

PROJECT APPRAISAL REPORT (P)

596-024  
5960024④

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1. PROJECT NO. 596-13-770-024	2. PAR FOR PERIOD: Mar. 1971 TO June 1972	3. COUNTRY ROCAP	4. PAR SERIAL NO. 72-5 5p.
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5. PROJECT TITLE

BUSINESS ADMINISTRATION

6. PROJECT DURATION: Began FY <u>67</u> Ends FY <u>73</u>	7. DATE LATEST PROP Dec. 18, 1970	8. DATE LATEST PIP -	9. DATE PRIOR PAR February 1971
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$1,620,000	b. Current FY Estimated Budget: \$330,000	c. Estimated Budget to completion After Current FY: \$70,000
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME Harvard University	b. CONTRACT, PASA OR VOL. AG. NO. Contract AID/1a-472
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I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID 'W	HOST		
X		X	1) Review total progress under Harvard Business School contract	August, 1972
X		X	2) Review graduate level curriculum for degree of compatibility with regional undergraduate programs	September, 1972
X		X	3) Review INCAE's progress in complying with conditions precedent under AID loan program.	June or July 1973
X		X	4) Review actions on implementation of loan program, particularly progress on generating financial benefits to the Institution.	March, 1973
(Actions 1 and 2 complete grant program and the next PAR will be terminal. Actions 3 and 4 will be completed under loan implementation)				

D. REPLANNING REQUIRES	E. DATE OF MISSION REVIEW
REVISED OR NEW: <input type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AG <input type="checkbox"/> PIO/Y <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P	June, 1972
PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE C/HRD: JGlenn Coombs	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE Oliver L. Saune, Director ROCAP

**II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS**

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUTSTANDING		LOW	MEDIUM			HIGH	
	1	2	3	4	5	6	7	1	2	3	4	5	
1. <b>Harvard University</b>					<b>X</b>								<b>X</b>
2.													
3.													

Comment on key factors determining rating

Contractor and INCAE highly responsive to planning and implementation of reforms related to improved management and financial self-sufficiency, as well as improvement of quality of academic programs. Other components include improvement of curriculum and instructional materials. A very close and harmonious working relationship has been maintained between the Harvard Business School and INCAE. Harvard's progress reports and financial vouchers have not been submitted to ROCAP on schedule; and progress reports were frequently incomplete.

4. PARTICIPANT TRAINING	1	2	3	4	5	6	7	1	2	3	4	5
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Comment on key factors determining rating

None during this period. Eleven persons received training in prior years under this Harvard contract and four of these are still on the staff at INCAE.

5. COMMODITIES	N/A							1	2	3	4	5
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Comment on key factors determining rating

6. COOPERATING COUNTRY	a. <del>OTHER</del> INCAE	1	2	3	4	<b>X</b>	6	7	1	2	3	4	5	<b>X</b>
	b. OTHER CA/P				<b>X</b>									<b>X</b>

Comment on key factors determining rating The Board of Directors of INCAE is composed of successful businessmen of the region who are deeply concerned with the development of the Institute. While about half the teaching faculty is from the U.S., an effort is being made to train and recruit additional qualified indigenous faculty. All faculty members are full-time. National Committees and Chapters of INCAE Associates have been organized in the C. A. countries, and businessmen of the region have made contributions through purchase of INCAE bonds and donations. While contributions have been far short of projections, with the loan program financial viability should be reached within six years. AMP's and seminars have been well received and are now significant revenue producing activities. The Government of Nicaragua continues to contribute approximately US\$75,000 yearly.

7. OTHER DONORS	Student tuitions							1	2	3	4	<b>X</b>	6	7	1	2	3	4	5	<b>X</b>
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(See Next Page for Comments on Other Donors.)

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II. 7. Continued: Comment on key factors determining rating of Other Donors

MBA students are paying tuition and fees of \$1,900 per school year which is far above Central American standards. The plan is to gradually increase enrollment from 119 to 170 over four-year period which will lower the cost per student due to economy of scale. Most all graduates were placed in the CA/P region with firm job offers prior to graduation. Salary increases would indicate high performance on the part of graduates.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					
		CUMULATIVE PRIOR FY	CURRENT FY		FY 73	FY ____	END OF PROJECT
			TO DATE	TO END			
MBA Graduates	PLANNED	125	0	60	60	-	245
	ACTUAL PERFORMANCE	92	0				
	REPLANNED			55	60	-	207
Advanced Management Programs - attendees	PLANNED	550	0	100	100	-	750
	ACTUAL PERFORMANCE	466	0				
	REPLANNED			100	150	-	716
Continuing Education Program (Seminars) - attendees	PLANNED	-	-	-	-	-	-
	ACTUAL PERFORMANCE	1230	150				
	REPLANNED			-	240	-	1620
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT					
1. Development of planning, management and research capacity.		Excellent planning evidenced with limited technical assistance in connection with loan paper preparation. New internal administrative organization being implemented. Grant (\$500,000) received for research and training in Agribusiness. Research projects with Ford Foundation on nutrition and family planning are being developed.					
2. Placement service.		All except two of the 45 graduates in 1971 were placed prior to graduation. INCAE's recently organized placement and follow-up services revealed that upon leaving INCAE graduates earned 59% more than when they entered the program.					
3. CLADIC (Latin American Center of Documentation and Case Exchange)		The use of case studies and the study group teaching technique is being used. INCAE as the CLADIC center is emphasizing the production of additional regional case studies and greatly expanded library resources.					

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**IV. PROJECT PURPOSE**

A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP?  YES  NO  
**Establish INCAE as a self-sustaining regional institution to meet management needs in private and public sectors of CA/P on a continuing basis.**

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
1) Indigenous faculty and administrative personnel in key academic and management positions.	1) Half of teaching faculty from the U.S., most of whom were associated with Harvard. Top administrative staff from C. A. region.
2) 95% of MBA graduates from CA/P in 1973 placed in the region within 30 days of graduation.	2) Placement record has been excellent during past two years - most students placed prior to graduation. High starting salaries and survey of employers clearly indicate effective demand.
3) 80% of projected enrollment in AMP program.	3) 85% of projected enrollment has been met to date with 466 participants; however a substantial number of non-CA/P participants.
4) 80% of projected enrollment in Seminar program.	4) 100% of projected enrollment to date. Plan to increase number of seminars from 6 to 28 per year over four year period.

**V. PROGRAMMING GOAL**

A. Statement of Programming Goal

**To develop and improve the business management capacity of the CA/P region.**

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence. **Yes. INCAE is the only graduate level business school in CA/P and its programs are rapidly becoming sufficiently extensive to meet total regional needs. Once INCAE has reached the level of self-sufficiency with its expanded programs any additional regional effort to duplicate the Institute will become less feasible, and assistance in the development of CA/P undergraduate business programs will be encouraged. INCAE graduates will make a significant contribution to the development of an effective Central American Common Market.**

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP?  YES  NO

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
<p>5) Long range financial plan which leads to self-sufficiency</p> <p>6) Development of revenue producing activities</p> <p>7) Reduction in heavy reliance upon external assistance.</p>	<p>5) Following a comprehensive analysis, a financial plan has been developed for period 1971-84 utilizing the cost center concept. Loan funds will support a student loan fund; program administration and staff development; and the expansion of physical facilities to accommodate an MBA enrollment increase from 119 to 170 over a four year period. The financial plan shows a decreasing deficit from 1972 to 1976/77 when an operating surplus will be realized.</p> <p>6) A realistic and diversified plan has been developed as indicated above. Principal revenue producing activities include AMP and Seminar programs, consulting services, research projects, fund raising, and student housing.</p> <p>7) INCAE has received technical assistance under the AID financed Harvard Business School contract since 1963 and KOCAP grant support to meet operational costs of the MBA program since 1966. The Harvard contract will be phased out June 30, 1972 which</p>

V. PROGRAMMING GOAL

A. ~~Statement of Programming Goal~~ seems to be agreeable to both institutions; and plans have been made to maintain an informal professional relationship. KOCAP grant funding support will terminate August 31, 1972, as loan funds become available.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.