabilitation project for 1987 with Magdalena de Savarain, as indicated in Appendix M.) The Chief of Party organized a four-person team from Nathan and the RECAP staff to take the next step in mid-December to revise the Master Work Plan. I adjusted my work schedule accordingly, as indicated in Appendix C. Several days were devoted to background preparation with the Nathan team and the initial stages of the revised Master Plan, as indicated in Appendix J. The revisions remain consistent with the original Master Plan, as presented in Appendix I. Some press coverage may come from the brief articles requested and shown as Appendix P.

SUMMARY AND RECOMMENDATIONS

This set of objectives to implement a substantial rehabilitation project for CABEI was well received. Our original portfolio rehabilitation concept remains unchallenged by international experts and continues intact. USAID expanded the support of the broader project in CABEI with a full time liaison professional in finance. The RFP attracted both local and international attention and the best qualified master contractor for technical assistance was hired. Unfortunately, CABEI Legal allowed a four-month delay in preparing the contract, but the Chief of Party is on-board now and the revised Master Work Plan is underway as of last week.

In the meantime, computer and rehabilitation courses were given. Also, a seminar on rehabilitation was presented in each of the five member countries of CABEI. The RECAP has begun to develop their own rehabilitation alternatives for their assigned projects. At last, three of the RECAP staff are using financial plans by Lotus 1-2-3 on the UNIDO-supplied IBM-AT computer installation.

Along with these results as indicated by our contributions, RECAP needs our continued assistance. The actual rehabilitation activities are just beginning in the field next month. The Acting Chief of RECAP now recognizes his need for independent technical assistance.

The RECAP staff will have major decisions to make about each project in the coming months. With the number of consultants from Nathan and the diverse nature of the projects in this environment, a monitoring and control function is of paramount importance to CABEI. Such a role is included in the proposed extension and expansion rehabilitation project by UNIDO/UNDP. A strong recommendation is made to extend this vital assistance to RECAP.

LIST OF APPENDICES

- Appendix A Draft memorandum to CABEI Board from Chief of RECAP on Assistance for Private Sector Portfolio Rehabilitation
- Appendix B Memorandum to Ricardo Tichauer on the Results of Private Sector Rehabilitation in CABEI, dated November 20, 1986
- Appendix C Work Plan on Rehabilitation Project in CABEI for Marshall Burkes and Associates: Part 1 - Planned, dated May 29, 1986, and Part 2 - Actual, dated December 20, 1986
- Appendix D Status Reports: March and April, May 1 to 20, May 21 to June 25, June 26 to July 31, August 1 to 24, and August 25 to November 30
- Appendix E Article and photograph in CABEI publication on computer training and rehabilitation course
- Appendix F Memorandum to ROCAP - USAID on selection of technical assistance contractor and Memorandum to EVP of CABEI from the Evaluation Committee which selected the technical assistance contractor
- Appendix G Letter to Senior Officer of IESC dated December 10, 1986, from RECAP, documenting the need to re-do their rehabilitation work on Honduras Plywood
- Appendix H Draft article for CABEI publication on Status of Private Sector Rehabilitation in CABEI
- Appendix I Original Master Work Plan, with Technical Assistance Activities by Project
- Appendix J Revised Work Plan as of December 12, 1986, by Project for Appraisal and Feasibility Activities
- Appendix K Memorandum on Supervision Activities of Chief of RECAP (Management Control Tools)
- Appendix L Draft Industrial Rehabilitation Assistance Document for CABEI by UNIDO/UNDP
- Appendix M Original Rehabilitation Strategy -- Comments for the Benefit of RECAP and CABEI, by Marshall Burkes

CABEI
Memorandum
March __, 1986

To: Board of Directors, CABEI

From: Arnolito Pasquier, Chief of RECAP through Roberto Chico Duarte

Subject: Status of AID Technical Assistance Grants for Private Sector
Portfolio Rehabilitation

The purpose of this communication is to provide a current report on recent progress and a broad time table of the expected procession of events. As you recall, the Board supported the portfolio rehabilitation concept which we presented last June. Fortunately, the concept with specific emphasis in the private sector attracted the attention of USAID-ROCAP last summer and complimented their major effort to re-develop the \$50 million package to CABEI. For the RECAP portion, AID made two adjustments in order to proceed. First, they shifted to providing technical assistance in order to consider rehabilitating each problem company that meets feasibility criteria and away from a direct loan to a very few companies on a one-shot basis. Secondly, AID elected to provide grant funds rather than loan funds which probably could not be recouped from each of the re-organized companies.

After the primary disbursement conditions were met by CABEI in December, a work schedule was developed within RECAP to prepare for the contracting of the technical assistance talent. AID assigned a contracting specialist to assist RECAP (and other departments) in implementing the rather complex contracting procedures which include advertising in the Commerce Business Daily for citizens or firms in the U.S. and Central America.

In order to determine the type and amount of technical assistance needed in both RECAP and SUPRO, we reviewed the needs of every company, with priority given to those with more serious problems and where CABEI has the larger exposures. As you remember, our rehabilitation concept has three major steps: (1) appraisal, (2) rehabilitation feasibility study, and (3) a rehabilitation and implementation plan. To save resources and avoid further time delays, the concept provides that, when CABEI has the facts for not proceeding to the next step in rehabilitation, the assets will be liquidated in a prompt and orderly manner. These facts, both positive and negative, will be determined by a team effort of the CABEI project officer and the outside consultants. These consultants will be selected from five disciplines: (1) asset appraisal, (2) asset marketing - export, (3) product marketing, both local and export, (4) plant operations, and (5) financial.

CABEI has satisfactory appraisals on several of the problem projects but 17 projects were marked for outside appraisal. In the February exercise, it was determined that 32 projects, or about one-third of the private

sector portfolio, merited a feasibility study. Based on the staff's information on the project and industry at this time, at least 22 of those projects would meet the rehabilitation feasibility criteria and need a full rehabilitation plan. These estimates call for 1,630 man-days of work, representing 71 short-term (2 to 3 weeks) assignments with senior level talent. Based on current commercial rates, this technical assistance will cost about \$1.3 million.

The Request for Technical Proposal (RFTP) was drafted last month, with the assistance of Ralph Singleton of AID who delivered it to ROCAP for clearance and submission for the formal advertising process. If the advertisement appears before the end of this month, we expect to provide a two-day presentation to interested bidders by mid-April. The serious bidders will submit a proposal which stresses the firm's qualifications and experience. It is anticipated that RECAP will receive several proposals in May and will select one firm that will be able to supply the 20 or so specialists, and the current round of technical assistance can be completed within one year. One firm will be selected on merit and not price. The daily cost and level of talent and supervision will be negotiated between CABEI and the anticipated firm. It will probably take a month or two for the selected firm to choose a chief of party and to designate specific consultants to the assignments. Thus, we cannot expect consultants in the plants before July and the full team will probably not be functioning before September. However, we have much staff work to do in preparation for the information needs of a quality effort.



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3er. PISO
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REF.

November 20, 1986

Dear Mr. Tichauer,

SUBJECT: RESULTS OF PRIVATE SECTOR REHABILITATION IN CABEI

As the loan portpolio continued to deteriorate, The World Bank representative recommended that the problem loans in CABEI receive special attention. CABEI responded by forming the RECAP unit out of SUPRO and asked for outside assistance after a couple of false starts in 1984, Ms. Magdalena de Savarain and Mr. Alex Perez-Venero teamed me with Roberto Chico Duarte, the founding chief of RECAP. By working with RECAP for a month, a formal concept of rehabilitation was developed with practical implementation procedures for RECAP within CABEI.

As Mr. Chico Duarte was promoted to Executive Vice President, my brief paper with illustrative diagrams was presented to the Board for adoption. Since CABEI did not have funds for implementation, we developed a procedure to attract funds beyond UNIDO. Our paper was shared with The World Bank and USAID. Before the illustration test were begun, USAID acknowledge the rehabilitation potential and cur concept with not only a \$1.5 million technical assistance grant but a new package of \$50.0 million to CABEI.

In order to use the AID funds, competitive bidding in US and Central America was required. At this point, I had devoted only two months to CAEEI and it was determined that I should be available to CABEI regularly and a one half time basis. My firm was contracted from March through November 1986 to continue the rehabilitation advisory role for quality control and lead the personnel training in rehabilitation and adoption of personnal computers. A joint budget was developed with funds from UNDP, UNIDO and CABEI. This include an IBM PC/AT, components and a software package, after setting up a UNIDO account (GSA & World Bank prices) directly with IBM. Prof. Appelgren provided ins-

/2...

Mr. Ricardo Tichauer
Resident Representative
UNDP
Ciudad



truction to the total RECAP staff on basic computer operations with special attention to word processing and Lotus 1-2-3 (even a rare Spanish set of instructions was brought from Mexico city by a UNIDO staff member after our supplier located it.) Dr. Fortin, retired Senior Investment Officer from IFC, gave a three weeks course on basic finance and rehabilitation. The course was oversubscribed by more than double. The personnel department assisted by restricting attendance to RECAP and SUPRO with a promise that the course would be repeated. Also, Mr. Chico Duarte suggested that a seminar be given on rehabilitation to the financial community in each member country. This was accomplished in early June by Mr. Preza, Mr. Rojas, Dr. Fortin and myself with the assistance of each regional staff of CABEI.

Public announcements were made to attract interested and qualified contractors for international level technical assistance. I was asked to help prepare the Request for Proposal (RFP) and the tentative work plan. Also, a presentation on this rehabilitation concept was made to the interested competitors in a group meeting in April. CABEI attracted six strong proposals from firms with abroad experience. Model contractor selection procedures were located in Washington, D.C. and modified for the specific needs of CABEI. When the standing committee expressed a continuing preference not to appoint a chairman and not to individually score each proposal, Ms. de Savarain and I expressed concern to the Executive Vice President. Mr. Chico Duarte made immediate arrangements to correct the situation. The best qualified firm was selected and Mr. Pasquier did a commendable job of negotiation with the active support of Don Richardson and USAID. Although a couple of firms with high level political ties wanted to protest, the selection process was not challenged. Also I was able to document a portion of the basis on which to cut the firm's proposed budget from \$1.9 to \$1.4 million.

Unfortunately, the CABEI legal allowed considerable delays in contract preparation, so the Chief of Party is arriving four months behind schedule. Furthermore, International Executive Service Corps did not follow RECAP instructions on a special test rehabilitation project this summer. We must correct that situation promptly since IESC is a subcontractor for Robert Nathan and Associates.

In the interim, SUPRO has transferred five additional projects to RECAP and will be added to the master work plan which is under preparation. The RECAP staff has been able to (1) cause five firms to either pay off the loan or bring the loan current, (2) take possession of two properties and (3) sell off assets in one project. Thus, the rehabilitation process for about 31 companies and \$100 million is happening regularly with major progress expected in 1987 now that the proper resources are being put in place.

Marshall
Marshall Burkes, Ph D.
Financial Management Consultant, UNIDO

Marshall Burkes
5-29-86

WORK PLAN

Early June	Central America - Do rehabilitation presentation in the five countries with Dr. Fortin and CABEI staff. Advise CABEI on the actual selection process and procedure of the competing contractors.
Late June	Washington, D.C. - Work for others but available to check the references of the selected contractor prior to final decision.
Early July	Tegucigalpa - Review the proposed budget of the contractor and advise on the final negotiation of the contract.
Late July	Washington, D.C. - Work for others but available by phone for specific tasks.
Early August	Tegucigalpa - Orient the new chief of party between the contractor and CABEI and assist in the preparation of the master work program.
Late August	Family vacation.
September	Washington, D.C. - Work for others but available by phone for specific tasks. Cross-check qualifications of choices of technical assistance personnel for specific assignments by level of skills needed.
Early October	Tegucigalpa - Present specifics of rehabilitation concept to technical assistance contractors. Cross-check individual work plan with basic objectives of rehabilitation. Do quality control checks as the first group of consultants finish their assignments and CABEI makes the first round of decisions in the rehabilitation process.

MARSHALL BURKES & ASSOCIATES

5001 Wyandot Court
Bethesda, Maryland 20816

December 20, 1986

CABEI REHABILITATION WORK SCHEDULE

<u>Month</u>	<u>CABEI</u>	<u>Washington, D.C.</u>
March		$\frac{1}{2}$ week
April	1 week	1 week
May	1 $\frac{1}{2}$ weeks	1 week
June	1 $\frac{1}{2}$ weeks	$\frac{1}{2}$ week
July	$\frac{1}{2}$ week	1 week
August	2 weeks	$\frac{1}{2}$ week
September		$\frac{1}{2}$ week
October		$\frac{1}{2}$ week
November	2 weeks	$\frac{1}{2}$ week
December	2 weeks	$\frac{1}{2}$ week

MARSHALL BURKES
5001 WYANDOT COURT
BETHESDA, MARYLAND 20816

April 30, 1986

Dr. Alex Perez-Venero
Industrial Development Officer
UNIDO
Vienna International Centre
P. O. Box 300 A-1400
Vienna, Austria

Subject: Status Report -
March and April

Dear Alex,

I intended to send a status report last week after returning from Tegucigalpa but wanted to provide a clearer indication of the Project Rehabilitation course and the Public Session on Private Sector Portfolio Rehabilitation in each member country. In order to conserve resources and avoid time slippage, Magdalena suggested that we do Honduras on May 30, the last day of the three-week course and take a country a day the next week. I was to check with Dr. Fortin on his return from mission in Haiti this week. I have persuaded him that one trip is the more efficient way. It will be a tight schedule, with much coordination within each CABEI country office. Dr. Fortin is committed to do both projects totalling one month and one week at \$9,000 per month (including per diem) plus air transportation. His assignment formally begins on May 5, 1986. We selected teaching materials today from the Economic Development Institute so UNIDO will have only the cost of copying a set for each participant. We located the Basic Finance text in Spanish but it is too heavy for the immediate needs of RECAP.

I will check the enrollment response early next week and determine the size and composition of the two sections offered each day for three weeks. Also, we need to design and prepare a graduation certificate on behalf of CABEI and UNIDO, as requested by certain RECAP staff.

On April 11, I assisted Ralph Singleton of AID and CABEI staff in preparing for the pre-bidding conference for both the RECAP and agribusiness technical assistance contracts. Although April 14 was a country holiday, major international firms arrived as scheduled at their own expense. (See agenda and list of participants.) Excellent questions were asked and direct answers were given. I served as the "Quality Control Officer" for CABEI. The Flow Chart for the Rehabilitation Concept had been placed on the blackboard and did not attract negative comments. However, it was apparent that several representatives realized the difficulty of executing solutions for each company at this point in time. They were clearly told that RECAP does not need

April 30, 1986

just another consultant's study! For the benefit of those firms interested but not in attendance, we encouraged CABEI to prepare minutes of each conference. (See separate minutes for April 14 and April 15.) We had several opportunities to explain UNIDO's involvement in this on-going activity.

Now that we know that several major firms and several specialized firms will bid on the RECAP project, substantial care must be taken in the selection process, which CABEI has not encountered before. Earlier, I had suggested a selection team and, hopefully, a designated contracting officer. (See attached list of participants, with instructions.)

I am developing a procedure for handling this selection process, involving at least six representatives from several parts of CABEI. This will include a grading or ranking system that is referenced to the criteria in the RFP. The objective is to cause each participant to read each set of submitted material and provide a set of numbers for each category. Hopefully, this will be adopted and thus avoid the temptations of arbitrary conclusions and decisions. I will try to put this in place during course breaks as the selection process should begin on June 2 and should be completed in ten days. I plan to continue this expediter and quality control function, which avoids many problems and pitfalls. Do you want a copy of the RFP? If so, I will have it ready for your visit and "Graduation Address."

The IBM AT and software is in place after a lot of obstacles along the way. Magdalena and Ricardo are planning a brief but formal presentation with Mr. Chico-Duarte to complete the gift to RECAP. I briefed Mr. Applegren on the computer package and the needs of the staff in advance of the REHAB course. Hopefully, IBM will have the 360 floppy drive manufactured before my departure on May 11. Also, the Uninterrupted Power Source package is to be delivered next week for me to try to hand carry. That UPS is a necessity and the price was reasonable compared to what UNDP paid.

Alex, my last plane ticket is enclosed for fast processing and wire transfer to my bank account. With the attached Consulting Firms Questionnaire in a more complete form, I would appreciate prompt payment for March and April -- so the 50 percent now will be fine. Please call if you have comments.

Sincerely,

Marshall Burkes

Enclosures

MARSHALL BURKES
5001 WYANDOT COURT
BETHESDA, MARYLAND 20816

May 20, 1986

Dr. Alex Perez-Venero
Industrial Development Officer
UNIDO
Vienna International Centre
P. O. Box 300 A-1400
Vienna, Austria

Subject: Status Report -
May 1-20, 1986

Dear Alex:

As you are aware, with the UNIDO/UNDF/CABEI budget, we are involved in four activities within CABEI at this time:

1. Course for users of the macro-computers (IBM-AT) in RECAP.
2. Course on how to do private sector investment projects for rehabilitation purposes in RECAP and SUPRO.
3. Seminars on how CABEI is doing private sector rehabilitation in the five member countries to invited guests in each of the five countries.
4. Assist CABEI management in the selection process for the list of qualified competing firms to furnish technical assistance for rehabilitation.

When I placed the computer boxes in the reserved office in RECAP in late April, instructions were left to leave them unopened for proper installation by Mr. Appelgren. When he arrived from Panama, I briefed him by phone on the equipment status and how the rehabilitation was to be complemented by his activities. With the delay in arrival and start up, there is about a 75 percent overlap for the senior staff in attendance. Although RECAP was initially concerned about 3 to 4 hours of instruction a day, they now realize the advantage of the more intense program and the need for two instructors. Furthermore, when there are two sections of 6 to 9 students each, they are to be divided into groups of two for one hour so the two computers and two instructors are vital.

Since there was confusion in RECAP about the overlap and considerable employee interest in the rehabilitation course beyond RECAP, Dr. Fortin and I met with Mr. Appelgren on our arrival on May 11. With the positive assistance of Ms. Marta Lilliam, Director of Personnel and Training, a compromise was reached with RECAP. The rehabilitation course is specifically aimed at RECAP

and SUPRO, with 2 sections of about 6 students each (see attached list). Slide-type discussions are being used the first week and case problems and hands-on computer use will highlight the second and third weeks. Since the course was intended for RECAP, I did not object to the restriction on attendance. Ms. Marta Lilliam notified about one-half of those employees who signed up that two computers (assumes a rented one) were not sufficient for those interested.

Dr. Fortin quickly obtained the respect of the students. I worked with Marta to design a CABEI/UNIDO Certificate of Graduation by modifying an existing certificate. Mr. Appelgren will also use it and his group, which includes the secretaries, is responding well to word processing.

Although Mr. Chico Duarte assigned a coordinator in February, little preparation has been made on the rehabilitation overview in the five countries. This message was conveyed to him on April 14 and he is assigning Mr. Marino as the senior management representative and master of ceremonies. I briefed Mr. Marino on my understanding of the objectives and the anticipated roles of Dr. Fortin and myself. He will call if I am needed this week.

The schedule is: Honduras - May 30; Guatemala - June 2; El Salvador - June 3, Nicaragua - June 5; and Costa Rica - June 6.

The bids for the contractor for both rehabilitation and agribusiness are due on June 2. One Central American firm asked for a delay on the agribusiness date but RECAP and others insisted on no further delays. During late April, I made an extensive search for a model procedure to organize the contractor selection process. Since the RFP gave criteria for grading, it was necessary to find or build a grading system. After considerable effort, I found a grading system that was recently utilized effectively in AID. While in Tegucigalpa last week, I modified the grading procedure to fit the needs of CABEI (copy attached). Also, a grading form with supporting comparisons was prepared (copy attached) for effective analysis. The material is being translated to Spanish (first draft attached).

Magdalena was in Guatemala City last week and was delayed, so I briefed her by telephone. She plans to brief Mr. Chico Duarte this week, probably before my return on May 25. In summary:

1. The rehabilitation course is proceeding well in a practical manner and in tandem with the computer user instruction on a daily basis.
2. Dr. Fortin and I are ready to participate in the rehabilitation explanation in each member country and senior management started to get prepared last Thursday.
3. A grading procedure is available to provide a professional decision-making process for CABEI management in selecting an international-level contractor for rehabilitation (and agribusiness) and I will be available in a quality control manner.

May 20, 1986

We can discuss the current specifics and the longer perspective when you arrive on May 26. Possibly, a meeting can be arranged with Mr. Richardson, the newly-appointed coordinator for AID with CABEI, a new 18-month position in Tegucigalpa.

Sincerely,



Marshall Burkes

Attachments

MARSHALL BURKES
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June 25, 1986

Dr. Alex Perez-Venero
Industrial Development Officer
UNIDO
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Vienna, Austria

Subject: Status Report -
May 20 to June 25, 1986

Dear Alex:

Since my last report dated May 20, I have been in Central America with CABEI officials for three weeks, including a presentation in each of the five countries. Each of the four primary activities within CABEI is summarized by work documents, which are attached. They are as follows:

- A. Course for users of macro-computers in RECAP.
 1. Mr. Appelgren's course attracted all the employees in RECAP except one short-term rehabilitation officer with health problems.
 2. During the two weeks before graduation, Dr. Fortin and Mr. Appelgren merged two courses for a more effective use of instructional talent and because of a scarcity of computers.
 3. Along with the IBM-AT delivery and installation by UNIDO from Washington, D.C., CABEI did not have budgeted funds to rent a second terminal for the "hands-on" exercises so Magdalena de Savarain authorized the rental at a reasonable cost.
 4. Mr. Appelgren had health complications and was referred to a medical specialist in Miami for possible surgery. Dr. Fortin completed that phase of the course on schedule. Recently, Mr. Appelgren called in to indicate that he was returning to Tegucigalpa and RECAP this week to do the next phase. The employees responded well and this was their first exposure to the direct use of computers.
- B. Course for RECAP and SUPRO on private sector rehabilitation.
 1. The last-minute reluctant attitude of a few RECAP employees was overcome by Dr. Fortin's direct experience on similar projects and by him being a Spanish-speaking Latin American.

2. Although the course was restricted to 12 participants, four additional employees devised ways to participate regularly.
 3. In order to maximize the computer availability, a rotation schedule was developed, which provided instruction from 8 a.m. to 6 p.m. each day.
 4. A graduation ceremony was held on the evening of May 29 and certificates (joint CABEI and UNIDO -- see attached) were awarded by senior officers of CABEI, Mrs. de Savarain and yourself.
 5. Based on the immediate needs of the pending 40 to 50 rehabilitation projects, it was agreed that Phase Two of this course should be intensified and expanded for this group and given within six months. Mrs. de Savarain and I did include this in the draft Rehabilitation Analysis for CABEI document.
- C. Seminar on private sector rehabilitation.
1. Although the Acting Chief of RECAP did not make adequate preparations in several countries, we did make a presentation in each of the five member countries. The speakers were Preza, Rojas, Fortin and Burkes. (A typical agenda and my handout are attached.)
 2. The regional representative in each country invited central banks, commercial banks, intermediary financial institutions, and a few private sector representatives. The questions were direct and indicated an understanding of the rehabilitation objective. There were no hostile questions! A brief summary memo was given to Mr. Chico Duarte as an introduction to a serious subject and a considerable exposure to CABEI. Since this hotel in Costa Rica should be a rehabilitation candidate, Mrs. de Savarain suggested this timely and objective presentation as an additional memo.
- D. Selection process for rehabilitation technical assistance.
1. The CabeI selection committee adopted my draft procedures for scoring and selecting a contractor to provide technical assistance with minor additions. (Approved document attached.)
 2. Mr. Don Richardson, the newly-appointed representative to CABEI from USAID, was briefed on the entire project to date. Also, ROCAP officials in Guatamala City were pleased with the contracting procedures that met their massive guidelines.

3. The March Request for Proposal (RFP) and related advertisements attracted six firms or combination of firms on June 2, 1986. These firms have international-level experience, with strong emphasis on staff and experience in Central America. However, most of the firms were not strong in prior rehabilitation, so a careful evaluation was necessary. (A list of the firms is attached.)
4. I read each proposal and exchanged notes with Don Richardson. Our independent observations were identical. However, neither of our conclusions were mentioned to the selection committee so that CABEI could remain totally accountable for its final decision. But USAID could override their decision if absolutely necessary and other persuasion had failed.
5. During the organizational meeting of the selection committee, a two-week decision-making process was scheduled at my encouragement and as promised the pre-bidders (copy attached).
6. After the committee decided not to select a chairman from among themselves, the attendance of the chief and the prompt timetable began to slip. While away for the countries presentations, the committee substituted a delayed schedule, with a proposed decision on agribusiness before rehabilitation (copy attached).
7. Since Mrs. de Savarain and I were not positive that Mr. Chico Duarte had been fully advised at this point, an appointment was requested with him on June 12. He immediately called Mr. Marino to be his representative on the committee and asked for both selection decisions before July 1. Also, Mr. Chico Duarte reported that Mr. Perez Bennett is returning as chief of RECAP next month and will delay his MBA at INCAE for one year.
8. That afternoon, Mr. Marino asked Mr. Richardson and I to brief him on recent activities. He explained his objectives and approach to bring the committee on track. It was clear that he was prepared to provide the daily executive talent that was needed at this point. I flew out on the next flight, with our indirect advisory role completed at that point in the process.
9. Last Wednesday, I received a call from a representative of the selection committee to help them locate Jim Finucane, a USAID employee in Ecuador, who was on a trip to headquarters. I traced him through two days of meetings before making direct contact. He is the project supervisor for the high-scoring contractor and specific arrangements were made for him to

respond to the questions from the committee by phone in Quito the next Monday. The cooperation of the AID staff was helpful and the procedure avoided further delays.

10. Today, I received a call from Don Richardson in Quatamala City, who reported that the committee had just chosen a joint venture group which includes: Robert Nathan & Associates, MAC, International Executive Service Corps, and Laventhal & Horwarth (hotel specialist). This group offered the best combination of resources and talent, both local and international. I am pleased to report that CABEI at this point has done it right!

E. Work program under the remainder of the subcontract with Marshall Burkes and Associates.

1. As you requested, a monthly work plan was prepared and presented to Mrs. Savarain before she left for home leave (a copy is attached).
2. Should you have further suggestions on the work plan and travel arrangements, please let me know.

F. Payment under the subcontract.

1. Mrs. Kimberger's telex reached me in Tegucigalpa. When someone is one-half-way through a contract without any payments and you receive a headquarters message with those comments, it is painful. I have never met her. (Copy attached.)
2. After sending a second and third contract confirmation and a telex invoice, I received in the regular mail a reference voucher that the first installment was transferred to my bank account on June 13, 1986. Riggs Bank informs me that the Financial Services document is misleading and the funds were not transferred promptly on June 13.
3. Riggs Bank called today to report that the funds had just arrived and I am relieved.

Alex, I was pleased to hear your comments in Tegucigalpa last month that your new management wants to do more in the private sector. This must mean new projects and rehabilitation of existing organizations. As they look to models and successful examples, please invite them to examine the activities of RECAP in 1985 and 1986. Also, I would encourage someone to write a

June 25, 1986

letter of appreciation to Dr. Fortin for contributions under adverse circumstances. He finished the assignment but was ill during the last week. The high-scoring contractor has invited him to accept short-term assignments in CABEI projects for them. I will ask him to reserve three or four weeks for UNIDO, if you want.

Sincerely,



Marshall Burkes

Enclosures

cc: Magdalena de Savarain

MARSHALL BURKES
5001 WYANDOT COURT
BETHESDA, MARYLAND 20816

July 31, 1986

Dr. Alex Perez-Venero
Industrial Development Officer
UNIDO
Vienna International Centre
P. O. Box 300 A-1400
Vienna, Austria

Status Report:
June 26 to July 31

Dear Alex,

The June 27 memorandum from the selection committee and cleared by Mr. Chico Duarte provides an excellent summary of the selection process. USAID/ROCAP gave prompt approval by telephone based on Don Richardson's recommendation (see attachments). Several of the competing firms have asked CABEI for an explanation and direct responses have been given in an appropriate manner. Thus, the scoring and selection process worked well within CABEI for both projects.

After the EVP signed off and RECAP notified the Nathan consortium, I was asked by RECAP and the USAID representative to be available to the consortium as it began to organize in Washington, D. C. The first briefing on the project was with the senior management of Nathan and the second was with three of the four firms making up this consortium for this specific project. I briefed them on the rehabilitation concept, procedures, initial work plan and project expectations. This was the same presentation made at the prospective bidders session in April but Nathan, and particularly the chief of party, was not present.

During the consortium meeting on July 11, a draft budget was discussed. Since many items were on the high side and the budget total was one-half million dollars more than RECAP expected, I stressed the need for a more practical set of numbers (first draft attached). Arrangements had been made with RECAP to begin negotiations on July 14 or 15.

After the consortium meeting, I called RECAP to reconfirm the negotiation date and alerted them that the contractor's budget was "fat" and to prepare for tough negotiations. The acting chief (Rojas) reacted by postponing negotiations until July 17 and asked Nathan for a copy of the skeleton budget by telex. After that budget was

received on July 14, the committee could not agree, so the negotiations were postponed again on the evening of July 15. Nathan was asked to air express a complete budget and to make new flight arrangements for July 23. This now represents a one-month delay in commencing the actual work of the project.

As you remember from my June report, Magdalena and I expressed several concerns to Mr. Chico Duarte on June 12 about the delays due to the lack of a committee chairman and chief negotiator. He responded immediately by appointing Mr. Marino (chairman at the computer graduation) as the EVP's representative to the selection committee and requested a decision before the end of June.

Furthermore, he stated that (1) the negotiations would be handled at the EVP level, (2) Legal had assured him that the draft contract was on schedule and (3) appointed leadership of RECAP was not responding well.

I arrived in RECAP on the afternoon of July 21 to brief CABEI the next day and before the Nathan group arrived to begin negotiations on the 23rd. Late in the previous week the EVP appointed a chief negotiator for both RECAP and agribusiness (Dr. Arnaldo Pasquier, formerly of RECAP). To my shock, I was met in RECAP with the "cool" treatment. A few days later, a couple of RECAP staff members volunteered that the acting chief, after being told no again to the promotion to chief of RECAP, called a staff meeting in early July. He reported that I personally had filed reports with the EVP and the Board of Directors which were specifically critical of the entire RECAP staff. (As you know, I have never had a private meeting with the EVP without Mrs. deSavarain and have no contact with any Board members.) I am now more aware of the involvement of both the CABEI and UNIDO personnel and will give you and Magdalena a direct report, if desired. There was nothing intentional on anyone's part to my knowledge but the acting chief seems to need someone to blame and I have been active, as my work plan indicates. Also, it is now clear that the EVP has taken direct action internally on each of Magdalena's points on June 13.

I served as Dr. Pasquier's advisor at both the RECAP and agribusiness negotiations last week. Chemonics is a low-cost operator, which provided a good contrast. Also, Mr. Richardson requested a USAID contracting officer from Guatemala City as an advisor, too. Verbal agreements have been reached but the contract document is still pending. Nathan reduced the budget from \$1.950 mil. to \$1.650 before telexing it to CABEI and direct negotiations reduced it to \$1.450 on July 25. This is a reasonable figure if the right talent is managed and RECAP gives proper cooperation.

July 31, 1986

I plan to return next week to help RECAP develop a more refined work plan and to begin matching up resources. John Varley, the chief of party, may not be allowed to return from New Orleans until all documents are signed. Also, Raul Zelaya has asked for help on the Nicaragua funding, following your telephone communication.

Alex, since the project is more than one month behind schedule for start-up, I suggest that I hold back on September. I will direct my attention to another short-term project. I can be contacted when needed but would be agreeable to a month extension of the contract at no additional cost to your budget. Hopefully, the chief of party will have a functioning office by the end of September with talent flowing in late October and November.

Sincerely,

Marshall Burkes

Enclosures

cc: Magdalena de Savarain

MARSHALL BURKES
5001 WYANDOT COURT
BETHESDA, MARYLAND 20816

August 24, 1986

Dr. Alex Perez-Venero
Industrial Development Officer
UNIDO
Vienna International Centre
P. O. Box 300 A-1400
Vienna, Austria

Subject: Status Report -
August 1 to 24, 1986

Dear Alex:

The purpose of this letter is to summarize my work session in CABEI with my arrival on August 4 and the current status of the rehabilitation project.

I first checked in with Arnold Pasquier, who had just summarized his negotiations with Robert Nathan & Associates (copy attached) and was waiting for final approval from the EVP to sign the contract. Unfortunately, the Legal Department had not prepared the model contract as promised last June. Therefore, the Chief of Party would not be traveling that week from New Orleans to work with us on Round Two of the Work Plan. With these delays in CABEI administration, the contractor cannot be in Tegucigalpa until September and not really operational until October.

I proceeded with the following activities:

1. Counseled the RECAP staff on the ideal team role with the outside technical experts and the division of responsibilities.
2. Provided the RECAP staff with a model IFC investment report as suggested by John Varley, the Chief of Party.
3. Reviewed my earlier quality control criteria for the contractor's performance in the draft contract.
4. Reviewed a brief summary sheet (attached) intended for each project as prepared by John Varley last month. Although staff assignments were made in July, preparation had not begun on the simple data transfer.
5. Drafted the UNIDO grant proposal for rehabilitation of selected industries in Nicaragua by CABEI. This document is in tandem with the USDA grant for the other four countries and is consistent with the original RFP. I was asked to prepare this document by Raul Zelaya after your reminder to RECAP in July. Luis Rojas seemed pleased to receive a complete draft ready for final typing.

August 24, 1986

6. Met with Jim Grossman, Director of USAID's privatization project for Honduras, concerning problem companies in both portfolios.
7. Briefed Arnaldo Pasquier at the end of my stay on the impact of a new salary structure and the recent negative on the morale of the RECAP staff. Improved morale is essential to the cooperative effort with Robert Nathan and the rehabilitation needs at this point.

In summary, our project activities are current with CABEI. However, CABEI has allowed a one- to two-month delay to occur between contractor selection and project implementation due to slow decision processing and inadequate response by legal. Don Richardson, the USAID representative, is concerned and is beginning to take a more direct role as he becomes better acquainted.

Please accept my regular reports and this report as my interim report and process the next payment installment.

I am available to CABEI and Robert Nathan but there is little need to return on a daily basis before October. I can be contacted at 972-2-280030 of 301-229-1230.

Sincerely,



Marshall Burkes

Enclosures

cc: Magdalena de Savarain

MARSHALL BURKES & ASSOCIATES

5001 Wyandot Court
Bethesda, Maryland 20816

December 6, 1986

Dr. Alex Perez-Venero
Industrial Development Officer
UNIDO
Vienna International Centre
P. O. Box 300 A - 1400
Vienna, Austria

Subject: Status Report
August 25 to
November 30, 1986

Dear Alex,

I postponed my return to Tegucigalpa until we (RECAP and myself) could begin the revised Work Plan with representatives of Robert Nathan and Associates before doing this report. The good news is that the CABEI attorneys finally cleared the last contract document on Wednesday, November 19, and John Varley, the Chief of Party, arrived from New Orleans that evening. Gustavo Gomez, the financial institutions specialist for the firm is also on-board.

Luis Rojas, Acting Chief of RECAP, moved to a larger but non-chief office as RECAP makes room for the consulting staff in contiguous offices on the ninth floor. This is the only practical and constructive arrangement to bring about a real counterpart relationship.

The major events or non-events and my activities in recent months are reported as follows:

1. Other than a three-week delay in USAID-ROCAP for non-USAID corrections, the contracting was delayed at various times totaling three months by CABEI Legal. There is not an acceptable reason for this costly delay within CABEI. The assigned attorneys did not have strong contracting experience and did not grasp the priority of this project (the Chief of Party was available in early August to commence). Furthermore, senior management did not set firm deadlines on the attorneys and accepted weekly postponements.
2. I have been keeping communication flowing from Washington, D.C. between CABEI, USAID, Phil Roark of Nathan in Washington, D.C. and John Varley of Nathan in New Orleans. This requires considerable telephone activity since RECAP provides little communication and Nathan was losing patience after holding staff from other assignments.

3. John Varley requested data on each project from RECAP in late July and last month. He asked me to follow up with RECAP and keep the tasks in proper perspective since Nathan did not have a signed contract during that time period.
4. Later in October, when we both expected to be in Tegucigalpa the next week, Varley asked for more data preparation in advance of our Work Plan activities. This was discussed with Rojas upon my arrival.
5. With my arrival in CABEI, Don Richardson, the USAID liaison, and I exchanged status reports. He was disappointed to report that CABEI Legal had held up the last amendment to the Nathan contract on a correctable technicality. When arriving last June, he expressed a preference to lead by use of suggestions. Now he is threatening to de-commit the loan funds to Agro Industries (PROMEP) as the staff is not providing clear direction to Chemonics, the technical assistance contractor.
6. A luncheon was arranged with Don Richardson and Magdalena de Savarain to review our individual roles within CABEI and to discuss future activities. He believes that our roles complement each other. Also, he sees merit in any efforts to rehabilitate the public sector portfolio.
7. I met with Jim Grossman and Victor Paz of the USAID project which is to privatize several major firms that are presently owned by the Honduran government. We exchanged status reports again and they volunteered to brief the Nathan team, RECAP and SUPRO on the status of specific projects that they and Arthur Young are working on. A mid-December date is being set.
8. Before Arnaldo Pasquier left for Miami to attend the Caribbean Basin Initiative Annual Conference, I commended his negotiating skills last summer. He is talking with Roberto Chico Duarte about the need to expand the rehabilitation role in CABEI. Also, he is working indirectly on improving the staff morale in RECAP as Luis Rojas accepts his status as Acting Chief of RECAP. The proposed CABEI reorganization regards RECAP as an interim unit with the staff reassigned to line units in two to three years. This is a meaningful objective as the individual rehabilitations are resolved.
9. As Mr. Morino, Head of Administration and Operations, was on a family vacation during my previous stay, I commended him on his chairmanship role in the selection of contractors last summer. He reported that his SUPRO unit transferred five projects to RECAP last month. Also, he has insisted that office space be made available for the technical teams to be officed next to RECAP. This arrangement complements our early suggestions, although funds are in the Nathan contract for outside rent.

10. I had the first opportunity to visit with Alfredo Noyola, an advisor to the President and former EVP, on November 21. He has the lead role in the reorganization and asked for my thoughts on structure of RECAP and the voting accountability of the pending RECAP Supervisory Committee. I suggested direct accountability.
11. Luis Rojas was reminded of the need to obtain specific approval from the Central Bank in each country to re-appropriate hard currency for the investors in each rehabilitation project. He concurs and will set up a meeting (and, more importantly, prepare an official memorandum) with Mr. Rainboldt who chairs the Central Bank Committee in CABEI. They need to add the fourth amendment to the master agreement with each Central Bank. This written acknowledgement is so critical to attract legitimate investors that Nathan should not commence the rehabilitation process in a country where the Central Bank does not quickly give this fundamental guarantee for the present group of projects.

Rojas asked me to check this procedure with Jim Grossman on the Honduras privatization. Grossman and staff had neglected this item and he made note to take immediate action if it is not too late with their existing agreement with the Central Bank of Honduras.
12. Before leaving for Tegucigalpa, Charles Neiswender of the International Executive Service Corporation and I discussed the status of their Honduras Plywood report. He reported that the report was delivered the week before and was well received by RECAP. However, Raul Zelaya stated upon my arrival that he walked out of the last meeting with IESC because local representatives refused to acknowledge non-performance. Rojas asked me to prepare a written evaluation of their rehabilitation report and determine if it meets minimum standards. Before delivering the attached report, it was cleared with Magdalena de Savarain and Don Richardson as it will be seen by Nathan and IESC. Rojas was pleased with this quality control function by UNIDO and held up the last installment to IESC. Nathan will need to decide how to handle IESC as one of its subcontractors for RECAP.
13. John Varley and Gustava Gomez were briefed on the basic rehabilitation concepts and procedure. We reviewed each project within the modified master Work Plan with RECAP and SUPRO. RECAP employees still have the habit of informal meetings with casual attendance. Nathan is expected to insist on limited attendance and more direct accountability by both sides in the future. The morale of the RECAP employees was considerably improved from August. Some were impressing Nathan with examples of Lotus 1-2-3 prepared ten-year financial plan and written rehabilitation proposals.
14. Because of my recent experience with a family van, I was asked to assist John Varley with the specifications of the new rehabilitation project vehicle. With the written specifications, RECAP expressed a preference for a six-passenger Ford or Chevy mini-van with a six cylinder engine. CABEI will own the van after the project -- consistent with the precedent of the UNIDO-supplied computer installation.

15. As you are aware, since your initial request last December to purchase a computer package, I have been operating an acquisition and delivery service, along with the return and adjustment of non-functioning equipment. This takes considerable time before and after each trip. Our efforts are worth it since the RECAP computer installation is in regular use with usable output documents by both professionals and staff. CABEI even paid for the last delivery of about \$400 in supplies -- a bargain, of course! I am returning the non-functioning Uninterrupted Power Source for repair or replacement -- it may have saved the IBM/AT from a local electrical spike.
16. Several CABEI employees without any English have requested computer instruction in Spanish. With the help of the Lotus company, I located Lotus 1-2-3 in Mexico City. Magdalena asked an associate to bring a copy. That copy was delivered to RECAP last week for ordering or copying. McGraw Hill has many other items in Spanish.
17. A verbal status report was scheduled with Ricardo Tishauer. He asked for a brief summary of our RECAP project after clearance by Magdalena. The attached letter was provided that week. He mentioned a regional UNDP project which will include CABEI and is being prepared by a Mr. Cacallia (sp), a former Central Banker in Costa Rica and a UNDP consultant. I was encouraged to activate the broader rehabilitation in CABEI.
18. Magdalena hosted a twenty-fifth anniversary celebration for UNIDO in her home. The guests included CABEI and USAID representatives. Although her schedule is hectic, she provides excellent local direction. Also, I provided her with the CABEI annual report for the year ending June 30, 1986, by Price Waterhouse, which fails to address several major issues, and a copy of the pending reorganization report for CABEI. RECAP continues unchanged but is regarded as a temporary unit.
19. Because of travel schedules, a meeting could not be set with Roberto Chico Duarte until December 1. Before that date, Magdalena plans to forward a rough draft with the November modifications of the expanded rehabilitation proposal. Mr. Duarte has told Mr. Pasquier and Mr. Rojas that he wants our efforts continued on an expanded basis.

Since Nathan was postponed from week to week in September and October, it was not possible for me to oversee the first complete round in the rehabilitation process -- appraisal, feasibility, rehabilitation and implementation plan. When I left Tegucigalpa on November 25, the project had progressed to the point it should have been in late July. I am voluntarily returning to CABEI on Monday to help finish the revised Master Plan. Phil Roark, the project director for Nathan, will be joining us for the summation.

December 6, 1986

I will air mail my final report upon my return on the 18th or 19th. Unless you object, I would like to avoid the draft final report process. The project implementation illustration is for your amusement.

Sincerely,



Marshall Burkes

RESUMEN DE INFORMACION PERTINENTE
A EMPRESAS SELECTIVAS DE LA CARTERA
DE RECAP Y SUPRO

RRNA
30-7-86

NOMBRE DEL PROYECTO : _____

PAIS: _____ SUPERVISOR ASIGNADO _____ AREA _____

ACTIVIDAD: _____

ESTATUS ACTUAL: _____
(si está cerrado, fecha de cierre)

DIRECCION ACTUAL _____

Horas del aerop. Central (distancia) _____
teléfono _____

NOMBRE DE EJECUTIVO PRINCIPAL _____

UBICACION OFICINA DE CONTABILIDAD _____

AÑOS DE OPERACION _____

AÑOS DE PRESTAMO DE BCIE _____

PRINCIPAL ADEUDADO A BCIE _____

SUMA GLOBAL A BCIE _____

DEUDA TOTAL (Inc. Otros) _____

ACTIVOS TOTALES (última fecha) _____

ESTUDIOS Y EVALUACIONES
Última fecha _____

EVALUACION ORIGINAL DEL BCIE _____

OBSERVACIONES _____

ACTIVIDADES DE CAPACITACION Y DESARROLLO

Dentro de la celebración del XXV Aniversario y como parte de las actividades del Proyecto de Reactivación Industrial BCIE-ONUUDI-PNUD, se realizó el seminario de "Análisis Financiero y su Computarización".

Este fue impartido por el Dr. Luis Fortín y coordinado por el Sr. Marshal Burkes, expertos de ONUUDI al siguiente personal:

RECAP: René H. Raudales
Gustavo Santiago
Raúl Zelaya
Luis Rojas

SUPRO: Neyib Fuentes
Eduardo Varaona
Rodolfo Sáenz
Lorena Rivera
José Tomás Carmona
Alcides Zúñiga

SOP: Luis Flores
Nora Bolaños de Godoy

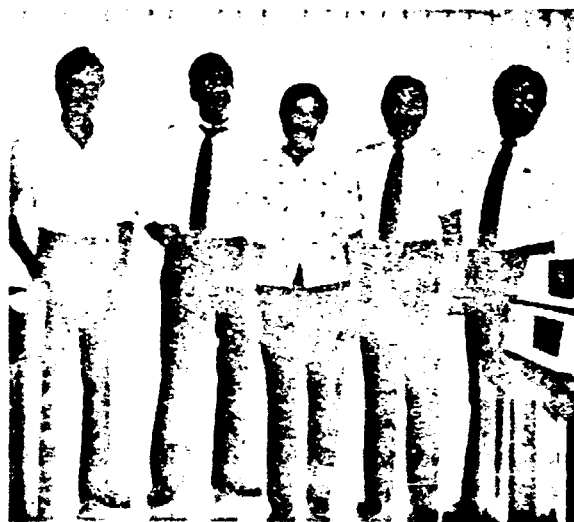
PROFI: Dora M. de Hernández

COFUC: María Haydee de Durón

PEROG: Maritza Rodríguez



De izquierda a derecha: Ing. Eduardo Barahona, Lics. Nora Bolaños de Godoy, Maritza Rodríguez, René Raudales, Dr. Luis Fortín, (Instructor) y Lic. Neyib Fuentes.



De izquierda a derecha: Instructor, Dr. Luis René Cáceres, Sra. Vilma de Andino, Lics. Francisco Barahona y Carlos Godoy Cáceres.

Además se impartió en el Centro Omega Electrónica, S.A. de C.V. en el período del 12 de mayo al 6 de junio un entrenamiento en Lotus 1 - 2 - 3 donde participaron:

DIPLAN: Dr. Luis René Cáceres

PROFI: Carlos Godoy
Conrado Gómez

EDP: Francisco Barahona
Enrique Sándres

ANAP: Vilma de Andino


SUPRO: Priscilla Banegas

CONSIG: César Betanco

El día 11 de junio partió hacia la ciudad de Caracas, Venezuela, el Lic. Luis Antonio Fernández, funcionario del Área de Consecución de Recursos, a realizar estudios sobre Mercados de Capital en el Instituto Interamericano de Mercados de Capital.

MEMORANDUM

DATE: July 4, 1986
TO: Reynold J. Bloom, Project Officer
FROM: D. L. Richardson, Liason/CABEI
RE: Selection of firms



Attached are copies of:

1. Selection procedures approved by CABEI's EVP. Essentially modeled as suggested by Marshall Burkes/UNIDO and Ralph Singleton USAID Consultant.
2. Selection results approved by CABEI's EVP.

Telexes were sent on 7/4/86, requesting Chemonics (Agribusiness) and Robert R. Nathan Associates (Rehabilitation) to send a negotiating team to Tegucigalpa. The other firms were notified also.

I am fully satisfied that procedures were properly followed and the firms were selected in a fair and objective manner. Separately, I read all of the proposals and attended the Committee meeting for the selection of Agribusiness firm. Without expressing any opinions, the Committee and I agreed independently in the selection of Chemonics after gathering references.

Although I didn't attend the Committee meeting to select the firm for the rehabilitation work. Both Marshall Burkes and I read the proposals and arrived at the same conclusions as the Committee.

I will advise you of the date of arrival of the Chemonics and Robert R. Nathan negotiating teams so that a Contracts Officer from ROCAP may be present to lend advice and counsel.

On basis of the enclosed information, I understand that you will advise CABEI formally of ROCAP's concurrence with the selection of the firms.

Regards,

cc: file

DLR/mim



BANCO CENTROAMERICANO DE INTEGRACION ECONOMICA

TELE: 222230/39 Y 221184/88. CABLES: BANCADIE. TELEX: BANCADIE 1103. APARTADO POSTAL 772
TEGUCIGALPA, D. C., HONDURAS, C. A.

MEMORANDUM

RECAP-245/86

FECHA: 27 de junio, 1986

PARA: Licenciado Roberto Chico Duarte, Vicepresidente Ejecutivo

DE: Comité Técnico de Evaluación, integrado por:

Lic. Luis Rojas Rodríguez, Encargado Area ~~ALCA~~

Ing. Leonel Freza, Jefe Area PROMEP

Ing. Rodolfo Sáenz, Jefe Area ~~SUPRO~~

Lic. Víctor M. Rheinboldt, Jefe Area ~~COFV~~

ASUNTO: Informe sobre Calificación y Selección Técnica de la Firma que prestará Servicios de Consultoría al Programa de Rehabilitación de la Cartera del Sector Privado. Proyecto AID-596-0114

De conformidad a lo estipulado en el Procedimiento de Trabajo a aplicarse por el Comité Técnico de Evaluación para el Análisis de las Propuestas para la Rehabilitación de la Cartera del Sector Privado y el Programa de Agroempresas, el Comité se permite informar a esa Vicepresidencia las actividades realizadas y resultados obtenidos sobre calificación técnica de la mejor firma, que prestará servicios de consultoría al Programa de Rehabilitación de la Cartera del Sector Privado.

I. ANTECEDENTES

Con fecha 30 de septiembre de 1986, el BCIE firmó con la Agencia Internacional para el Desarrollo (AID), el Proyecto de Préstamo y Donación No. 596-0114, por un monto de US\$ 50.0 millones, el cual incluye un componente por US\$ 5.0 millones para Asistencia Técnica.

El componente de Asistencia Técnica de dicho Proyecto, entre otras necesidades que demandan otras Areas del Banco, está orientado a financiar servicios de Consultoría para los Programas de Rehabilitación de Empresas del Sector Privado y Agroempresas.



BANCO CENTROAMERICANO DE INTEGRACION ECONOMICA

TELS: 222230/39 Y 221184/88, CABLES: BANCADIE, TELEX: BANCADIE 1103, APARTADO POSTAL 772
TEGUCIGALPA, D. C., HONDURAS, C. A.

MEMORANDUM

RECAP-245/86

FECHA: 27 de junio, 1986

PARA: Licenciado Roberto Chico Duarte, Vicepresidente Ejecutivo

DE: Comité Técnico de Evaluación, integrado por:

Lic. Luis Rojas Rodríguez, Encargado Area ~~ALCA~~

Ing. Leonel Freza, Jefe Area PROMEP

Ing. Rodolfo Sáenz, Jefe Area ~~SUPRO~~

Lic. Víctor M. Rheinboldt, Jefe Area ~~COFIN~~

ASUNTO: Informe sobre Calificación y Selección Técnica de la Firma que prestará Servicios de Consultoría al Programa de Rehabilitación de la Cartera del Sector Privado. Proyecto AID-596-0114

De conformidad a lo estipulado en el Procedimiento de Trabajo a aplicarse por el Comité Técnico de Evaluación para el Análisis de las Propuestas para la Rehabilitación de la Cartera del Sector Privado y el Programa de Agroempresas, el Comité se permite informar a esa Vicepresidencia las actividades realizadas y resultados obtenidos sobre calificación técnica de la mejor firma, que prestará servicios de consultoría al Programa de Rehabilitación de la Cartera del Sector Privado.

I. ANTECEDENTES

Con fecha 30 de septiembre de 1986, el BCIE firmó con la Agencia Internacional para el Desarrollo (AID), el Proyecto de Préstamo y Donación No. 596-0114, por un monto de US\$ 50.0 millones, el cual incluye un componente por US\$ 5.0 millones para Asistencia Técnica.

El componente de Asistencia Técnica de dicho Proyecto, entre otras necesidades que demandan otras Areas del Banco, está orientado a financiar servicios de Consultoría para los Programas de Rehabilitación de Empresas del Sector Privado y Agroempresas.

Para los propósitos anteriores se constituyó el Comité Técnico de Evaluación, cuya función estaría limitada a la calificación técnica de la mejor firma que podría prestar servicios de consultoría al Área de PROMEP para el Programa de Agroempresas de acuerdo a los Términos de Referencia que al efecto preparó dicha Área, así como la Asistencia Técnica y Asesoría para el Programa de Rehabilitación de Cartera del Sector Privado, según Términos de Referencia preparados por RECAP de acuerdo a las necesidades de cada empresa prestataria.

II. PROCEDIMIENTO Y EVALUACION

En respuesta a las Solicitudes de Propuestas Técnicas (RTPF) publicadas en el Commerce Daily Business de los Estados Unidos de América, y en los periódicos de mayor circulación en Guatemala, El Salvador, Honduras y Costa Rica, el Área RECAP recibió propuestas de seis (6) firmas consultoras interesadas en prestar servicios de consultoría al BCIE para el Programa de Rehabilitación de la Cartera del Sector Privado. La fecha límite de recepción de ofertas se fijó para el 2 de junio de 1986.

Los Miembros del Comité expusieron las dificultades encontradas al momento de efectuar el análisis de las Propuestas dada la complejidad y naturaleza del Programa de Rehabilitación de las Empresas del Sector Privado. No obstante la ardua labor que representó la evaluación de dichas ofertas por su carácter multidisciplinario, los Miembros del Comité al haber utilizado de manera similar los criterios de evaluación, coincidieron en términos generales en los porcentajes asignados a cada una de las firmas, según se puede ver en el cuadro de calificaciones siguientes:

CALIFICACION PROMEDIO

Nombre de la Firma	A R E A S				CAL. PROM.
	COFUC	PROMEP	SUPRO	RECAP	
Complejo Educacional Americano	78.5	61.6	55.7	60.0	63.95
Kraus International, Inc.	73.0	66.4	74.5	77.0	72.00
Juarez and Associated	66.0	70.2	73.5	76.4	71.53
Robert R. Nathan Assoc., Inc.	91.0	90.0	87.5	84.0	88.13
Price Waterhouse	88.0	88.6	71.0	72.0	79.90
Arthur Young	95.0	88.3	76.8	74.3	83.60

De acuerdo a la calificación promedio obtenida, se estableció el orden de prelación de las firmas así:

Primer lugar: Robert R. Nathan Associates, Inc.
Segundo lugar: Arthur Young
Tercer lugar: Price Waterhouse

Al momento de finalizar la reunión y siguiendo el procedimiento establecido, se determinó continuar con la verificación de la información relacionada con la experiencia y el desempeño que los oferentes indicaron en las propuestas presentadas.

El Comité consideró que además de las calificaciones finales para las firmas ubicadas en las primeras posiciones, se tomarán en cuenta las referencias que se obtengan para determinar la propuesta técnica que ocupe el primer lugar, a la cual se le solicitará la oferta económica a efecto de proseguir la etapa de negociación de la contratación de servicios de consultoría.

III VERIFICACION DE REFERENCIAS

El Comité Técnico de Evaluación, actuando de conformidad a lo establecido en el respectivo Procedimiento, procedió a obtener referencias sobre la experiencia y el desempeño pasado de la firma Robert R. Nathan Associates, Inc.

Los resultados de la investigación anterior fueron satisfactorios para dicha Firma. Se anexan referencias.

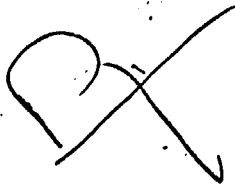
IV CONCLUSIONES Y RECOMENDACIONES

A. CONCLUSIONES

De acuerdo a lo expuesto anteriormente, el Comité concluye:

Declarar a la empresa Robert R. Nathan Associates, Inc. como la Firma mejor calificada técnicamente para prestar servicios de consultoría al Programa de Rehabilitación de la Cartera del Sector Privado, en consideración a lo siguiente:

1. Según criterio unánime de los Miembros del Comité Técnico de Evaluación, la empresa ha dimensionado adecuadamente los objetivos y alcances del trabajo que se pretende realizar en cada uno de los sectores involucrados.
2. Esta firma además de ser una de las más reputadas de los Estados Unidos, tiene experiencia suficiente en estudios realizados, tanto en América Latina como en otros países del Mundo, además de haber realizado varios estudios en proyectos financiados por AID.
3. El esquema presentado por la Empresa Consultora en cuanto a lo que sería la organización del Proyecto, luce bastante funcional y a través de él se puede visualizar una buena coordinación y supervisión de los trabajos por parte del Banco.



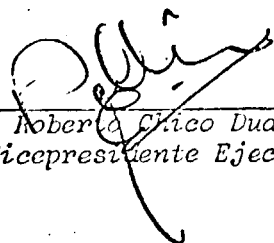
4. Los *Curricula Vitae* del Jefe de Grupo y demás Expertos que participarán en los diferentes campos de acción que se deberá tocar durante el desarrollo del trabajo, ostentan nivel académico y experiencia bastante satisfactoria y cumplen en buena medida con los requisitos específicos y las calidades que para el personal se consignaron en los Términos de Referencia respectivos.
5. Todas las consultas efectuadas para verificar la capacidad de trabajo, la seriedad y la eficiencia de la firma Robert R. Nathan Associates, Inc. fueron positivas y confirmaron la satisfacción de la clientela por los resultados de la Consultoría prestada por dicha empresa.

B. RECOMENDACION

El Comité se permite recomendar se proceda a invitar a la firma Robert Nathan Associates, Inc. a presentar una oferta económica de los servicios propuestos, con la cual, de encontrarse su oferta dentro del rango competitivo del presupuesto base, se podría llegar a concretar los servicios de consultoría. En caso de que no se llegue a un acuerdo satisfactorio sobre los términos económicos de la propuesta, se procedería a solicitar referencias sobre las demás firmas que ocupan segundo y tercer lugar, y posteriormente invitar a la más calificada a que presenten su oferta económica.

De estar esa Vicepresidencia de acuerdo con lo anterior, atentamente solicitamos su aprobación al pie de este memorándum, a efecto de continuar con el proceso de selección y contratación establecido en el Procedimiento respectivo.

Aprobado:


Roberto Chico Duarte
Vicepresidente Ejecutivo

LRR/MHD/ero

cc: PE
GOP
GEFIN
GPE
JUR
CORE

Mr. Burkes

December 10, 1986

Mr. Charles Neiswender
Vicepresidente-Planning
International Executive Service Corps
8 Stamford Forum
P.O. Box 10005
Stamford, Connecticut-06904

Dear Mr. Neiswender:

Your Honduras representative, Mr. John Coleman has been given direct verbal responses by both Raúl Zelaya and myself about your Honduras Plywood Rehabilitation report dated October 31, 1986. Our more recent comments were repeated to Mr. Coleman at the meeting two weeks ago where he insisted that we pay the final installment without regard to satisfactory completion.

We were disappointed with the set of paper that your staff assembled on Honduras Plywood for RECAP. The IESC report did not provide single recommendation to RECAP or conclude solutions to our objectives as explained to you, Mr. Coleman and Mr. Jirishian last February here in Tegucigalpa.

After our initial reading and lack of response from Mr. Coleman in November, I asked Marshall Burkes, our advisor, to evaluate your submission based on basic rehabilitation concepts and traditional standards of quality. A copy of his report is enclosed for your immediate use. I concur with Dr. Burkes comments.

Please proceed to redo this assignment. If restaffing is required, for example, in the financial area, we want to be consulted on individual qualifications. As your designee restructures this assignment (a copy of your February 24 1986 memorandum of understanding is attached) please keep the following topics and results in focus for our use:

Appraisal - MAI quality appraisal with realistic markets values and a list of potential buyers.

Feasibility - Evaluation of your recommended use with objective advantages and disadvantages along with a probability estimate of success.

Rehabilitation - A clear rehabilitation and implementation plan that has meaning to professional managers and potential investors. The financial plan should confirm the availability of additional sources of equity capital and working capital and provide sufficient content to assure loan repayment and adequate return on investment.

The final report and recommendations should give FECAP clear insights on the current management situation and a documented basis for a prompt decision on your Rehabilitation Plan.

In a positive spirit, acceptable formats of four parts of the financial plan are enclosed. As FECAP is postponing the Honduras Plywood creditors again, we must receive your replacement report by January 15, 1987.

Sincerely,

Original
firmado por } LUIS ROJAS R.

Luis Rojas Rodríguez
Acting Chief
FECAP

cc: Coleman
ROCAP-USAID
Vicepresident BCIE
Nathan
Burkes

DATE: 18 November, 1986
TO: Luis Rojas, Acting Chief, RECAP
FROM: Marshall Burkes, Financial Management Consultant, UNIDO
SUBJECT: Evaluation of International Executive Service Corps Report
on Honduras Plywood

In early February of this year, Raúl Zelaya asked me to contact the proper senior person in the IESC to redirect the consulting activities between John Coleman, the local representative, and Honduras Plywood. Naturally, I started at the top and located Mr. Charles Neiswender, Vicepresident-Planning at the Connecticut Headquarters. As a coincidence, he had a Central American trip scheduled, so a meeting was arranged the next week in RECAP. That and later meetings included Mr. Neiswender, Mr. Coleman, Mr. Pasquier, Mr. Zelaya, Mr. Rojas, Mr. Singleton (USAID Consultant) and myself.

The background and objectives of the Honduras Plywood situation was explained as Mr. Pasquier expressed CABEI need for results in April.

I explained the rehabilitation process which is underway in RECAP and how this project should be the initial model. When we mentioned that an RFP was being prepared, Mr. Neiswender was quick to note the opportunity for IESC to compete. We discussed their costing arrangements to make sure that they were in line with other international sources. The cost of very short assignments is not as attractive as the 2 and 3 month's time period, so additional time was allowed. We shared all the rehabilitation material and emphasized the specific three step diagrams and the need

for a specific action plan for CABEI to adapt or reject at the conclusion of thier assignment.

Mr. Neiswender promised an exception to IESC practice which would allow RECAP to review a list of three candidates for each position before IESC made the final appointment.

Mr. Pasquier called Mr. Abraham Bennaton, the defaulted owner and temporary tennant of Honduras Plywood, for a meeting to review the financials and current status (his brother Alfonso is a CABEI employee in PROMEP). Mr. Bennaton arrived without any financial or written information but promised full cooperation with IESC and CABEI. He extended an invitator to a reception at the Maya which was attended by business and political leaders. There we met John Jinishinan and R. Mcduffie who were finishing the IESC existing assignment for AID within Honduras Plywood. At least one potential purchaser of product and joint-venture investor from Louisiana was present.

A brief letter of agreement, which followed the rehabilitation concept and provided appropriate time periods, was signed by IESC representative on February 24. Because of the importance of the time deadlines between Honduras Plywood and CABEI, AID agreed to accept this contract as on early exception to the formal competitive procedure. We were aware of the AID subsidies to IESC and the availability of retired executives who donate their time.

The above history is provided for a better understanding of the attached IESC "Study and Financial Forecast of Honduras Plywood for CABEI" dated October 31, 1986. The objective of my evaluation is to determine the usefulness of this report to CABEI at this time. My comments are restricted to the written report since I have not seen the assets or the operation and have not communicated with either the writers or existing management. In order to simplify this review the basic four factors of production are used as reference points: land, labor, capital and management.

LAND

The report seems to conclude that Honduras has timber resources with substantial competitive advantages in the international markets. However, the magnitude of this advantage for Honduras and/or Honduras Plywood was not stated. Also, a clear set of rehabilitation implementation plans were not included for Honduras Plywood and CABEI. The evaluation of the land and fixed assets read like a good executive inventory determination. However, there is no indication of member of appraisal Institute-MAI (or equivalent) certification. Also, there was no indication of who is willing to purchase these assets from CABEI as either a going-concern or liquidation basis.

If the sawing and sanding operation in Tegucigalpa is transferred to Guaimaca, which sounds reasonable, this must mean that the bulk of the Tegucigalpa assets can be sold soon. This would test the marketability and provide cash. The report properly inquires about timber cutting rights which must represent a major long term asset to Honduras Plywood. However the issue was left unresolved, (I have been informed that Mr. Tomás Membreño of FIDE and Mr. Ramón Alvarez of USAID and COHDEFOR are experts in Honduras timber and could be helpful to CABEI).

LABOR

Several operational changes were suggested that will be dependent on total labor for successful utilization. However, the report does not comment on the quality of local labor. Also, the magnitude and costs of training was not presented.

The severance pay claims have been known for some time. However, no alternatives are presented which examine settlement options. Also, is it really possible for this company to recover from both a \$1 million labor settlement payout and fund the immediate capital improvement and working capital needs?

CAPITAL

The individual reports provide reasonable observations and suggestions on those chosen aspects of operation. Most of the suggestions represent a sizable increase in plant and equipment and management compensation from present levels. However, no provision was made to fund these new cost. It appears that the financial statement for the first 8 months of 1986 show a break-even position which would be commendable. However, there is no mention of rent to CABEI or interest on existing bank debt.

Potential lending institutions and investors want to see how their funds can be returned to them under reasonable expectations. The long term Financial Plan (enough years to show repayment of the fixed assets loan) plus a Source & Application of Funds is the established tool to make that determination. This report provides a very brief five year forecast which states more than a 100% increase in plywood sales, a 150% increase in gross profit and a 50% reduction in

actual cost. Unfortunately, only general references are made as to how this company can accomplish this major feat starting in less than two months. Also, there is no indication that these numbers include the cost of rent to CABEI, interest on a sizable existing loan service, interest on any new loan service or a provision for any increase cost of the timber concession

MANAGEMENT

Management is the resource that makes the other factors of production function. This report mentions the importance of supervisors and managers. A brief organization chart is provided which indicate five senior positions. With recent departures, the company has only one full time manager and a part time general manager. Thus, the management team is not prepared to implement the these operational suggestions.

This report avoids any mention of the general manager position, performance, or capacity for the future. Lenders and prospective investor must have that assesement from professional analyst. Also, there are no comments of the skills needed for future management or the location of these potential managers in order to accomplish the long term plan.

SUMMARY

I would prefer not to write an evaluation with this tone and implication. However, CABEI wants a solution or alternative solutions for its divestiture of Honduras Plywood. By allowing IESC additional time, it was anticipated that CABEI could take immediate action on the recomendations of this report. There are no recommendations directed to CABEI.

I recommend that CABEI insist that IESC complete the work on a long term financial plan with clear steps for implementation so that CABEI can take action on these assets in a professional and definitive manner. For the record, IESC management did not consult with RECAP before consultant assignments. Also, RECAP staff and I were available to respond to any questions on this high priority rehabilitation project.

SECTION 1

PAIS	PROYECTO	ACTIVIDAD DEL PROYECTO	PROBLEMA PRINCIPAL	AVALUO	
				NIVEL DE LA EVALUACIÓN MENOR, MEDIO, MAYOR	HOMBRE/DÍA POR ESPECIALIDAD
PROYECTOS A CARGO RECAP					
GUATEMALA					
	PASCUAL F. MÉNDEZ (FORMFIT)	CONFEC. ROPA INTER. FEM.	MERCAD., EXPOT. Y ADMON.	MENOR	B-5 DÍAS
	JUÁREZ BELLOSO Y CÍA. LTDA.	SERVICIOS HOTELEROS	ADMINISTRACIÓN	MENOR	B-5 DÍAS
	PROYEC. TURÍSTICOS MAYA	SERVICIOS HOTELEROS	FINANCIERO	-	-
	AGROINSA	AZUCARERA	PROB. MERCADO AZÚCAR	MAYOR	A-10 DÍAS
EL SALVADOR					
	PLÁSTICOS Y NOVEDADES, S.A.	PLÁSTICOS Y ESPUMADOS	MERCADO	MEDIO	A-5 DÍAS
	MULTIPESCA, S.A. DE C.V.	PESCA Y PROC. CAMAR. Y LANGOST.	ADM., PRODUC., FINANCIERO	MAYOR	A-15 DÍAS
	INDUSTRIA SALINERA, S.A.	SAL REFINADA	ADMINISTRACIÓN	MENOR	A-5 DÍAS
	SIDERÚRG. CÍA. DEL PACÍFICO	LINGOTES DE ACERO	MERC., PRODUC. Y FINANC.	MAYOR	A-10
	ACERO, S.A.	VARILLA Y ALAMBRES	MERC., PRODUC. Y FINANC.	MAYOR	A-10
	TORRE DEL SOL	BIENES ADJUD. TIERRAS	INVES. USO AGROIND. O TUR. FERR.	MENOR	B-10
HONDURAS					
	RESINAS DE HONDURAS	AGUARRÁS Y COLOFONIA	ADM., FINANC., MERCADEO	MENOR	A-5
	HOTEL PLAYA DORADA	SERVICIOS HOTELEROS	MERCADO Y FINANCIERO	-	-
	SPYGLASS HILL DE HONDURAS	SERVICIOS HOTELEROS	MERCADO Y FINANCIERO	-	-
COSTA RICA					
	REFAMETAL, S.A.	ARTÍCULOS DE METAL	ADM., FINANC., MERCADO	MENOR	A-5
	POZUELO PICASSO, S.A.	PROD., MAD., MOLD., VENTANAS	ADM., FINANC., MERCADO	MENOR	A-5
	CABSHA	DERIVADOS DE CACAO	ADM., FINANC., MERCADO	MAYOR	A-10
	INDUSTRIA SEDALANA, S.A.	TEXT., POLY. Y RAYÓN	ADM., FINANC., MERCADO	-	-
	HORECA	SERVICIOS HOTELEROS	ADM., FINANC., MERCADO	-	-
	HONGOS DE COSTA RICA	PROCESO DE HONGOS	ADM., FINANC., MERCADO	-	-
	SUB-TOTAL				100
PROYECTOS A CARGO SUPRO					
GUATEMALA					
	FENACOAC Y FECOMERQ	CRÉDITO A COOPERATIVAS	PAG. SIT. CORR. - PROBL. FINANCIEROS	-	-
EL SALVADOR					
	CARTOTÉCNICA CENTROAMERICANA	PROD. CARTÓN Y PAPEL	PAG. REGULARM. PROB. MER. Y FINANC.	-	-
	MUEBLES METÁLIC. PRADO	ART. Y MUEB. ELECTRODOM.	PAGANDO REGULARMENTE	-	-
	Bco. FOMENT. AGROPECUARIO	AGROEMPRESAS RURALES	CORRIENTE	-	-
HONDURAS					
	NACIONAL DE ENVASES	ENVASES CARTÓN Y PLÁST.	ADMINISTRACIÓN, MERCADEO	-	-
	TEXTILES DE HONDURAS	INDUSTRIA TEXTIL	ADM., MERC., FINANCIAMIENTO	MAYOR	A-10
	CÍA. GENERAL HOTELERA	SERVICIOS HOTELEROS	" " "	MAYOR	A-10
	CEMENTOS DE HONDURAS	PRODUCCIÓN CEMENTO	" " "	MAYOR	A-10
	AZUCARERA CENTRAL	AZUCARERA	" " "	MAYOR	A-10
	FED. ASOC. COOP. AMORT. Y CRÉD.	FINANC. ASOCIADOS	COOP. PROBL. FINANC. SITUAC. CORR.	-	-
COSTA RICA					
	COOPESA	CARROC. Y MANTEN. AVION.	PROBLEMAS ADMINISTRACIÓN	-	-
	LANDMARK, S.A.	SERVICIOS HOTELEROS	MERCADO, FINANCIEROS	-	-
	INFOCOOP	AGROEMPRESAS	FINANC., SITUACIÓN CORRIENTE	-	-
	SUB-TOTAL				40
	TOTAL				140

EXPERIENCIA CLASIFICADA Y SUS COSTOS ESTIMADOS

HOMBRE/DIA POR ESPECIALIDAD

	AVALUO	FACTIBILIDAD	REHABILITACIÓN	TOTAL
A. ESPECIALISTA EN EVALUACIONES PARA INDUSTRIA ESPECÍFICA	120	-	-	120
B. ESPECIALISTA EN EVALUACIONES PARA INDUSTRIAS GENERALES	20	-	-	20
C. ESPECIALISTA EN LIQUIDACIÓN DE ACTIVOS PARA EXPORTACIÓN	-	-	-	-
D. ESPECIALISTA EN MERCADEO PARA EXPORTACIÓN	-	25	-	25
E. ESPECIALISTA EN MERCADEO PARA CONSUMO LOCAL	-	80	-	80
F. ESPECIALISTA EN MERCADEO PARA EXPORTACIONES Y CONSUMO LOCAL	-	225	180	405
G. ESPECIALISTA FINANCIERO EN INDUSTRIA ESPECÍFICA (NIVEL ALTO)	-	90	135	225

AVALÚO		FACTIBILIDAD		REHABILITACIÓN		GRAN TOTAL HOMBRE/DÍA
NIVEL DE LA EVALUACIÓN	HOMBRE/DÍA POR ESPECIALIDAD	NIVEL DE LA EVALUACIÓN	HOMBRE/DÍA POR ESPECIALIDAD	NIVEL DE LA EVALUACIÓN	HOMBRE/DÍA POR ESPECIALIDAD	
MENOR, MEDIO, MAYOR		MENOR, MEDIO, MAYOR		MENOR, MEDIO MAYOR		
MENOR	B-5 DÍAS	MAYOR	(E-15(S. AMÉR. CARIBE)	MENOR	H-15	35
MENOR	B-5 DÍAS	MEDIO	L-15	MENOR	H-10	30
-	-	MENOR	H-5	-	-	5
MAYOR	A-10 DÍAS	MAYOR	H-5 L-5	MAYOR	H-30 L-30	80
MEDIO	A-5 DÍAS	MAYOR	E-25 (PANAMÁ, CARIBE)	MENOR	H-5	35
MAYOR	A-15 DÍAS	MAYOR	K-30 G-30	MAYOR	K-30-L-10-G-15	130
MENOR	A-5 DÍAS	MENOR	H-10	-	-	15
MAYOR	A-10	MAYOR	H-15-F-20-K-20	MAYOR	F-20-K-20-G-20	125
MAYOR	A-10	MAYOR	H-15-F-20-K-20	MAYOR	F-20-K-20-G-20	125
MENOR	B-10	MAYOR (EST. FACT. PLAN FINANC. EST. DETERM. USOS ALT.)	F-10-G-15-K-10	MAYOR (PLAN IMPLEM. ESPECÍF.)	G-20-K-20	85
MENOR	A-5	MAYOR	F-10-G-10-K-10	MAYOR	F-10-G-10-K-10	65
-	-	MEDIO	F-5-G-5	MEDIO	F-5-G-20	35
-	-	MEDIO	F-5-G-5	MEDIO	F-5-G-10	25
MENOR	A-5	MEDIO	F-5-H-5-L-5	MEDIO	F-10-H-10-L-10	50
MENOR	A-5	MED. (MEJOR USO PLANTEL)	F-5-I-5-L-5	MEDIO	F-10-I-10-L-10	50
MAYOR	A-10	MAYOR	F-15-H-15-L-10	MAYOR	H-20	70
-	-	MAYOR	F-15-H-15-L-10	MAYOR	H-20	60
-	-	MED. (CONOC. USOS EDIF.)	F-10-G-10	MEDIO	H-20	40
-	-	MED. (MEJ. USO PLANTEL)	F-5-I-5-L-5	MEDIO	F-10-I-10-L-10	50
	100		480		535	1,105
-	-	MENOR	J-15-D-5	-	-	30
-	-	MENOR	E-15-N-5	-	-	30
-	-	MENOR	N-5	-	-	5
-	-	MENOR	J-10-D-10	-	-	30
-	-	MEDIO	E-15	-	-	15
MAYOR	A-10	MAYOR	F-15-H-10-L-10	MAYOR	F-20-H-20-L-15	100
MAYOR	A-10	MAYOR	F-15-H-10-L-10	MAYOR	F-20-H-20-L-15	100
MAYOR	A-10	MAYOR	F-15-G-15-K-15	MAYOR	F-20-G-20-K-20	115
MAYOR	A-10	MAYOR	F-15-H-20-L-15	MAYOR	F-20-H-20-L-20	120
-	-	MENOR	J-10-D-10	-	-	20
-	-	MENOR	H-10-N-10-F-15	MENOR	F-10	45
-	-	MAYOR	H-25-F25 (IND. FIN. PLAN)	MAYOR	H-10	60
-	-	MEDIO	E-10-L-10	-	-	20
	40		370		250	660
	140		850		775	1,765

HOMBRE/DIA POR ESPECIALIDAD

NECESIDADES POR AREA

FACTIBILIDAD	REHABILITACIÓN	TOTAL
-	-	120
-	-	20
-	-	-
25	-	25
80	-	80
225	180	405
90	135	225
20	200	260

DESCRIPCIÓN	REAF	SUFRD	TOTAL
AVALÚO Y CONDICIONES FÍSICAS	13	4	17
ESTUDIO DE FACTIBILIDAD	19	13	32
ESTUDIOS DE REHABILITACIÓN	17	6	23
TOTAL	49	23	72
EMPRESAS QUE NECESITAN:			
- AVALÚOS, FACT., REHABILIT.	12	4	16
- FACT. Y REHABILITACIÓN	5	2	7

PROYEC. TURÍSTICOS MAYA	SERVICIOS HOTELEROS	FINANCIERO	MAYOR	A-10 días
AGROINSA	AZUCARERA	PROB. MERCADO AZÚCAR	MAYOR	
<u>EL SALVADOR</u>				
PLÁSTICOS Y NOVEDADES, S.A	PLÁSTICOS Y ESPUMADOS	MERCADO	MEDIO	A-5 días
MULTIPESCA, S.A. DE C.V.	PESCA Y PROC. CAMAR. Y LANGOST.	ADM., PRODUC., FINANCIERO	MAYOR	A-15 días
INDUSTRIA SALINERA, S.A.	SAL REFINADA	ADMINISTRACIÓN	MEJOR	A-5 días
SIDERÚRG. CÍA DEL PACÍFICO	LINGOTES DE ACERO	MERC., PRODUC. Y FINANC.	MAYOR	A-10
ACERO, S.A.	VARILLA Y ALAMBRES	MERC., PRODUC. Y FINANC.	MAYOR	A-10
TORRE DEL SOL	BIENES ADJUD. TIERRAS	INVES. USO AGROIND. O TUR. TERR.	MEJOR	B-10

<u>HONDURAS</u>				
RESINAS DE HONDURAS	AGUARRÁS Y COLOFONIA	ADM., FINANC., MERCADEO	MEJOR	A-5
HOTEL PLAYA DORADA	SERVICIOS HOTELEROS	MERCADO Y FINANCIERO	-	-
SPYGLASS HILL DE HONDURAS	SERVICIOS HOTELEROS	MERCADO Y FINANCIERO	-	-
<u>COSTA RICA</u>				
REFAMETAL, S.A.	ARTÍCULOS DE METAL	ADM., FINANC., MERCADO	MEJOR	A-5
POZUELO PICASSO, S.A.	PROD., MAD., MOLD., VENTANAS	ADM., FINANC., MERCADO	MEJOR	A-5 MED.
CABSHA	DERIVADOS DE CACAO	ADM., FINANC., MERCADO	MAYOR	A-10
INDUSTRIA SEDALANA, S.A.	TEXT., POLY. Y RAYÓN	ADM., FINANC., MERCADO	-	-
HORECA	SERVICIOS HOTELEROS	ADM., FINANC., MERCADO	-	- MED.
HONGOS DE COSTA RICA	PROCESO DE HONGOS	ADM., FINANC., MERCADO	-	- MED.
SUB-TOTAL				100

PROYECTOS A CARGO SUPRO

<u>GUATEMALA</u>				
FENACOAC Y FECOMERQ	CRÉDITO A COOPERATIVAS	PAG. SIT. CORR. - PROBL. FINANCIEROS	-	-
<u>EL SALVADOR</u>				
CARTOTÉCNICA CENTROAMERICANA	PROD. CARTÓN Y PAPEL	PAG. REGULARM. PROB. MER. Y FINANC.	-	-
MUEBLES METÁLIC. PRADO	ART. Y MUEB. ELECTRODOM.	PAGANDO REGULARMENTE	-	-
Bco. FOMENT. AGROPECUARIO	AGROEMPRESAS RURALES	CORRIENTE	-	-
<u>HONDURAS</u>				
NACIONAL DE ENVASES	ENVASES CARTÓN Y PLÁST.	ADMINISTRACIÓN, MERCADEO	-	-
TEXTILES DE HONDURAS	INDUSTRIA TEXTIL	ADM., MERC., FINANCIAMIENTO	MAYOR	A-10
CÍA. GENERAL HOTELERA	SERVICIOS HOTELEROS	" " "	MAYOR	A-10
CEMENTOS DE HONDURAS	PRODUCCIÓN CEMENTO	" " "	MAYOR	A-10
AZUCARERA CENTRAL	AZUCARERA	" " "	MAYOR	A-10
FED. ASOC. COOP. AMORT. Y CRÉD.	FINANC. ASOCIADOS	COOP. PROBL. FINANC. SITUAC. CORR.	-	-
<u>COSTA RICA</u>				
COOPESA	CARROC. Y MANTEN. AVION.	PROBLEMAS ADMINISTRACIÓN	-	-
LANDMARK, S.A.	SERVICIOS HOTELEROS	MERCADO, FINANCIEROS	-	-
INFOCOOP	AGROEMPRESAS	FINANC., SITUACIÓN CORRIENTE	-	-
SUB-TOTAL				40
TOTAL				140

EXPERIENCIA CLASIFICADA Y SUS COSTOS ESTIMADOS

	HOMBRE/DIA POR ESPECIALIDAD			TOTAL
	AVALO	FACTIBILIDAD	REHABILITACIÓN	
A. ESPECIALISTA EN EVALUACIONES PARA INDUSTRIA ESPECÍFICA	120	-	-	120
B. ESPECIALISTA EN EVALUACIONES PARA INDUSTRIAS GENERALES	20	-	-	20
C. ESPECIALISTA EN LIQUIDACIÓN DE ACTIVOS PARA EXPORTACIÓN	-	-	-	-
D. ESPECIALISTA EN MERCADEO PARA EXPORTACIÓN	-	25	-	25
E. ESPECIALISTA EN MERCADEO PARA CONSUMO LOCAL	-	80	-	80
F. ESPECIALISTA EN MERCADEO PARA EXPORTACIONES Y CONSUMO LOCAL	-	225	180	405
G. ESPECIALISTA FINANCIERO EN INDUSTRIA ESPECÍFICA (NIVEL ALTO)	-	90	135	225
H. ESPECIALISTA FINANCIERO EN INDUSTRIA ESPECÍFICA (NIVEL MEDIO)	-	160	200	360
I. ESPECIALISTA FINANCIERO EN INDUSTRIA GENERAL (NIVEL ALTO)	-	10	20	30
J. ESPECIALISTA FINANCIERO EN INDUSTRIA GENERAL (NIVEL MEDIO)	-	35	-	35
K. ESPECIALISTA EN OPERACIÓN DE PLANTAS PARA INDUSTRIA ESPECÍFICA (NIVEL ALTO)	-	105	120	225
L. ESPECIALISTA EN OPERACIÓN DE PLANTA PARA INDUSTRIA ESPECÍFICA	-	100	120	220
M. ESPECIALISTA EN OPERACIÓN DE PLANTA PARA INDUSTRIAS GENERALES	-	-	-	-
N. ESPECIALISTA EN OPERACIÓN DE PLANTAS PARA INDUSTRIAS GENERALES (NIVEL MEDIO)	-	20	-	20
	140	850	775	1.765

		MENOR	H-5			5
MAYOR	A-10 DÍAS	MAYOR	H-5 L-5	MAYOR	H-30 L-30	80
MEDIO	A-5 DÍAS	MAYOR	E-25 (PANAMÁ, CARIBE)	MENOR	H-5	35
MAYOR	A-15 DÍAS	MAYOR	K-30 G-30	MAYOR	K-30-L-10-G-15	130
MENOR	A-5 DÍAS	MENOR	H-10	-	-	15
MAYOR	A-10	MAYOR	H-15-F-20-K-20	MAYOR	F-20-K-20-G-20	125
MAYOR	A-10	MAYOR	H-15-F-20-K-20	MAYOR	F-20-K-20-G-20	125
MENOR	B-10	MAYOR (EST. FACT. PLAN FINAN. EST. DETERM. USOS ALT.)	F-10-G-15-K-10	MAYOR (PLAN IMPLM. ESPECÍF.)	G-20-K-20	85
MENOR	A-5	MAYOR	F-10-G-10-K-10	MAYOR	F-10-G-10-K-10	65
-	-	MEDIO	F-5-G-5	MEDIO	F-5-G-20	35
-	-	MEDIO	F-5-G-5	MEDIO	F-5-G-10	25
MENOR	A-5	MEDIO	F-5-H-5-L-5	MEDIO	F-10-H-10-L-10	50
MENOR	A-5	MED. (MEJOR USO PLANTEL)	F-5-I-5-L-5	MEDIO	F-10-I-10-L-10	50
MAYOR	A-10	MAYOR	F-15-H-15-L-10	MAYOR	H-20	70
-	-	MAYOR	F-15-H-15-L10	MAYOR	H-20	60
-	-	MED. (CONOC. USOS EDIF.)	F-10-G-10	MEDIO	H-20	40
-	-	MED. (MEJ. USO PLANTEL)	F-5-I-5-L-5	MEDIO	F-10-I-10-L-10	45
	100		480		525	1,105
OS	-	MENOR	J-15-D-5	-	-	20
C.	-	MENOR	E-15-N-5	-	-	20
-	-	MENOR	N-5	-	-	5
-	-	MENOR	J-10-D-10	-	-	20
-	-	MEDIO	E-15	-	-	15
MAYOR	A-10	MAYOR	F-15-H-10-L-10	MAYOR	F-20-H-20-L-15	100
MAYOR	A-10	MAYOR	F-15-H-10-L-10	MAYOR	F-20-H-20-L-15	100
MAYOR	A-10	MAYOR	F-15-G-15-K-15	MAYOR	F-20-G-20-K-20	115
MAYOR	A-10	MAYOR	F-15-H-20-L-15	MAYOR	F-20-H-20-L-20	120
-	-	MENOR	J-10-D-10	-	-	20
-	-	MENOR	H-10-N-10-F-15	MENOR	F-10	45
-	-	MAYOR	H-25-F25 (IND. FIN. PLAN)	MAYOR	H-10	60
-	-	MEDIO	E-10-L-10	-	-	20
	40		370		250	660
	140		850		775	1,765

HOMBRE/DIA POR ESPECIALIDAD

FACTIBILIDAD	REHABILITACIÓN	TOTAL
-	-	120
-	-	20
-	-	-
25	-	25
80	-	80
225	180	405
90	135	225
160	200	360
10	20	30
35	-	35
105	120	225
100	120	220
-	-	-
20	-	20
850	775	1,765

NECESIDADES POR AREA

DESCRIPCIÓN	RECAP	SUPPO	TOTAL
AVALUÓ Y CONDICIONES FÍSICAS	13	4	17
ESTUDIO DE FACTIBILIDAD	19	13	32
ESTUDIOS DE REHABILITACIÓN	17	6	23
TOTAL	49	23	72
EMPRESAS QUE NECESITAN:			
- AVALUOS, FACT., REHABILIT.	12	4	16
- FACT. Y REHABILITACIÓN	5	2	7
- AVALUÓ Y FACTIBILIDAD	1	-	1
- SOLO FACTIBILIDAD	1	7	8
TOTAL	19	13	32

Timely Article
For Memoria
By Marshall Burkes

STATUS OF PRIVATE SECTOR REHABILITATION IN CABEI

The technical assistance project became operational in mid November. Mr. John Varley, the Chief of Party, and our RECAP and SUPRO staffs are preparing a project-by-project work plan. The next step will be to match needed resources and the specific skills from the international bank of specialist in each industry. Professional appraisals and feasibilities will be completed this winter on a counterpart basis with RECAP staff. If a project passes the criteria for rehabilitation, the actual strategy will be developed starting next spring.

With the new IBM-AT computer, Lotus 1-2-3 tools and related training, several projects have been paid off or met our criteria for rescheduling. Also, Roberto Chico Duarte arranged for a siminar on rehabilitation in each of the member contries. Arragements were made by the CABEI Representation in each Regional Office.

The cadre consisted of Leonardo Pressa, Chief of PROMEP, Luis Rojas, Acting Chief of RECAP, Dr. Luis Fortín, former Senior Invest-ant Officer of the World Bank Group and instructor to UNIDO and Dr. Marshall Burkes, Former Chief Financial Officer to the International Financial Corporation and Consultant to UNIDO and CABEI. Participants

included, private sector investors, commercial bankers, government agencies, export trade groups and central bankers. Copies of the hand-out material and diagrams of the rehabilitation process were available in RECAP upon request.

cc.

12 DIC 1986

ESQUEMA REVISADA DEL PLAN DE TRABAJO RECAP/RRNA

MES/ PROYECTOS	(Hombres-dias)		SUB-TOTAL POR MES	% DE RECAP CARTERA	
	AVALUO	FACTI- BILIDAD			TOTAL
=====					
ENERO					
HOTELES	36	98	134	25%	
AZUCARERAS	22	42	64	18%	
TEXTILES	15	41	56	5%	
			-----	-----	
			254	48%	
FEBRERO					
MULTIPESCA	9	31	40	13%	
CEMENTO	16	23	39	7%	
CABSHA	11	21	32	3%	
SALINERA	5	11	16	1%	
INST. FINAN.	0	65	65	5%	
			-----	-----	
			192	29%	
MARZO					
ACERO/SIDUR	7	26	33	8%	
HONGOS	9	26	35	2%	
RESINAS	8	22	30	1%	
PICASSO/REFAMET.	9	37	46	4%	
			-----	-----	
			144	15%	
ABRIL					
PYNSA/ENVASES	8	22	30	6%	
CARTO/PRADO	6	21	27	1%	
COOPESA	0	17	17	1%	
			-----	-----	
	161	503	74	8%	
=====					
SUBTOTAL			664	664	100%
ADMINISTRACION			55		
IMPREVISTOS			100		

TOTAL			819		

12-15-86

SUPERVISION BY RECAP CHIEF

Quality results from the portfolio rehabilitation exercise is critical to the future of CABEI. With an outside contractor, who is motivated both by reputation and contract, RECAP management must implement supervision tools of a problem prevention nature. Some key points and actions are mentioned, somewhat in order of occurrence, as follows:

- . Utilize clearly stated operating procedures for decisions and clearances between Nathan and RECAP/CABEI (if not in place, this should be implemented immediately).
- . Review a "results" oriented term of reference for each function: appraisal, feasibility and rehabilitation.
- . Review a modified version of this functional term of reference for each major industry.
- . Review the list of major questions to be answered for each project.
- . Review the list of major data needs for each project - both internal and external to the company.
- . Review the list of specific human skills needed to find these answers and to properly evaluate them for each project.
- . Crosscheck the specific terms of reference for each project with direct reference to (1) information needed and (2) specific qualifications of preferred consultant.

- . Review the list of preferred training and experience needed by the consultant to perform this assignment.
- . Review the credentials of the first, second and third candidate as recommended by Nathan.
- . Review an objective evaluation of the last two rehabilitation type projects performed by the first choice candidate.
- . Review the documentation that the recommended candidate is the best qualified and respected in that industry and consider per/day fees as secondary.
- . Review the operating schedule of Nathan by project each week to avoid unnecessary slippage by any consultant in the field.
- . Verify the specific accountability for each project and this should be Varley or Rourk.
- . Verify that the chief of party has a completed draft report with definitive recommendations before the consultant returns home.
- . If there is any question of quality control in an assignment, make sure that Nathan replaces the consultant immediately.
- . Obtain written conformation with the assistance of Mr. Rheinboldt that each Central Bank will repatriate hard currency. This should be done for all the projects on the list by country before any rehabilitation plans are begun.

UNITED NATIONS DEVELOPMENT PROGRAMME

Project of the Banco Centro Americano de Integración Económica (BCIE)

INDUSTRIAL REHABILITATION ASSISTANCE DOCUMENT

Title: Expansion of/Rehabilitation Activities of *from Port-au-Prince*
for BCIE

Number: DP/RLA/86/ /

Sector: Private and Public Industry 037

Subsector:

Government Implementing Agency: Banco Centroamericano de Integracion
Economica (BCIE)

Executing Agency: UNIDO/FCTY

Duration of the Preparatory Assistance: 8 months

Starting Date: January 1987

Government Inputs: UNDP Inputs

A. INTRODUCTION

- 1. The attached letter by Marshall Burkes to Mr. Tichauer provides a positive set of statements on the accomplishments of the present private sector rehabilitation project.
- 2. The attached letter from Roberto Chico Duarte represents BCIE's evaluation of the UNIDO/UNDP contribution to the existing private sector rehabilitation project. The contracting arrangement for the past eight months expires at the end of November.

B. SITUATION OF THIS PROJECT AND FUTURE REHABILITATION

- 1. The BCIE has decided to give serious consideration to the reactivation/rehabilitation of all its industries after initial success in the private sector. It has found itself taking this decision due, in part, to the great economic crisis facing the region. It must know the current status (production, financial, market, etc.) of each major industry and what is needed (as to resources) to bring each industry back to a productive entity which is able to participate in today's economic world and contribute to the people's welfare in the region.
- 2. At present, the productivity of the majority of the industrial enterprises connected to the BCIE is extremely low (and in some cases almost nonexistent) since they are facing serious problems in the field of production, management and finance (capital flight has done much damage). Furthermore, these industries have little access to capital and export markets are difficult to establish or reestablish.
- 3. The BCIE believes that if the proper rehabilitation analysis is made and a long term technical and financial assistance is formulated which would quantify the needs (resources) of each industry the economic situation of the industries will

be turned around.

- 4. UNIDO through its project on industrial reactivation within CABEI has designed an unique approach for rehabilitation of the private sector industries that are in critical condition. It is felt that this basic approach can be utilized for the public sector industries.
- 5. In the preparatory stage (and in the new project) RECAP (the rehabilitation unit handling the private sector) should cooperate with the personnel involved in the preparatory stage. In this way the new personnel can benefit from the experience (RECAP has the actual rehabilitation process underway with a \$1.5 million grant from USAID) and resources of RECAP. (Also the initiative of RECAP would continue).
- 6. The view of this broader rehabilitation approach is not quite possible in order to formulate a detailed long range rehabilitation plan. Several related activities by UNDP and within CABEI will be completed in early 1987. Therefore, it is felt that before embarking on a four year technical assistance programme a transition assistance plan of 8 months should take place as soon as possible.

C. SITUATION OF THE PROJECT WITHIN THE OVERALL DEVELOPMENT PROGRAMME OF THE COUNTRIES

Within the four year plan 1987-1991 top priority has been given by all of the Central American Governments not only to rehabilitating its present industries when possible but wherever possible the creation of new industries utilizing new technologies that would reduce the development gap between the area and the developed nations.

SIECA is carrying out, in coordination with CABEI and ICAITI, a survey in 400 industrial enterprises in the region to identify their technical and financial problems. This information will

be very valuable for this project in early 1987.

D. BASIC GOALS FOR IMMEDIATE FUTURE

- 1. Continue as the catalyst to rehabilitate BCIE and to attract efforts and substantial funds from outside institutions.
- 2. Continue with the same skills that are being deployed in the private sector rehabilitation in RECAP.
- 3. As the first cycle of companies undergo the rehabilitation process, apply similar skills and techniques to that portion of the public sector portfolio which has an industrial orientation.

E. SIMPLE AND DIRECT OBJECTIVES

- 1. Continue to implement and monitor the ongoing rehabilitation in RECAP until the combined external and internal rehabilitation teams have completed the basic three phases with the first cycle or group of companies.
- 2. Work with Promotion, SUPRO and PROMED within BCIE, the UNDP regional program leader, World Bank, USAID and others on a Task Force basis to: (1) Identify a couple of industrial type agencies in the public sector portfolio, (2) Select technical assistance, (3) Contract the work, (4) Monitor the activities and (5) Evaluate the results for expansion to others as a major project in 1987 through 1990.

It is premature to try to put together a Master Project for Industrial Rehabilitation in the public sector ^{portfolio} at this time. Several assignments or projects are underway or pending that should complement or assist this consideration. Those activities are: (1) The SIECA/ICAITI survey, (2) ^{the} Projects of projects which is to develop technical assistance to assemble new

projects for BCIE, (3) non traditional export primarily for agro industry and (4) a Program of Rehabilitation of industrial firms in the region - primarily agro industry.

3. Continue computerization and rehabilitation training in RECAP and SUPRO plus related areas in BCIE.

F. METHODOLOGY

1. Extend the Burke's contract on the same basis and same time frame as in 1986 beginning on January 1, 1987.
2. Add the role of transferring the rehabilitation techniques to the industrial portion of the public sector portfolio on a test basis to the Burkes contract.
3. Continue the rehabilitation and computerization training in RECAP and SUPRO.
4. Continue until computer enhancements and activities of keeping the system compatible and operational with an efficient source of equipment and supplies.

G. BUDGET

UNDP Inputs

11-01	Industrial Mgt. - Finance	
	Three months at \$9000/month plus	US\$ 27,000
	two trips at \$600.	1,200
11-02	Industrial Mgt. - Ind. Eng.	
	Two months at \$9000/month	18,000
	Plus one trip at \$600.	600
11-03	Ind. Mgt.- Marketing	
	Two months at \$9000/month	18,000
	Plus one trip at \$600.	600

11-04	Financial Management Consultant		
	Eight months at one half time for		
	\$4,500/month including Washington D.C.		
	and local expenses	\$	38,000
	Plus five trips at \$600.		3,000
11-05	Financial Management Instructor		
	one month at \$9000/month		9,000
	Plus one trip at \$600		600
	Computer equipment and software \$6,000		6,000
15-00	Travel within the region		3,000
16-00	UNIDO (at end of preparatory mission)		2,000
50-00	Miscellaneous		<u>1,000</u>
	TOTAL	USS	128,000

CABEI Inputs

- Counterpart personnel to team
- Office space and secretarial facilities
- Transport facilities