

PROJECT EVALUATION SUMMARY (PES) - PART I

Report Control
Symbol U-447

DD AAI 675
1. PROJECT TITLE

INCAE MANAGEMENT DEVELOPMENT

2. PROJECT NUMBER
596-0101

3. MISSION/AID/W OFFICE
ROCAP/Guatemala

4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 82-4

REGULAR EVALUATION SPECIAL EVALUATION

5. KEY PROJECT IMPLEMENTATION DATES

A. First PRO-AG or Equivalent FY <u>80</u>	B. Final Obligation Expected FY <u>82</u>	C. Final Input Delivery FY <u>82</u>
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6. ESTIMATED PROJECT FUNDING (000)

A. Total	\$ <u>1,800</u>
B. U.S.	\$ <u>1,800</u>

7. PERIOD COVERED BY EVALUATION

From (month/yr.) Aug. 1980
To (month/yr.) Aug. 1981
Date of Evaluation Review October 1981

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)

B. NAME OF OFFICER RESPONSIBLE FOR ACTION

C. DATE ACTION TO BE COMPLETED

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

A. Continue Project Without Change
B. Change Project Design and/or
 Change Implementation Plan
C. Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

Rafael Franco
Rafael Franco
Evaluation Officer

12. Mission/AID/W Office Director Approval

Signature *Paul A. Montavon*

Typed Name

Paul A. Montavon

Date

January 7, 1982

13. SUMMARY

From late 1977 through mid-1980, INCAE suffered major financial losses, primarily due to the Nicaraguan Civil War, but also related to economic and political conditions in other client countries. Enrollments in the MBA Program declined from a high of 100 new enrollments in 1977 to only 47 in 1979. Financial and other problems caused INCAE to cut back on its advanced management course, seminars and other program offerings. By mid-1980, INCAE was virtually bankrupt and ready to close its doors. In order to permit the Institution to continue operating and to provide time to prepare a five-year (1980-1985) turnaround management plan, AID approved an emergency cash transfer grant of \$0.4 million in August, 1980. AID subsequently increased its grant financing to a total of \$1.8 million.

INCAE's management plan emphasizes the following five strategic program goals:

1. Significant increase in INCAE activities, particularly executive.
2. Geographic diversification of INCAE activities.
3. Restoration of financial viability through reduction of operating expenses by cost-cutting and by increased productivity of the INCAE staff and faculty.
4. Creation of a U.S.-based endowment fund.
5. New efforts at fund raising in Central America.

This review, undertaken in September and October, 1981, concluded that there has been substantial progress in implementing the first year of the five-year turnaround management plan. There is a strong demand for the INCAE programs and, barring adverse political and economic factors beyond INCAE's control, the institution should be able to achieve financial viability in the next few years in accordance with its plan and continue to play a major role in the region's private sector development.

14. EVALUATION METHODOLOGY

The purpose of this in-house evaluation was to review progress in carrying out INCAE's five-year turnaround management plan, which is being partially financed by a \$1.8 million AID grant. The evaluation reviewed the five program goals emphasized by the plan, and included a detailed examination of INCAE's records as well as discussions with the faculty and staff.

15. EXTERNAL FACTORS

INCAE has encountered difficulties due to the overall political problems in the region, and particularly in Nicaragua, which have hindered the recruitment of students and faculty. While these problems

existed before the project and, in fact, contributed to the need for the project, they have continued to the detriment of the institution. More recently, there has been concern that the Government of Nicaragua may take arbitrary economic and political actions which could seriously affect INCAE's turnaround plans and force it to relocate.

16. INPUTS

Planned inputs under this project are to provide funding over a period of three years to assist INCAE in meeting immediate operational needs as follows: \$400,000 in FY 1980, \$900,000 in FY 1981 and \$500,000 in FY 1982. To date, \$1.3 million has been obligated through Grant Agreement 596-0101 and the remaining \$500,000 is in the process of being authorized to cover FY 1982 operations.

17. OUTPUTS

Projected outputs are a balanced INCAE budget by 1982, a higher degree of solvency, approximately 50 to 70 MBA graduates per school year and approximately 40 to 60 advanced management and special programs annually.

INCAE is now operating at virtually full capacity with 168 MBA students and a full schedule of advanced management programs, seminars and special activities that total 68 in all. The operating budget deficit is now at a manageable level and smaller than the projected end-of-year goal. INCAE finished 1980/81 with a deficit of \$210,000, which is well below the \$440,000 projected in the PP. The student loan fund has been increased and efforts to improve collections of old loans have been instituted with good initial results. Fund raising activities have also been effective.

18. PURPOSE

The project purpose is to assist INCAE, in the short term, to meet immediate operational needs; thereby enabling the institution to continue its operations, prepare for a fall 1980 class of MBA candidates, offer advanced management programs and prepare plans and analyses necessary to improve its financial and institutional viability. Barring adverse political and economic factors beyond INCAE's control, the institution should be able to achieve financial viability in the next few years and continue to play a major role in private sector development.

19. GOAL

The goal of the project is to rebuild, expand and improve the level of management training in the Caribbean, Central and South America.

20. BENEFICIARIES

The beneficiaries of the project are the current and potential members of the MBA, advanced management and special programs. With continued growth of these programs and the anticipated expansion into the Caribbean and Andean countries, it is expected that the project will enable a greater number of public and private sector institutions and people to have access to quality management training and expertise. Secondary benefits to be derived from the project include increased employment, production and income opportunities as the managerial training and expertise is put to effective use.

21. UNPLANNED EFFECTS

The project has not had any unplanned results.

22. LESSONS LEARNED

None.

23. SPECIAL COMMENTS

None.