

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY

Haiti

3. PROJECT NUMBER

521-0183

4. BUREAU/OFFICE

LAC

05

5. PROJECT TITLE (maximum 40 characters)

Management & Productivity Center

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
1 0 3 0 9 0

7. ESTIMATED DATE OF OBLIGATION

(Under 'B.' below, enter 1, 2, 3, or 4)

A. Initial FY 85

B. Quarter 3

C. Final FY 91

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 85			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	( 325 )	( 125 )	( 450 )	( 1,796 )	( 504 )	( 2,300 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1.						
2.						
Host Country						
Other Donor(s)						
<b>TOTALS</b>	325	125	450	1,796	504	2,300

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) SDA	660	840		0	-	2,300	-	2,300	-
(2)									
(3)									
(4)									
<b>TOTALS</b>				0		2,300		2,300	

10. SECONDARY TECHNICAL CODES (maximum 5 codes of 3 positions each)

790

11. SECONDARY PURPOSE CODE

663

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

TNG

B. Amount

2,300

13. PROJECT PURPOSE (maximum 480 characters)

To upgrade the management skills of business owners, managers, and micro-business entrepreneurs in Haiti.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
1 0 8 7 1 0 8 8 0 3 9 1

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page FP Amendment.)

17. APPROVED BY

Signature

Jerome French

Title

Mission Director  
USAID/Haiti

Date Signed

MM DD YY  
0 1 0 9 8 5

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

PRODUCTIVITY AND MANAGEMENT CENTER

PROJECT PAPER

Prepared by:  
Office of Private Enterprise Development  
USAID/Haiti

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Project Development Team

USAID/Project Development Committee

Criss Juliard, Project Manager, Office of Private Enterprise Development (OPED)  
 Reese Moyers, Chief, Office of Private Enterprise Development (OPED)  
 Barry Burnett, Chief, Office of Development Resources and Evaluation (DRE)  
 David Adams, Project Development Officer  
 Richard Byess, International Development Intern  
 James Walker, Giovanni Caprio, Economists  
 James Ann, Financial Analyst  
 Margareth Cesar, Secretary/typist

Partnership for Productivity International

Tamara Dugleby  
 Robert Wolfson  
 George Butler

Group Seven, Inc.

Jean Dehasse

American Management Association

Tred Parker  
 Gaston Lefevbre

Capital Consult

Carl Braun

Core Group

Philippe Armand  
 Chris Ballentyne  
 Carl Braun  
 Thierry Bungener  
 Guy Douyon  
 Claude Levy  
 Léonce Thélusma

## I. SUMMARY AND RECOMMENDATIONS

### A. Recommendations

The USAID/Haiti Mission recommends that a \$2.3 million grant be authorized for a five-year project to establish a Management and Productivity Center (MPC) in Haiti which will provide management training programs, management consulting services and micro-business assistance to Haitian private sector businesses.

### B. Summary Project Description

The purpose of the project is to create the capability in Haiti to provide management training and technical assistance (consulting services) to a wide spectrum of business owners, managers and micro-business entrepreneurs in the Haitian private sector. To provide this capability, a Management and Productivity Center (MPC) will be established. The locally constituted Management and Productivity Center Core Group, USAID and a U.S. management consulting firm will implement the project with the mechanism of a Haitian Corporation and/or Foundation. Through the institution the concept and viability of the MPC will be examined during the first three years of operation. If, after formal evaluations at the 12th, 24th and 36th months of operation, the MPC proves viable, a one year transitional phase will be initiated. During this fourth and the fifth year the project will become institutionalized on a local basis (See Section VI, A. Institutional Analysis for detailed description).

The MPC will provide three types of services to its clients: (1) short (one to three days) management seminars for the top, middle and supervisory levels of management in operating Haitian businesses, with emphasis on the export assembly sector, (2) management consulting services related to a variety of management needs, with special emphasis on assistance with loan project packaging, and (3) courses in basic business skills targeted but not limited to the micro-business entrepreneur who applies to the Haitian Development Foundation (HDF) for a loan to establish and/or improve his/her business operation.

### C. Project Funding

During the first three years (Phase I) of the project USAID will fund \$1,250,000 in long and short-term technical assistance, and \$1,050,000 in local salaries and general operating expenses. The fee income during this period, which is estimated at \$536,000, will be accumulated and deposited in a financial institution, and the principal and interest earned will be applied to the fourth and fifth years of operation (Phase II).

Phase II income is estimated at \$940,000; however, should a world-wide economic reversal drastically reduce the user fee income and anticipated third party contributions, the MPC will be empowered to draw upon the contingency fund to finance operations. Conversely, should there be a continued expansion in world-wide economic conditions which improve the Haitian economy, the MPC will submit a detailed plan to USAID during the

fifth year for the utilization of the contingency fund. It is anticipated that the fund would provide an outreach program at cost to users unable to afford the existing fee structure, to provide scholarships, and to expand the MPC's non-income generating business information and new product/new market development services. During Phase II operations AID will finance a small continuing technical assistance component of \$110,000. In addition, a membership base as a source of additional revenue and support will be built, and a strategy will be implemented to fund any remaining shortfall in operating expenses through third party contributions. It is expected that by the end of the fifth year the MPC will have acquired a professional reputation and a sizeable alumni which combined will enable the Center to solicit additional external funding to meet any projected deficits. (See Section VI.B. Financial Analysis for details).

#### D. Summary Findings

The Project Development Committee has reviewed all aspects of the proposed MPC project and finds that it is institutionally, financially, economically, technically and socially sound. (See Section VI and Annexes for details). The financial analysis shows that the MPC will approach financial self-sufficiency by the end of the fifth year if there is no serious economic downturn and if income generated from fees, membership dues and community support materialize as projected.

The institutional analysis shows that the MPC will be best launched without institutionalizing the project from the outset. Rather than creating a new, fully staffed institution or attempting to upgrade an existing Haitian organization, an approach has been formulated whereby a U.S. firm will be contracted to assure the services for a period of three years. This is considered the most efficient manner to manage and monitor the project so that an impartial evaluation can be made with harder data available to determine the project's feasibility for subsequent institutionalization and continued AID support.

The social soundness analysis indicates that the project will greatly impact women since they represent the largest percentage of workers and supervisors in the light assembly industries. As a result of the multi-level training provided, attitudinal changes among managers, supervisors, and entrepreneurs will positively impact the society as long as the MPC remains flexible in its responses to private sector needs and is willing to adapt contemporary management models to the Haitian system.

#### E. Project Implementation

An implementation plan has been devised which includes Conditions Precedent to Disbursement, monthly and quarterly operational and financial monitoring reports and a number of Conditions and Covenants throughout the project life (See Section VIII). A pre-operational phase of four months will be required to initiate the Center's activities. The project's Core Group will form a Corporation and/or a Foundation which will become the local legal entity through which the U.S. contractor will operate. During the follow-on Phase I operations continuing and yearly impact studies will

take place to evaluate the progress of the project in order to form the basis for AID's decision to support the institutionalization of the Center.

#### F. Key Issues

Several key issues were raised in the MPC's PID guidance cable (See Annex A). Each issue has been addressed in one or more sections of the project paper. In summary:

1. Project Design. The institutional analysis clarifies the role and responsibility of the Core Group (the host country Grantee), the contractors (U.S. and local) and AID in implementing the project (see Section VI.A for greater detail).
2. Project Financing. The design team developed a detailed plan by which the MPC will reach self-sufficiency by year five. This is addressed specifically through the accrued income mechanism, and it is discussed in the Economic Analysis Section, VI.B in greater detail.
3. User Fees. Fees were adjusted upward and more realistically reflect the cost of supplying the management training services as long as the estimated class sizes remains as projected. This is discussed in greater detail in the Economic Analysis Section, VI.B, and is summarized in Annex F.
4. Funding Sources. It was evident from contacts made in Haiti and in the United States that no organization would consider funding the MPC until it had a proven track record of several years. Because of very limited resources and often unreliable to deliver funds, the mission decided not to solicit financial assistance from GOH, but to concentrate instead on self-sufficiency. An intensive, long-term funding campaign will be initiated during year three and the Transition Phase after the decision has been taken to continue the project into Phase II. The fund drive will include the establishment of a dues-paying membership base.

The mechanism selected by which the project will collect fees and payments for services is the locally constituted Corporation and/or Foundation. At the outset a Corporation is the most expedient manner to establish an institution which will supply services and charge fees. The Core Group will determine if they want to establish a Foundation to function either in tandem with or as a replacement for the Corporation. The process of establishing a Foundation from time of application to time when operations can begin requires twelve months. Thus, it is not suitable to use the Foundation mechanism at the outset, but in the long run a Foundation could be preferable for reasons of tax-liability. Parts A and B of Section VI discuss the funding issue in greater detail.

5. Project Demand. The Mission has refined figures on demand for MPC services based on additional research done by the project team. The Mission did not conduct an additional demand study because it felt such a survey would provide marginal inputs to what is already known and documented. The Mission recognizes that while the project presents a risk, the risk would remain whether or not a new demand study was conducted. Real demand for project packaging services was scaled down to reflect findings of the survey conducted among financial institutions. (See Annex A-3, and Section VI.B).
  
6. Economic Analysis. Care has been taken to avoid counting benefits of the Haitian Development Foundation for the MPC (see Section VI.C. Economic Analysis for greater detail). The cost-benefit analysis was based on cost per management training per day in Haiti compared to the U.S.

## II. PROJECT BACKGROUND

### A. General Conditions

Haiti supports a 1984 population of approximately 5.6 million people, of which about one million, or 18%, live in the capital city of Port-au-Prince. The most recent data on income and employment indicate that the per capita annual income is about \$300. Approximately 70% of the population is engaged in agricultural production, which is still the most important sector of the economy, generating about 32% of Gross Domestic Product (GDP) in 1981. Manufacturing contributes about 18% of GDP, followed by commerce at nearly 18%. The Government of Haiti (GOH) controls about 15.3% of the GDP when both revenues and foreign aid receipts are combined.

### B. Private Sector in Haiti

Although a high proportion of Haitians are employed in agriculture, the economy is moving steadily toward urban concentration with manufacturing and commerce-related services producing new jobs, incomes and exports. The proximity of the U.S. market, the abundant and productive supply of labor, political stability, government incentives for industrial investment, and the one-way free trade opportunities presented by the Caribbean Basin Initiative (CBI) for Haitian manufacturers make the prospects very real for Haiti's rapid development as a strong competitor for assembly and export industries now located in the Far East and elsewhere.

However, the transition from a predominantly rural and peasant economy and the growth of assembly/export manufacturing are both hampered by several significant constraints. Four recent independent evaluations of the industrial sector and its manpower base and summarized in the PID pointed to significant shortages of trained and motivated manpower at middle management and supervisory levels within Haitian industries ranging from small to large scale. These are the management levels at which sound decisions and improved performance are brought about and through which attractive growth industries evolve. The absence of an adequate supply of trained middle and supervisory managers will be a contributing factor limiting Haitian industrial growth.

The light assembly industries have been the fastest growing component within the last decade. In 1984, the subsector included some 250 factories employing about 50,000 workers. Most recent figures on industrial output, released by the World Bank in 1982, indicate that the assembly industries produced \$52.6 million value added income from the export of assembled imported components. The light industry and micro-business subsectors have been the most capable of rapidly absorbing large numbers of underemployed and unemployed urban dwellers, and are the principal target groups of the proposed project.

Despite low wage rates (\$3.00 per day), productivity for the average Haitian worker is high. The combination of low wage rates and high productivity are increasingly attracting U.S. labor-intensive

manufacturing companies attempting to establish a competitive edge. These factors have a potential for creating and sustaining employment for Haitians, including many women, who are often the primary support of their households and whose options would otherwise be very limited. At the same time, employment for some 50,000 workers is minimal in a country where the proportion of those unemployed and underemployed is currently estimated at about 50%. It is a significant fact that the expansion of Haiti's skilled labor force has not been accompanied by a commensurate expansion in the capabilities of management to effectively employ this manpower for increased production.

In addition to a seriously inadequate management resource base there is equally a scarcity of responsive management training facilities and a lack of professional management services capable of responding to present industrial expansion demands. These factors have limited the country's business sector from fully taking advantage of opportunities to manufacture, process, and export agricultural and non-agricultural materials. Further development of Haiti's primary industries will be critical to greatly increasing employment opportunities within and outside of Port-au-Prince and to retarding human flight for economic opportunity elsewhere.

The private sector is also characterized by an absence of mutual support and communication between the larger scale, industrial and commercial establishments and the small scale, micro-business subsector. There is little sharing of concern, aspiration, and know-how between the two subsectors and little awareness that such sharing might be mutually beneficial.

These considerations, among others, led to a decision to establish the MPC facility, with separate sections capable of servicing the different needs of both medium/large businesses and micro-businesses. They also led to consideration of a long-term strategy for the Center to play a key role in increasing the mutual understanding and support between large and small businesses.

#### C. Existing Resources for Management Development

The resources of the Government of Haiti are limited and insufficient and have been allocated to meet the most basic needs in the country's development. Thus, in a country where the government is operating with limited financial inputs to the development process, the private sector must take greater responsibility for many of the services which would otherwise be provided by the public sector.

An unfortunate confluence of circumstances left Haiti without a U.S. or significant other foreign bilateral aid presence during the turbulent 60's, a time in which much of the human resource building began in developing countries, often with foreign aid. As a result, Haiti has not had in place the management training resources, technical assistance and

access to credit and equity capital which are necessary ingredients in industrial growth. Country examples where manpower development experience has been transferred successfully to private business operations for at least a decade include the Barbados Institute for Management and Productivity (BIMAP) in Barbados, the Center for Small Enterprise Assistance (CEPRESA) in the Dominican Republic, and the Center for Entrepreneurship Development in Ahmedabad, India.

Private sector associations in Haiti, which might be considered as management resources, do not focus on management training and, in aggregate, do not have the capacity or purpose envisioned for the MEC.

Current evaluation studies and reports highlight the inadequacy of existing institutions and resources to supply the growing, urgent Haitian private sector demand for locally administered management training and other management services. A description of the major facilities presently offering management training services are in Annex H . Findings indicate that there are no organizations currently in Haiti capable of providing the management training and services needed for sustained private enterprise development. This led the Mission, in collaboration with the private sector and appropriate GOH Ministries, to support the establishment of the Management and Productivity Center.

### III. PROJECT RATIONALE

#### A. The Haitian Private Sector's Perceived Needs

The perceived needs of the private sector directly support the conclusion in the previous section that existing resources are inadequate to provide the short-duration, practical management training and consultation needs of the growing Haitian private sector. Recent reports, surveys and interviews indicate that the constraint to entrepreneurial growth is inherent in the acute shortage of trained managerial and supervisory personnel (see Section VI, B1, Market Demand in the Institutional Analysis for greater detail). Two remarks by Haitian entrepreneurs appeared to be representative of the sector:

"We have to turn down good opportunities to supply U.S.A. customers because we simply haven't the required managerial and supervisory personnel to oversee the production."

"There are many small-scale entrepreneurs who purposely avoid growth because they cannot find employees capable of assuming responsibilities delegated to them."

#### B. Relationship to AID Policy and USAID Haiti Strategy

##### 1. Overall Strategy

The proposed program of management training and technical assistance will address strategy objectives to increase productivity, to create employment, and to use the private sector as a vehicle for spurring economic development. Since the project is highly flexible, it could eventually expand to include other types of complementary activities such as business information and marketing services. The proposed project will, however, be cost effective and designed to maximize limited AID funds for its activities. Generation of maximum possible income through user fees for services will meet the objective of eventual self-sufficiency.

##### 2. Coordination with the CBI

The development and implementation of the proposed project takes place within the overall context of the CBI. The goal of the CBI is to help individual Caribbean countries to compete for a greater share of the regional and world market with exports and increased foreign exchange earnings. The Management and Productivity Center will permit the business sector to better absorb employment expansion resulting from these increased business opportunities. Through delivery of ongoing management training and related technical assistance, the proposed project also seeks to assist Haiti to develop new products and new markets, and to increase its total production and earnings using CBI as an incentive.

3. Coordination with AID Supported Credit Institutions

USAID/Haiti has supported the creation of three intermediate credit institutions in Haiti. The Haitian Development Foundation (HDF) was created in 1979 to serve the credit needs of micro-enterprises. The Development Finance Corporation (DFC) was established in 1983 to provide medium to long-term loans for small and medium-scale industries, and the Haitian Mortgage Bank project was approved in 1984. It will provide long-term housing construction loans for the first time in Haiti.

Recent operating experience at both the Development Finance Corporation and the Haitian Development Foundation indicates that borrowers coming to these institutions for credit assistance need group and/or individual technical assistance in preparing loan applications and managing their businesses. Appropriate levels of technical assistance must be scaled to the type and level of borrowing. The MPC will provide three distinct levels of appropriate group and individual technical assistance and training geared to the level of the borrower's need and sophistication. Thus, the project will provide essential support for these credit institutions as well as clients of commercial banks and other development financing institutions in the country.

#### IV. PROBLEMS TO BE ADDRESSED

Four separate but related problem areas have been identified during the design process which will be addressed by the MPC project.

##### A. Training Needs

Several business patterns exist which negatively influence the capabilities of Haitian industries to respond to the challenge of increasing production, opening new markets, and presenting an attractive opportunity for potential outside investors. The most prevalent among these are (1) a lack of internal organizational development through the use of management systems such as inventory control, productive human relations and financial planning, (2) a lack of motivation among middle management and supervisory personnel, and (3) the absence of clear communication between top and middle-management levels. It has been shown that institution building and the development of sound management systems are pre-requisites to a firm's ability to productively utilize better trained partners, managers and supervisors.

Within the micro-business sector, similar patterns exist which negatively impact potential for improved productivity and expansion, and frequently contribute to business failures and subsequent lost investment.

##### B. Business Consultation Needs

The provision of training works hand-in-hand with the provision of business consultation services for entrepreneurs starting or expanding industrial level businesses. The MPC can address directly the need of Haitian entrepreneurs to obtain know-how and assistance in preparing start-up and expansion plans, and packaging these for purposes of presentation to investors and financial institutions.

Haitian entrepreneurs at all levels have difficulty presenting financial institutions with viable loan applications. In fact, sources of consulting assistance to entrepreneurs which can assist them in developing bankable project proposals are inadequate. Presently viable private consulting resources are largely limited to the services of two Haitian consultants and branches of Peat, Marwick Mitchell and Company and Price Waterhouse. The latter companies service larger scale industry and have very limited contact with micro-businesses.

##### C. Appreciation of Management Training

One reason that present management training resources in Haiti are inadequate is that leading entrepreneurs have, until very recently, failed to perceive of middle management and supervisor training as essential to the progress of their enterprises. This is evidenced by the findings of a study by Capital Consult Inc., of Port-au-Prince (study can be found as an attachment to the PID) that the majority of firms operating in Haiti do not budget for management training.

The MPC will, in its first three-years (Phase I), create models among its clients which demonstrate the direct monetary return achievable through effective training. During the last two years of the project (Phase II) the MPC will transfer the increased appreciation of management training into increased private sector responsibility for the operation of a self-sustaining, Haitian-managed MPC.

D. Private Sector Cohesion

In order to obtain maximum beneficial results from the proposed MPC activity, the Haitian private sector needs to improve its unity of purpose, voice in government level policy making, and its internal exchange of knowledge and experience. Through its program of conferences, seminars, consultation and direct contacts, the MPC will foster better communication within the sector and assist in a greater exchange of business technologies.

## V. PROJECT DESCRIPTION

### A. Goals and Purpose

The overall goal of the Management and Productivity Center will be to improve management and business skills and practices in Haiti by providing training and other management services to private sector enterprises so as to increase employment and broaden the management and entrepreneurial base.

The more specific purpose of the project will be to establish a professional, high quality capability to design and deliver management training and services which are responsive to the needs of the private sector for improving management and entrepreneurial skills.

The design and delivery capability will be located within a Management and Productivity Center which will become operational in two phases. Phase I will cover the initial three years, and will consist of a two year start-up and preliminary operations period during which the viability of the Center will be examined. The third year will be directed towards evaluating the MPC to determine its transition to a fully Haitian entity. Phase II will begin at the fourth year of operations and extend through the fifth year. During this phase an appropriate permanent institution will be developed to continue the activities established during Phase I. (See Section VI. A, Institutional Analysis for details).

### B. Strategy

The almost complete lack of adequately trained middle managers is cited continually as a major barrier to increased productivity and to more successful access to CBI investment opportunities.

The MPC program of seminars, workshops and consultative services will cover all levels of management: upper, middle and supervisors. It has been shown in similar projects in India, Barbados and Egypt that active top management acceptance, involvement, and support of training efforts is crucial if skills acquired by lower levels are to be applied in the workplace. An additional component of the strategy is its flexibility in responding effectively to the local environment and to market forces as needs for management training evolve.

A more practical project strategy of starting off small, without institutionalizing the project until its services have been tested is discussed in greater detail in the Institutional Analysis.

### C. Primary Project Activities

The proposed project will have the following four interrelated components:

1. Specific and practically-oriented management skills training for the executive, middle and supervisory levels of management. The training will be designed to maximize the transfer of learned skills to on-the-job performance improvement and to provide top managers with

the institution-building mechanisms necessary for their organizations to effectively assimilate management training.

2. The delivery of additional management services to the business community through consultation and hands-on advice on business matters related to marketing and finance. These services will be available for a fee on request and will include assistance in packaging projects for loan applications. The primary thrust of this component will be to assist managers and entrepreneurs using the MPC staff, local firms or U.S. based consultants in applying management principles and production techniques to either expand their present operations or to create new businesses. This component will enhance the MPC's visibility and professional reputation.
3. Technical assistance for micro-business entrepreneurs in the form of training in basic business skills. This component will focus on the particular training and consultation needs of micro-businesses and will work closely with the Haitian Development Foundation. Micro-business training will be administered in degrees of concentration and sophistication paralleling the micro-entrepreneurs' ability to absorb and implement what he/she has learned.
4. Continuous research and monitoring of the managerial training and technical support needs of the private sector so that the activities of the MPC will be responsive market needs. Care will be exercised to insure that the resources of the Center will focus on the high priority development needs of the private sector.

D. Beneficiaries

Development projects have a greater potential to succeed when they obtain the support from and provide benefits to a broad range of income groups. The proposed project fits this category. It assists managers and entrepreneurs, whether they are large, medium or small, in their ability to provide job opportunities to the least endowed members of the industrial community, i.e., unemployed and underemployed workers.

The training and business services seek to broaden the distribution of the benefits of industrialization beyond the traditional confines of the manufacturing sector. The project will benefit the service and non-formal sectors which expand as the industrial sector expands, and as income levels rise.

Thus the project's direct beneficiaries are the managers and entrepreneurs of Haiti's industrial, formal and informal sector. This relatively large group can be subdivided into functional categories reflecting the type of assistance they will be offered.

1. Top Management

Top level executives and business owners are a necessary contact point for the project. Without their involvement and support, better management systems will not be put into place and better trained lower level managers will not be able to apply newly acquired skills.

2. Middle Management and Supervisors

These are the people who provide the hands-on interface between top management and production workers. They are the main target group of the project, a group crucial to the development of the private sector and a group which, up to now, has had little or no access to training in Haiti appropriate to their present employment.

3. Micro-business Person

These are the micro to small business owners who are for the most part present or potential clients of the Haitian Development Foundation (HDF). The smallness of their operation reduces their accessibility to commercial banks and existing training facilities. In order to become an HDF loan recipient, they will be required to enroll into a 10 week micro-business training cycle, the cost of which will be rolled into the loan. Others will pay the fee for each cycle.

4. Entrepreneurs

Within the above categories, there are different levels of business people who require assistance not only in preparing their projects for credit institution financing, but also for the follow-on implementation of those business projects. This group includes experienced entrepreneurs who are already in business and who know the basic essentials of production and marketing. It also includes new entrepreneurs who cannot develop fully acceptable financial statements or technical plans. The management services component of the project will benefit these groups by addressing this skill deficiency.

The project's indirect beneficiaries are the unemployed and underemployed. It pays particular attention to ways of increasing the access of women to job opportunities created by improved training and technical assistance. The program's content tends to favor labor-intensive assembly operations. One aspect of these operations is that their greatest labor demand is for female workers who are believed to be better qualified for work which requires detail, dexterity, and patience. This carries a particular advantage in that increased employment for women in urban areas provides additional income, but requires little additional infrastructure as women are likely to be members of households already inhabiting the area.

E. Summary Financial Plan

The Management and Productivity Center's Core Group will establish a legal entity (a Corporation and/or a Foundation) which will be the initial Grantee. The Core Group will then designate, in accordance with AID procedures, a management consulting firm as the implementing group during the project's initial phase (see Institutional Analysis for greater detail). To reduce start-up time, subcontracting services for micro-business training will be concluded between AID and the sub contractor.

The five-year project will benefit from a \$2.3 million AID grant of which \$1.25 million will be used for technical assistance and \$1.05 million for operations. Fee income is estimated at \$1.176 million over the life of project, and it is further estimated that the cash-flow will turn positive by the end of project. A breakdown of overall finances is set forth in the Financial Analysis section and in Annex F.

## VI. PROJECT ANALYSIS

### A. Institutional and Program Analysis

The project design includes the delivery of management training, management consulting services and micro-business skills training. This will be accomplished through a two step institutional development process in which Phase I delivers the services through a U.S. contractor. If the project is deemed viable after Phase I evaluations, Phase II will continue to deliver the services through a permanent institution whose program objectives will have been successfully tested.

#### 1. Option Selected

USAID and members of the private sector thoroughly examined several alternatives (discussed in the PID) prior to deciding to support a two-phase institutional development mechanism. Annex G provides a description of existing Haitian institutions which were examined. While these offer management-related services, they were determined inappropriate or inadequate for the management and entrepreneurial needs conceived by the project. Institutionalizing a training center in the conventional manner usually requires several years for the facility to establish a good reputation with its clientele. The immediate need to provide management training and services in Haiti does not allow the time necessary for a locally trained staff to be recruited, trained, and to subsequently prove itself as competent. Haiti's economic conditions and the potential benefits of the CBI offer substantial justification to move forward with the provision of these support services as quickly as possible. It is felt that the option selected will offer the quick response, quality mechanism needed. Also, in the event the project does not meet targeted performance and is terminated after Phase I, there would be less of a negative impact on the private sector than if a local entity had been institutionalized from the outset.

#### 2. Phase I

##### a. Start-up/Operations

In order to create a viable MPC during Phase I without making a large investment in a permanent institution, the key professional staff will be engaged on a three-year contract basis and as much of the facilities as possible will be leased for the initial three-year period. Thus, if the Haitian market for management training and services is unable or unwilling to respond to the MPC, it can be discontinued without disbanding a permanent staff or disposing of an expensive facility. On the other hand, should the MPC prove viable in the Haitian environment as evidenced by a steady and growing demand for its services and a willingness on the part of clients to pay going market rates for the services, then Phase II of the project will be activated.

b. Ownership and Management

The present project Core Group made up of private sector representatives will form a service corporation (Société de Service S.A.) or a Foundation under Haitian law to implement Phase I of the project. The Group will become the Board of Directors of the new entity. If it is to become a Corporation, the Core Group will become shareholders. Three others, a USAID designate, the Center's Coordinator and the Director of the Haitian Development Foundation will also sit on the Board.

The present seven member Core Group represents a broad spectrum of the business community: three are from credit institutions, two are from private sector associations and two are export assembly businesses.

The Board will have an additional seven member advisory group composed of key private sector individuals known as practitioners of modern management techniques and the Rector of the State University of Haiti. They will be shareholders as well. In the event of a resignation from the present Board, a replacement will be selected through a majority decision taken by the combined Board and Advisory Group.

The Corporation and/or Foundation will be the legal entity through which the U.S. contractor will operate in Haiti and with whom the Cooperative Agreement will be signed. In order to operate as a subsidiary of its parent organization, Haitian law requires that the U.S. contractor be registered in Haiti, and it will do so through the Corporation/Foundation.

The micro-business component will be implemented through a local contractor. Since it is expected that its operations will begin prior to the selection of the U.S. contractor (in order to meet the HDF lending schedule), the micro-business component will be contracted first through the Corporation/Foundation and subsequently transferred to the U.S. contractor. This will assure that overall responsibility for the Center's activities will be assumed by the U.S. contractor.

The activities of the U.S. contractor will be controlled by the conditions and covenants of the Cooperative Agreement, which will be monitored by USAID. The Board will continue to assist in the implementation of the project through its advisory role.

At any time it deems appropriate, the Core Group will request the status of a Foundation, a process which by law takes twelve months, but a status which eliminates tax liabilities imposed on a Corporation. Negotiations are under way to provide the Center a dispensation from the required twelve months.

Because there is a strong bias in the Haitian business community toward overseas based management training, the key professional staff of the MPC will be contracted through a U.S. firm during Phase I. Selection of the contractor will be based on the quality and appropriateness of the proposed personnel. Selection procedures will follow AID procurement regulations and approval of the contractor will be made in conjunction with the Board of Directors.

The management of the MPC will rest with the Coordinator, Director of Management Training, who will be Chief of Party and will be assisted by the Director of Management Services. Both will be qualified to provide seminar design and delivery as well as some consultancy services. The third full time technical advisor will be a local contractor who will conduct the micro-business component of the MPC. The Coordinator will become a non-voting member of the Board of Directors. The Coordinator will hire the local staff of the MPC with the approval of the Board of Directors, and will ensure the professional management of the Center. The local staff will include an Administrative Assistant who will also have marketing responsibility, a senior secretary, an accountant/bookkeeper, an office secretary and a messenger. Each will be employed on a contractual basis, and responsibility for paying the local staff will rest with the U.S. contractor. (See organizational chart at the end of this section).

The U.S. contracting firm will be responsible for recruiting the seminar leaders and the management services consultants. Final selection will rest with by the MPC Coordinator and the Director of Management Services. The contractor will also rent appropriate office space in Port-au-Prince, and will be responsible for all rental and purchase of equipment.

An AID Project Monitor will assure the liaison between the Center and USAID.

c. Activities

1. Management Training

The management training component is expected to be the most significant component of the MPC, and initial programs will begin during month four of the project. A high level one-day "management conference" for a select group of 30 recognized top-level Haitian business leaders will be the Center's first activity. (See Annex D for detailed Implementation Work Plan). Its purpose is to make the MPC visible and to gain immediate acceptance so that when substantive courses for mid-level managers are offered these individuals will be encouraged to attend by their supervisors.

During the next 8 months, this conference will be followed by 9 additional MPC seminars for top, middle and supervisory level management. Experience with starting other management training centers has shown that beginning with an initial "blitz" of activities is considerably more effective and impressive than trickling them out one-by-one. By the conclusion of Phase I, it is expected that the MPC will have offered some 50 short-term seminars attended by managers at all levels, most of them offered on a "building-block" basis.

The subject and duration of seminars will be guided by the implementation plan; however, the contractor in collaboration with the Board will modify the schedule as the need arises. The personnel who will lead the seminar will be both local and expatriate experts, and the contractor will make all arrangements pertaining to seminar leaders selection.

## 2. Management Services

The second major activity of the MPC will consist of management services. Experience with management institutes similar to the MPC and the demand analysis conducted for this project indicate that in addition to training seminars the business community needs substantial technical assistance on a consulting basis. Such services will enable the Center to extend direct assistance to business concerns in order to help them prepare loan applications and to install and implement better management systems. A consulting-based management services program will also provide additional revenue to the MPC and it will enhance its visibility and professional reputation.

Consulting services will be initially offered in finance and production, which have been identified as the most pressing need areas. Three types of personnel will be used to conduct these activities:

- The MPC Coordinator and the Director of Management Services will be on-site contractors who will have consulting capabilities in many of the areas outlined above. They will be available to conduct consulting assignments as their schedule permits.
- For large-scale assignments of a specialized nature the MPC will arrange for other consultants to perform consulting projects.
- When appropriate, the MPC will engage the services of local Haitian consultants and specialists to perform consulting assignments.

In all cases, outside consultants engaged by the MFC to perform projects will be professionals supervised by the Center, and charges for their services will be billed through the Center.

As a vehicle to improve communication within the private sector and to share management related information the MFC will consider publishing a bi-monthly management newsletter. Initially the newsletter would be produced at the MFC, and could be distributed to a list of approximately 200-300 business people. The newsletter would provide substantive information of interest to the business community, and could also create and maintain the visibility and professional image of the MFC. The Director of Management Services will be in charge of the newsletter.

### 3. Micro-Business Services

The MFC micro-business component will be implemented by the micro-business manager. This unit will operate training cycles and field work. Close collaboration between the unit and the Haitian Development Foundation is expected. Establishing policies, strategies and procedures for micro-entrepreneur training will be done jointly with the HDF to assure that its Board is involved in the planning and execution of the training program.

Training will begin for a group of 20 HDF loan recipients who will have been chosen as a result of an appraisal conducted by the HDF staff. (See Annex D, Micro-Business section for detailed selection criteria). The selected entrepreneurs will be required to attend sessions of a six week training cycle, and payment for the course will be automatically added to the total loan amount and disbursed directly to the MFC.

During the first year of operation, the unit will deliver five course cycles for approximately 100 selected micro-entrepreneurs. Delivery and duration will differ from the mid-management seminar type. Modular courses will be developed and perfected over the course of the project to address specific micro-entrepreneurial needs.

### 4. Research/Evaluation Activities

An important ongoing activity of the MFC will be the evaluation of its own activities for purposes of measuring effectiveness, refinement of programs, and developing data on Haitian entrepreneurial skills and management techniques. In addition, continuous monitoring of the market for MFC services within the Haitian business community will be conducted. The Director of Management Services will be responsible for this component.

On one level, each Center activity will be analyzed through questionnaires to determine the quality of the seminar or other event and any modifications which need to be made to increase quality and effectiveness. Thus, these evaluations will provide immediate information for program refinement on a continuing basis, which should insure that MPC activities are responsive to local needs.

On a second level, monitoring MPC activities will be longer term and results oriented. In this case, the various activities of the MPC will be viewed as a means to create improved individual and organizational performance. Thus, the performance of individuals and work units in organizations which have sent people to MPC seminars and activities will be measured after an appropriate time interval. Documented evidence of increased organizational performance, e.g., productivity, will be the best marketing tool the MPC can have. It may even be possible in some instances to document in a limited way the financial return an organization achieves as a result of its investment in training.

Careful monitoring of the various markets for its services will also be an important continuing activity of the MPC. This will be accomplished in a number of ways, including regular meetings with the project's Core and Advisory Groups and business associations. Additionally, the staff of MPC will continually circulate among the business community in order to stay close to the market and to promote the services of the Center.

### 3. Transition

Comprehensive evaluations will be made after the 12th, 24th and 36th months of operation (See section VII, Evaluations for details). The transition phase will begin after the third evaluation.

#### a. Organization and Staffing

Assuming positive evaluations, the Haitian Deputy Director, recruited during Phase I, will have followed an executive level training program and will have obtained on-the-job training for at least a full year. During transition, responsibilities for running the Center will be transferred from the Coordinator to the Deputy.

The Administrative Assistant will be evaluated in terms of assuming full responsibility of the Director of Management Services. If he/she is not considered qualified, another candidate will be recruited. The function and role of the micro-business manager will remain unchanged.

The U.S. contractor will remain responsible for managing the Center through the transition phase; however, it will phase out from being the implementing agent to that of advisor during the fourth and fifth year. A planning document will be drawn up by the transition staff which will include budget, program and staffing projections for the succeeding two years of the project.

During the transitional phase, the Core Group, the Coordinator and USAID will take steps to institutionalize the MPC. Shareholders will assume overall responsibility for the MPC operation. In this manner the MPC would be an independent, locally-operated organization with a local membership base. The membership base would constitute the general assembly of the project.

b. Membership Base and Funding Sources

In conjunction with the transition from a temporary to a permanent establishment, experience has shown that organizations supported by a local membership base have a much better chance of success. At approximately the 30th month of the project an MPC membership drive will commence. Two categories of members, individual and corporate, will be enrolled, and all members will pay dues which will provide additional revenue to the MPC. Corporate membership dues will be significantly greater than individual dues, and they will be related to company size, with larger companies paying more. During the transition phase the MPC will initiate a fund recruitment drive by presenting the scope of the Center's operations to international organizations and foundations. The financial plan (Section VI.B, Financial Analysis) indicates the expected additional revenue from membership dues.

The project design team spent considerable time exploring alternate sources of funding for the MPC. Their efforts revealed that no organization either in Haiti or in the U.S. was willing to contribute to the MPC until it had operational experience, and it had proved itself effective. Large firms indicated their support would be in the form of sending personnel to the Center, but they could not consider additional support at the design stage.

4. Phase II

With the addition of membership revenues and the reduction in costs due to the replacement of expatriates with local professionals, the MPC will move towards self-sufficiency during Phase II. Technical assistance will not cease entirely, but will change to a supportive role.

a. Program

Assuming a positive decision to institutionalize the project, seminars, consultancies and micro-business training services will

continue to be delivered by the Center during and after the transition phase. They will be adjusted, however, to reflect modifications recommended by the evaluations and by the demands imposed by the market.

At the end of year three, the professional staff will have developed a detailed two year planning document. During year four this document will be refined and extended to include years six and seven of operation in order to project post life of project activities. Appropriate strategies will be implemented to include additional technical assistance if it is deemed necessary and additional funding support will be identified if projected income will not meet operational expenses.

It is expected that the project's program will expand considerably during Phase II, with an increase in the number of businesses using the facilities and with an increase in the scope of the services offered.

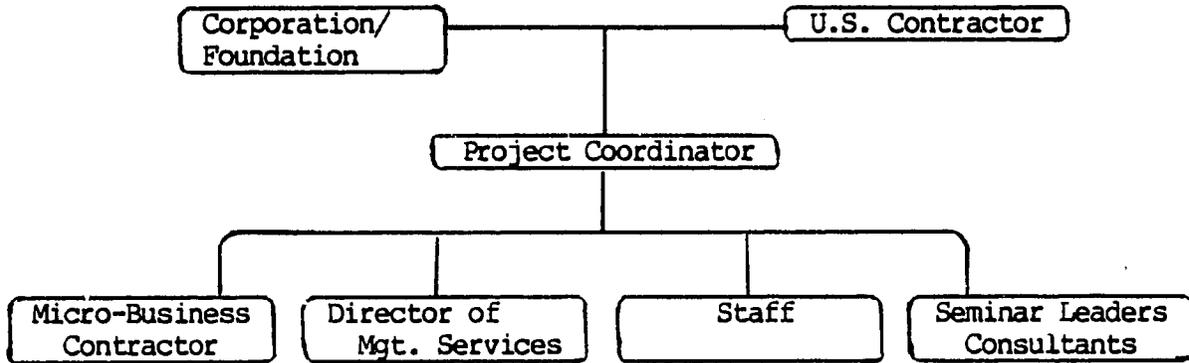
b. Staffing and Management

At the beginning of Phase II the responsibility for implementing the project will transfer to the local legal entity. The Coordinator will remain throughout transition, but as a technical advisor. It is expected that the Director of Management Services will remain for years four and five to provide continued technical assistance but provide on-the-job training for the Administrative Assistant or another qualified candidate who would assume the Director's responsibilities in year five. (See organizational chart on following page).

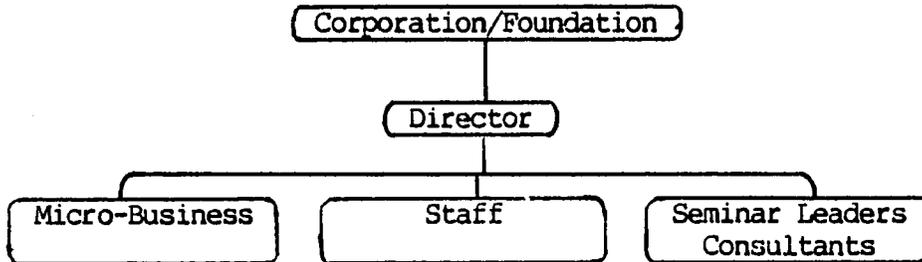
Selection criteria for recruiting high quality seminar leaders will remain during Phase II.

MPC ORGANIZATIONAL CHART

Phase I



Phase II



## B. Financial Analysis

### 1. Market Demand

The Mission examined management training and consulting services demand from several perspectives:

- a. First, the global demand for such services was based on formal surveys and observations of the major institutions providing training in Haiti (formal surveys were analyzed in the PID document.) The surveys reveal two basic modes are being used to meet a very strong demand among Haitians for management training: the first is through ad hoc, short duration seminars, and the second is through more formal courses using academic cycles. The strong demand is evident through high attendance rates at short-term workshops and conferences related to financial management organized in the last 12 months by the Fonds Haitien d'Aide à la Femme, Citibank/Peat Marwick, and the Interamerican Businessman's Association. For longer term academic type training enrollment in management related courses is among the highest of all courses offered by three Haitian institutions presently offering business courses i.e. L'Institut National d'Administration de Gestion et des Hautes Etudes Internationales (INAGHEI), le Centre Universitaire d'Haiti, and the Hautes Etudes Commerciales et Economiques. (See Annex H for greater detail).
- b. Second, an in-depth representative survey of trade and industrial firms was conducted by Capital Consult, Inc. of Port-au-Prince through interviews with managers and business owners. The study revealed that most top managers are not training and developing their middle and supervisory level personnel as part of an ongoing process of organization building. At the same time managers indicated an awareness of the need for quality management training, an interest in allocating money for such efforts, and a willingness to delegate authority if their staff is adequately trained to operate as decision makers. Findings of the survey are summarized in the Table VI-1.

The survey's objectives were to obtain industry leaders' perceptions of management training and to initially quantify the number of potential users. Since broad-based surveys in Haiti have proven less reliable than small, targeted in-depth studies, the survey methodology called for establishing a list of some thirty firms/people representative of the MPC target population. This market includes:

- Owners/managers who are key decision-makers in the business community,
- Owners/managers of established firms five or more years old, and
- Owners/managers of entrepreneurial nature with firms less than five years old.

Thus, based on knowledge of the business environment in Haiti, the survey targeted business leaders rather than conducting a large random sample of the private sector. Both the consultants and the project design team agreed that if business firms in Haiti witness the leaders of the business community using the Center, then the majority of them will follow suit.

Table VI-1

Demands for Management Training in Haiti (in %)

	<u>No. of Firms</u>	<u>Definitely</u>	<u>Very Interested</u>	<u>Not Very Interested</u>	<u>Not Interested At All</u>
Managers' interest in personally attending seminars	24	25	54	13	8
Managers/owners' interest in sending staff to seminars	24	33	54	8	4
<hr/>					
Number of seminars that would be attended by firms (yrs in bus.) (owners and staff)	24	1 to 2 yr 50	3 to 5 yr 17	5+/yr 4	(Don't know) 29
Potential budget for management (annual budget) training programs	24	\$ 1000/yr 8	\$ 1-3000/yr 29	\$ 3,000+/yr 13	(Don't know) 50

Source: Capital Consult, Haiti, Private Sector Demand for Management Training Programs, June 21, 1984.

- c. The third level of needs assessment was based on a comprehensive survey conducted among the major commercial banks (Royal Bank of Canada, Citibank, Banque de l'Union Haitienne, the Banque Nationale de Credit, and the Bank of Boston), the development financing institutions (Development Finance Corporation, Industrial Development Fund, and the National Agricultural and Industrial Development Bank), consulting firms operating in Haiti (Peat Marwick, Price Waterhouse, Capital Consult and Guy Douyon Assoc.), and with the four principal private sector associations. The survey was conducted by the project design team to determine existing and potential demand for project packaging and post-loan management services.

The survey revealed that the major constraints to approving more loans was the consistent lack of knowledge and skill necessary to complete bankable loan applications and adequate managerial skills to implement the business plan. It was estimated that out of almost 120 loan applications submitted in Haiti last year roughly twenty had been professionally prepared, and consequently 85% of these had been approved. However, the lending institutions are presently considering almost twice last year's volume, and they estimate a larger percentage of projects could be funded if professional loan packaging facilities were available. With business opportunities expanding as a result of the CBI it is projected that demand for professional project packaging services will continue to increase in the future. The MPC will assist in meeting this rising demand by providing management consultancies through its in-house capabilities or by brokering services through existing firms.

- d. Fourth, the demand for the micro-business training is largely determined by the projected clientele of the Haitian Development Foundation. This is essentially a captured market. Under its loan procedures applicants will be required to follow one cycle of micro-business training offered by the MPC. The cost for attending the course will be rolled into the loan package.

## 2. Budget Analysis

The project's financial plan forecasts by line item the use of AID grant funds, project salaries and operational expenses income from user fees, and additional funds generated from anticipated contributions.

### Assumptions and Rationale

AID will totally fund the Center during the Phase I period in order to assure that MPC focuses its efforts on creating a viable institution. Although user fee income will begin to flow to the Center beginning in the fifth month of operation, these funds will accrue in a Certificate of Deposit with a financial institution. At the end of Phase I (three years) the accrued funds will enable the MPC to move toward becoming a fully self-supporting entity.

Due to the uncertainty of future world wide economic conditions, user fee income projections could be dramatically reduced. The effects of the last recession on the Haitian economy were drastic, and a similar down-turn in the U.S. economy would seriously affect projections of user fees. The accrued income would be sufficient to assure the continuation of MPC operations through a short-term recession. This would provide a cushion and sufficient time to implement a plan for continued operations.

### 3. Income Projections

The Capital Consult survey very significantly revealed that the majority of the firms which presently allocate money to management training spend this budget outside of Haiti. Based on this sector and on knowledge of the local service community, fees have been developed for one, two and three day seminars.

More specifically the fee structure was derived from a) administrative costs (excluding technical assistance), b) on figures developed by Capital Consult's needs assessment, and c) on precedents set by previous short-term seminars held in Haiti. The number of seminars in each management category is based on the skill requirements and estimated number of cycles required to fulfill projected demand.

Top management will pay \$300 to participate in high quality executive level seminars. As an example, a two day financial management seminar in Cap-Haitien costing \$300 was attended by approximately 180 top managers on November 2-3, 1984. A similar seminar is planned as a launching conference for the Center to which approximately 30 lead executives will be invited. Two seminars planned for the second year of operation will cost \$300 for each of the 30 executives also expected per seminar.

Mid-management participation is conservatively projected at an average of 22 people for five one, two and three day events over the first eight months paying an average of \$273 per seminar. There will be 22 such events in year two of the project. Again, these figures were derived from the needs assessment and knowledge of the local market.

Supervisors will have five seminars over eight months with a projected participation of 13 people for each session paying \$125 per seminar. These figures were derived from similar ad hoc seminars held in Port-au-Prince by the Fond Haitien pour l'Aide à la Femme. Two in-company training programs are also scheduled for the first eight months of operations (costing \$1,000 per session). Four such events are scheduled for year two.

Approximately nine people will receive direct consultancy assistance over the eight month period with each paying an average of \$780. Twenty six such management services are projected for year two. These projections are based on recommendations provided by the financial institutions.

Small group training sessions for micro-entrepreneurs is based upon one six week training session by each of 100 clients for the first eight months at a per participant cost of approximately \$300. These projections are derived from the number of loan applications forecasted for processing by HDF.

The projections are summarized as follows:

Projected Gross Income  
1st Year of Phase I

	No. of Events		No. Partic.		Av. Cost	
<u>Year 1</u>						
Executive Level Seminars	1	x	30	x	-0-*	-0-
Mid-Management Seminars	5	x	22	x	273	30,000
Supervisor Seminars	5	x	13	x	125	8,125
In Company Training	2	x			1,000	2,000
Management Consultancies	9	x			780	7,000
Micro-Business Training	5	x	20	x	290	<u>29,000</u>
						<u>\$76,125</u>

	2nd Year of Phase I					
<u>Year 2</u>						
Executive Level Seminars	2	x	30	x	300	18,000
Mid-Management Seminars	12	x	31	x	280	104,000
Supervisor Seminars	6	x	15	x	160	14,000
In-Company Training	4	x			1,250	5,000
Management Consultancies	25	x			800	20,000
Micro-Business Training	7	x	28		300	<u>58,000</u>
						<u>\$219,000</u>

	3rd Year of Phase I					
<u>Year 3</u>						
Executive Level Seminars	2	x	30	x	300	18,000
Mid Management Seminars	12	x	31	x	285	106,000
Supervisor Seminars	8	x	15	x	165	18,000
In-Company Training	10	x			1,500	15,000
Management Consultancies	26	x			1,000	26,000
Micro-Business Training	11	x	18		300	<u>58,000</u>
						<u>\$241,000</u>

\*The project's first Executive level seminar will be a promotional event offered at no cost to the participant.

#### 4. Expenses

In preparing the financial plan operating expenditures were calculated at two levels: technical assistance and operations.

a. Technical Assistance: Technical assistance will include the Project Coordinator (Director of Management Training), the Director of Management Services, and the Microbusiness Manager. Although direct AID funding of technical assistance will cease at the end of year three, this will remain an expenditure item during the entire five year life of project (\$1,525,000 total). Costs for technical assistance after year three will be met from accumulated income and additional user fees and contributions. Arrangements will be made to assure dollar equivalency for payment of the expatriate T.A. During the second half of the third year the Coordinator will begin to train the Haitian Deputy Director to assume full management of the MPC's activities. The Coordinator position will then be eliminated by the end of the fourth year. The Director of Management Services and the Microbusiness Manager will remain through year five to provide continued training and advise. In addition, AID monitoring will be funded as a technical assistance item (\$280,000).

b. Operations: These items include local staff support, administration and general expenses, and direct expenses.

A minimal office support staff of four employees is budgeted for the first three years; however, this could possibly increase depending on the volume of activities. During this period a mid-management level administrative assistant will be the Center's working contact with the local business community.

A Deputy Director will be selected after the first evaluation. Thus, this salary will not begin until half-way through year two. It is expected that person will become the Center's Director in year four. Total local personnel costs for five years is calculated at \$585,000.

Administration and General costs (A&G) are the largest operational expenses totalling \$980,000 (see table 4 Annex F for details). These are based on local cost estimates at as reduced a level as possible. Local staff salaries are in line with the projected expansion of the personnel, and office rentals and project evaluations are two other major expenses. Separate line items reserve funds to recruit management personnel, and to test and research various management and entrepreneurial training approaches such as a McBer seminar on Entrepreneur and Small Business Development.

Direct expenses are costs for operating each one, two or three day seminar. These were calculated on the basis of promotion expenses, individual seminar materials and notebooks, meals, speaker fees and room rental. These costs were extrapolated from the budget tables contained in Annex F, and the sum of direct expenses is entered as a separate line item in the budget (\$399,000 total).

The membership drive will begin to incur expenses in year four, and the \$25,000 includes solicitation costs.

5. Use of AID funds

AID will provide \$2.3 million in grant funds through a Cooperative Agreement over a five year period to assist in financing the establishment of the Management and Productivity Center. AID funds will be used for technical assistance and project monitoring, and operating expenses in the following manner:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	Total
Technical Assistance and Project Monitoring	394	363	383	55	55	1,250
Operations	292	377	381	-0-	-0-	1,050
Total	686	740	764	55	55	2,300

N.B. Technical Assistance and Project Monitoring is the sum of line items 1A and 1C of next page.

6. Five Year Financial Plan

Management and Productivity Center  
Five-Year Financial Plan (\$000)

	Year					<u>Total</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	
<b>I. <u>Expenditures</u></b>						
<b>A. Technical Assistance</b>						
MPC Coordinator, Dir. of Mgt. Training	150	140	147	150	-0-	587
Director of Management Services	132	120	126	139	146	663
MPC Microbusiness Manager	50	50	55	60	60	275
Total T/A	<u>332</u>	<u>310</u>	<u>328</u>	<u>349</u>	<u>206</u>	<u>1,525</u>
<b>B. Operations</b>						
Local Office Staff	25	28	30	65	78	226
Administrative Assistant	25	27	29	31	34	146
Deputy Director	-0-	26	59	63	65	213
Total Personnel	<u>50</u>	<u>81</u>	<u>118</u>	<u>159</u>	<u>177</u>	<u>585</u>
Administration and General(1)	211	227	185	183	174	980
Direct Expenses(1)	31	69	78	107	114	399
Membership	-0-	-0-	-0-	10	15	25
Total	<u>242</u>	<u>296</u>	<u>263</u>	<u>300</u>	<u>303</u>	<u>1,404</u>
Total Operations	<u>292</u>	<u>377</u>	<u>381</u>	<u>459</u>	<u>480</u>	<u>1,989</u>
C. AID Project Monitor(2)	62	53	55	55	55	280
D. Total Expenditures	<u>686</u>	<u>740</u>	<u>764</u>	<u>863</u>	<u>741</u>	<u>3,794</u>
<b>II. <u>Revenues</u></b>						
<b>A. Fee Income</b>						
Mgt. Training	40	141	157	180	200	718
Mgt. Services	7	20	26	35	40	128
Microbusiness Services	29	58	58	65	70	280
Membership Dues	-0-	-0-	-0-	20	30	50
Total Fee Income(3)	<u>76</u>	<u>219</u>	<u>241</u>	<u>300</u>	<u>340</u>	<u>1,176</u>
Accumulated Income (4)	-0-	76	295	536	-0-	536
Interest (5)	-0-	-0-	-0-	46	-0-	46
Retained Earnings(6)	-0-	-0-	-0-	-0-	174	
Contributions	-0-	-0-	-0-	100	200	300
III. <u>AID Grant Funding (7)</u>	<u>686</u>	<u>740</u>	<u>764</u>	<u>55</u>	<u>55</u>	<u>2,300</u>
IV. <u>Total</u>	-0-	-0-	-0-	1,037	769	3,822
V. <u>Net Income (Loss)</u>	76	295	596	174	28	28

Footnotes

- (1) See Annexes F-4, F-5, F-6.
- (2) The expense shown for the AID Project Monitor is for a personal services contract and the purchase of a computer.
- (3) Fee income for the first three years of operations will be accumulated and deposited in a local banking institution.
- (4) This total equals the sum of fee income collected over the first three years of operations.
- (5) The accumulated income deposited in a local banking institution should receive an annual interest rate of at least 7%. However, budget projections are conservatively based on interest compounded at an average annual rate of 5% since fees will be deposited on a monthly basis. One institution recommended for depositing the income is the recently established AID-financed Haitian Mortgage Bank, but this decision will be left to the discretion of the MEC Board of Directors.
- (6) This represents the net income carried over from year four.
- (7) This represents total AID funding for the life of the project. Funding during years four and five will cover the costs of the Project Monitor (footnote number 2).

7. Prospects for Reaching Self-Sufficiency

Given the program objective of establishing the management training entity through two phases, the self-sufficiency issue must be addressed in terms relative to reducing expenses and increasing revenues over the life of the project. Start-up costs are high because of the technical assistance mechanism of phase one; thus, self-sufficiency cannot be expected during the first three years. Thereafter, as in the case of INCAE (the Instituto Centroamericano de Administracion de Empresas), AID will consider the prospects of longer term T.A. to expand services of the MPC if it is determined that benefits and impact outweigh costs. However, with sound management principles, membership dues, and other non-AID assistance the MPC should achieve a positive operating position during Phase II. With the termination of permanent expatriate technical assistance after year five, the MPC is expected to generate sufficient income to meet expenses. The prospects of expanded activities thereafter will depend greatly upon the scope of services which result from the Phase I market testing period, and the rate at which the clientele base can be built and maintained in response to market demand. Nevertheless, the institution should be able to plan continued operation on a self-sustaining basis by year five.

### C. Technical Analysis

The technical analysis focuses on seminar design and delivery principles which the Project Committee, Project Consultants, and the Core Group agree will be appropriate for the Haitian business environment.

#### 1. Design principles:

The proper design of a learning experience such as a management seminar requires attention to several factors which can make the difference between an outstanding and effective experience or a mediocre one. These are:

- a. Seminar duration: All of the interviews conducted during project preparation indicated a strong preference for short seminars. Therefore, as a general rule seminars designed during Phase I of the MPC will be from one to three days in length, depending upon management level and subject matter.
- b. Preferred training days: There was a strong preference by the business people interviewed for seminars to be conducted over weekends. Therefore, a one-day seminar on Saturday, and three-day seminar either Friday through Sunday or Saturday through Monday are envisioned. Departures from these schedules may occur in special situations as circumstances warrant.
- c. Materials: All seminars will have printed materials component which will be appropriate to the educational level of the participants. All printed materials will be pertinent to the content of the seminar, and participants will use them for reference during and after the course.
- d. Local design: All seminars will be locally designed by the professional staff of the MPC with assistance as needed from local business people. Designs will be based on locally perceived needs, and will draw upon local knowledge, business practices and customs for authenticity. To assure proper design certain seminars may be pilot-tested if this is judged appropriate by the MPC staff.
- e. Teaching/learning format: Generally the teaching/learning format will be balanced in terms of conceptual input through lecture, understanding through discussion, and application through use of cases and exercises. The particular balance of these techniques which is appropriate to the Haitian culture and to the level of management being trained will be refined on the basis of expert opinion and experience with early seminars.
- f. Language: Language considerations will be important in relation to the level of management being trained. Assuming that seminar attendance will be by private sector business people, the instructional language guidelines will be: top management - English; middle management - English; supervisors - French; micro-business entrepreneurs - Creole.

- g. Cultural sensitivity: A principle of overriding importance will be concern with the proper training configuration for each management level in Haiti. The seminar designers will maintain a high level of sensitivity to Haitian social and business practices so that the MPC seminars will be designed and delivered in a manner appropriate to the Haitian business community. Care will be taken, at least at the outset, to keep the seminars as homogenous as possible in terms of business rank, education and experience.
2. Delivery Principles: The proper delivery or presentation of a seminar design to the participants is often a more important ingredient in participant learning than seminar content. The best design in the world can fall flat if poorly executed. Therefore, much attention needs to be paid to the delivery principles described below.

  - a. Practical flavor: Any seminar given by the MPC must have a practical flavor. Haitian business people who have limited resources are not interested in spending them on academically presented (impractical) courses. They perceive this to be a waste of staff time and money. Therefore, care must be taken to include local examples of how management principles can be applied to their every day work. This principle is of major importance.
  - b. "How-to" orientation: Above all, Haitian business people are interested in finding out how to do things. In the management training context this "how-to" orientation should be applied to any seminars given by the MPC. The course leaders should constantly keep in mind that seminar participants want to know "how to do it".
  - c. Participatory style: In order to provide the practical flavor to MPC seminars referred to above, the teaching style of the leaders must encourage participation of students which provides the interaction necessary for understanding to occur. As a matter of policy all seminars conducted by the MPC will be taught using a participatory style. This approach also avoids following the academic style of teaching which is usually exclusively lecture.
  - d. Seminar leader characteristics: During the initial phase of the MPC project, the use of U.S. based seminar leaders will be an important ingredient in success. The prevailing attitude in the Haitian business community is that the most modern and practical management practices are used in the U.S. Therefore, the matter of high status expatriate course leaders under the banner of a well-recognized U.S. training organization will transfer credibility to the MPC, which it will especially need in its early stages. The key MPC professional staff will be U.S. contractors who will be utilized in both seminar design and delivery. When necessary they will be supplemented with other experts on a per course contract basis.

- e. Program mode: Delivery of seminars will be offered by the MPC in two modes: the public mode and the in-company mode.
- Public mode: Public seminars will be open to qualified participants from several different organizations. This format has the advantage of mixing participants from several different organizations which gives the added dimension of participants learning from each other. Experience has shown that there is considerable learning value for participants to both formally and informally discuss a particular topic with their peers who face similar circumstances.
  - In-Company mode: In-company programs will be conducted for participants from a single company. In situations where a company has ten or more people who should attend the same seminar, it is less costly to conduct an in-company seminar on company premises or at another convenient location. The advantages of this approach are not limited to cost, however, as the team-building impact of an in-company seminar can be considerable. That is, when ten or more people from the same company attend a seminar together, the opportunities for learning the application of management skills within the specific company environment are greatly increased as participants can be mutually supportive in applying new skills after the seminar is completed. The in-company mode of delivery may be of particular value for seminars in the general management, financial and personnel categories.

D. Economic Analysis

1. Introduction

The economic analysis of the Management and Productivity Center (MPC) consists of two related analyses:

- a) Benefit/Cost Analysis: The economic soundness of the project is analyzed through a comparison of projected benefits resulting from an accelerated expansion of Haiti's light industrial export industries and estimated project costs.
- b) Cost-effectiveness analysis: Alternative approaches to providing management training and consulting are analyzed to determine the least cost method of achieving project objectives.

2. Benefit/Cost Analysis

The management training and consulting services provided by the proposed MPC would fill a wide spectrum of Haitian management needs in the areas of general management, marketing, finance, data processing, personnel management, and project planning and development. It is anticipated that with enhanced managerial capacity, Haitian manufacturers will be able to improve productivity and consequently incur lower production costs relative to output. In addition, Haitian entrepreneurs and managers will be better able to market their products and obtain needed capital for profitable business expansions. This will make Haitian goods and services more competitive and increase sales in both the domestic and international markets. These developments would be especially important for the light assembly industries. According to the latest data available this sector has created nearly 50,000 jobs in the last 15 years and has grown at an average annual rate of 14%. This sub-sector, which includes some 250 companies, has been the fastest growing segment of the economy within the last decade. During the same period, the value added of exports from imported components grew at an average annual rate of 13% in real terms, although annual rates fluctuated widely (table 1).

For the purposes of this analysis a slightly lower annual growth rate of 10% in real terms for value added of exports is projected over the next five years (table 2). This is based upon the conservative assumptions of a slow down in the U.S. economic expansion and a strong local currency position over the next five years. These factors would partially offset the growth induced by the CBI and the new Haitian development finance institutions. At the rate of 10% the value added of exports of the light assembly industries would grow from US \$66 million in 1984 to US \$106 million in 1989 (see Table 2).

Similarly, a lower annual growth rate for employment (10% instead of 14%) is projected over the next five years (table 3). At this rate, the number of jobs in the assembly sector would grow from 50,000 in 1984 to 80,500 in 1989 (table 3).

It is difficult to determine the impact of the MPC on the sub-sector's exports and employment. However, if the projected rate of growth of value added and employment is coupled with a conservative estimate (1% per year) of the impact of improved managerial capacity, an 11% annual growth rate would occur over the life of the project. This would increase the total value added of exports to \$111 million and employment to 84,000 jobs in 1989 (tables 2 and 3). The value added attributable to the MPC increase from \$0.657 million in 1985 to \$5 million in 1989; employment gains would go from 500 jobs in 1985 to almost 4,000 in 1989 (table 4).

Furthermore, the MPC would create direct wage benefits, which are estimated as follows: wages distributed as a consequence of the impact of the MPC would represent approximately 60% of the additional value added of exports. After allowing for the opportunity cost for unskilled labor, the wage benefits are found to increase from \$0.269 million in 1985 to \$2 million in 1989 (table 4).

The wages benefit would continue beyond the initial five years even if the project were terminated. Over a fifteen years period, total wage benefits would be \$18 million with a present worth of almost \$9 million (table 5). If the present worth of the wage benefits is compared with the present worth of the costs of the MPC, the net benefits -- present worth of wage benefits less present worth of MPC's costs -- are approximately \$6.5 million (table 5).

One percent additional increase per year in value added of exports and employment growth rate of the assembly sector is a hypothetical but conservative estimate of the impact of the MPC. Nevertheless, this creates net benefits which makes the project an economically sound investment. Even if a lower increase in value added and employment were assumed, for example a 0.3% per year increase, the present worth of wage benefits would be greater than the present worth of project costs.

The economic feasibility of the project seems all the more assured given that the net wage benefits of only one sub-sector has been considered.<sup>1</sup> Nevertheless, they cover the costs of the project. If it were possible to measure the benefits created by the MPC in the industries producing for the local market and the firms providing services, the total would be considerably higher than the \$6.5 million estimated for the assembly export sector.

3. Cost Effectiveness: The Alternative(s) to the Creation of the Management and Productivity Center (MPC)

The MPC will cost \$3,794 million over five years; the real cost in 1984 US dollars is \$2,858 million (table 5). A total number of 6,730

<sup>1</sup> In addition to the wage benefits, there would be benefits in terms of profits. Other factor services are assumed to be supplied at their opportunity cost and hence produce no net benefits.

persons/days of management seminars is projected over the same period (table 6).

A simple comparison between the costs of management training in the US and at the MPC shows a significant cost difference (table 8). The real cost of a one day seminar in Haiti is \$283. To obtain this figure, the total allocated for management training over five years (which is approximately two-thirds of the projects total costs or \$1.91 million) is divided by the projected number of person/days (6,730) over the same period. The cost for similar one-day seminars in the U.S. is almost three times as expensive as the same training offered in Haiti. The cost of seminars in the U.S. include travel expenses, per diem and participant's opportunity costs. Similar comparisons are made for two and three days seminars. Because seminars are planned for week-ends, no opportunity costs have been included for participants in Haiti except for three days seminars (table 7). The MPC alternative in Haiti is clearly less costly than the alternative of sending managers to the U.S. for seminars.

The other alternative to creating an MPC would be to utilize existing local resources capable of offering seminars in management training. Unfortunately, the local institutions only offer academically oriented courses aimed toward developing public sector administrators as opposed to business managers. INAGHEI, Hautes Etudes Commerciales and Centre Universitaire (see Annex H) have no visible impact on the private sector, and businesses are neither satisfied nor willing to use these few training programs because of their low quality. Hence, these are not considered as viable alternatives to the MPC.

In addition to management seminars, the proposed MPC would provide a number of currently unavailable services, including consulting services for the preparation of bankable project and management training and assistance for the micro business sector. The MPC will assist managers to both qualify for loans and to implement projects. The MPC will also provide basic business skills courses and classes for the micro-business entrepreneurs, particularly those obtaining loans from the HDF. Having these activities within the same organizational structure as the management seminar programs should mean that there will be economies of scale for clerical and administrative functions. In addition, each activity should be enhanced by the opportunities for creative interactions amongst the staff and mutually supportive sectors. Hence, it is to be expected that the MPC will be the more cost effective means of delivering management seminars, business consulting services, and basic management training for micro-entrepreneurs.

#### 4. Conclusion

The economic soundness of the proposed project has been determined using both benefit/cost analysis and cost-effectiveness analysis. While the exact impact on the important assembly export industries is not known, it was determined that even if the impact on value added and employment growth were no more than 0.3% per year, the wage

benefits alone would exceed project costs. The potential impact of the MPC on other sectors and on non-wage benefits suggest that it is very probable that the project will produce benefits well in excess of costs and hence be a economically sound investment. In addition, a review of the alternatives to the MPC revealed that the MPC is the least cost alternative for supplying the package of services to be delivered by the proposed project.

Table 1  
LIGHT ASSEMBLY INDUSTRIES VALUE ADDED OF EXPORTS  
FROM IMPORTED COMPONENTS TO US  
(1984 \$ 000's)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Exports	24,185	31,992	29,350	41,174	41,170	55,642	63,647	66,961	69,910	65,700
% Increase	--	+32%	-9%	+40%	--	+35%	+14%	+5%	+4.5%	-6%

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Source: World Bank Report, 1983.

Table 2  
LIGHT ASSEMBLY INDUSTRIES PROJECTED VALUE ADDED  
OF EXPORTS FROM IMPORTED COMPONENTS TO US WITH AND WITHOUT MPC  
(Constant 1984 \$ 000's)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
<u>1. Case (without MPC)</u>						
Exports (10% per year increase)	65,700	72,270	79,497	87,446	96,190	105,809
<u>2. Case (with MPC)</u>						
Exports (11% per year increase)	65,700	72,927	80,948	89,852	99,735	110,705
<u>Impact of MPC (1% per year increase)</u>	-	657	1,451	2,406	3,545	4,896

Table 3  
LIGHT ASSEMBLY INDUSTRIES PROJECTED EMPLOYMENT  
WITH AND WITHOUT MPC

	1984	1985	1986	1987	1988	1989	<u>1984-1989</u> <u>Total job creation</u> <u>for the period</u>
<u>1. Case (without MPC)</u>							
Employment (10% per year increase)	50,000	55,000	60,500	66,550	73,205	80,525	30,525
<u>2. Case (with MPC)</u>							
Employment (11% per year increase)	50,000	55,500	61,605	68,381	75,902	84,251	34,251
<u>3. Impact of MPC (1% per year increase)</u>	-	500	1,105	1,831	2,697	3,726	3,726

Table 4  
MPC- IMPACT ON VALUE ADDED OF EXPORTS, EMPLOYMENT AND WAGE BENEFITS  
(1984 \$ 000's)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
I. Additional Value Added	—	657	1451	2406	3545	4896
II. Additional Employment	—	500	1105	1831	2697	3726
III. Wages Distributed (1) (I x 0.60)	--	394	871	1444	2127	2938
IV. Opportunity Cost of Labor (2) (II x 250 x \$1)	—	125	276	458	.674	932
V. Wage Benefits (III - IV)	--	269	595	986	1453	2006

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(1) The total amount of wages distributed represent 60% of additional value added of exports.

(2) 250 work days per year at \$1 per day.

Table 5  
COMPARISON OF GROSS WAGE BENEFITS  
AND TOTAL COST OF THE PROJECT  
 (1984 \$ 000's)

<u>YEAR</u>	<u>WAGE BENEFITS</u>	<u>PRESENT WORTH (1)</u>	<u>COST MPC</u>	<u>PRESENT WORTH (1)</u>
1985	269	245	624	567
1986	595	491	611	505
1987	986	740	574	431
1988	1,453	992	589	403
1989	2,006	1,246	460	286
1990 (2)	1,823	1,028	-	-
1991	1,657	850	-	-
1992	1,506	703	-	-
1993	1,369	580	-	-
1994	1,244	480	-	-
1995	1,131	396	-	-
1996	1,028	328	-	-
1997	935	271	-	-
1998	850	224	-	-
1999	772	185	-	-
<b>TOTAL</b>	<b>17,624</b>	<b>8,759</b>	<b>2,858</b>	<b>2,192</b>

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(1) Present worth at 10%.

(2) From the 6th year on depreciation of wage benefits is assumed at 10% per year.

Table 6

AVERAGE NUMBER OF REGISTRANTS  
FOR ONE AND TWO-DAY MANAGEMENT SEMINARS

1 year	185	370
2 year	600	1,200
3 year	730	1,460
4 year	850	1,700
5 year	1,000	2,000
TOTAL	3,365 REGISTRANTS	6,730 PERSON DAYS

Table 7  
COMPARATIVE COSTS/QUALITY  
OF MANAGEMENT TRAINING  
IN USA AND AT MPC

<u>TYPE OF SEMINAR</u>	<u>COST PER PERSON</u>	
	<u>US</u>	<u>MPC (Haiti)</u>
1. <u>ONE-DAY (for supervisors)</u>	\$ 98 (1)	\$ 283 (2)
Travel Expenses/Airport Tax	320	-
Per Diem (x 2)	170	-
Opportunity Cost (x 2)	200	-
<u>TOTAL</u>	<u>\$ 788</u>	<u>\$ 283</u>
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2. <u>TWO-DAYS (for supervisors/middle management)</u>	\$ 595 (3)	\$ 566 (2)
Travel Expenses/Airport Tax	320	-
Per Diem (x 3)	255	-
Opportunity Cost (x 3)	300	-
<u>TOTAL</u>	<u>\$ 1,470</u>	<u>\$ 566</u>
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3. <u>THREE-DAYS (all level of personnel)</u>	\$ 995 (4)	\$ 849 (2)
Travel Expenses/Airport Tax	240	-
Per Diem (x 4)	340	-
Opportunity Cost (x 4)	400	200
<u>TOTAL</u>	<u>\$ 1,975</u>	<u>\$ 1,049</u>
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- (1) Padgett Thomson/one-day seminar on time management.
- (2) Two thirds of total budget over five years (0.66 x \$2,858 million) or \$1,9052 million for 6730 participants days.
- (3) Worcester Polytechnical Institute. Two days seminar - Fundamentals of data processing/Management skills for supervisors.
- (4) Wharton University of Pennsylvania/fundamentals of finance and accounting for the non-financial executive.

E. Environment Impact Analysis

The object of this project is to increase the capacity of the Haitian business sector to absorb the employment expansion resulting from increased investment activity. Training and technical assistance provided to management and entrepreneurs will result in negligible positive or negative environmental consequences and therefore further environmental examination is not warranted. This determination is in conformance with guidelines contained in Handbook 3, Appendix 2 D, 22 CFR Part 216.2 (c) (2) (x) which deals with Categorical Exclusions. The pertinent sections are quoted as follows: "216.2 (c) determining the classes of actions included in 216.2 (c) (2)P for which an Initial Environmental Examination, Environment Assessment and Environmental Impact Statement generally are not required... (i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities etc.)." None of the Center's activities fall into the latter category.

## F. Social Impact Analysis

### 1. Target Group Characteristics

The MPC will address the needs of three kinds of businesses: the large family-owned business which often has few semblances of a management system, the new medium to large sized business with some management experience, and the micro-business which needs management training in order to grow and expand. The MPC will also be working with three levels in the management hierarchy: owners, middle management, and supervisors.

### 2. Authority, Power, and Trust

One of the major management principles to be transmitted is the necessity for delegating authority. This area is sensitive because it implies and demands other behavioral conditions such as trust, responsibility, and communication. These three concepts are interrelated and comprise an integral part of an individual's social and cultural upbringing.

In order to successfully delegate authority, one must perceive that one has not lost power, authority, or control. Historically, Haitian decision-making has been centralized. Decision-making and the knowledge necessary to make an informed decision have always been closely held assets because they connote power.

The various behavioral modes of managers and entrepreneurs have been and are still reinforced within the sociocultural patterns in Haiti. The prevalent educational model is still based on learning by rote. The teacher/authority figure controls the information and controls the student's access to that information. Subordinates are not encouraged to question information or to engage in creative thought. Questioning information is the equivalent of questioning or threatening authority; it is considered disrespectful and disobedient. Innovative thought and personal initiative are not rewarded and have little place in this system. This same dynamic can be seen at various levels throughout the Haitian business sector.

Trust is a primary factor in encouraging the delegation of power. Thus, a long-term objective of the MPC will be to create, through a unified, multi-level management training program, a climate of trust and shared goals between co-workers, owners and management, and within the ranks of the managerial class. This is particularly important in family-owned businesses where control and authority have been limited to family members and where organizational growth has been determined by these constraints.

### 3. Responsibility

Decision-making implies that one must take the responsibility for one's decisions. Culturally, initiative at lower levels has not been

encouraged and the employee acts within the parameters established by the employer or the person in power. One concomitant of this attitude is that behavior is dictated; one is told what to do but not why it should be done that way. Communication and understanding are not part of the process. This phenomenon relates to the lack of trust, fear of lost power, and possibly to the assumption that the subordinate would not "understand." This leads to decreased effectiveness, reinforces a lack of responsibility, and encourages reactive rather than proactive behavior.

Taking responsibility for errors is rare at lower management levels. The response is "it's not my fault." One can assume that such an attitude has developed because errors were not well accepted and dialogues did not take place.

#### 4. Communication

Within places of business in Haiti, very little communication takes place. In general, information is used as a means towards personal gain, rather than as a benefit to the organization. Information is not perceived as something which by definition should be shared. In developing the seminar material, it must be remembered that the tendency of withholding information, thus holding power, is done in order to protect one's position. In practice, this attitude can take the form of passing on information in such way that it is difficult to understand and, therefore, to use. Thus, one ensures the dependence of one's subordinates. Seminars planned for each level of management will encourage horizontal communication between the various sections of a business. This will then promote a sense of responsibility for the process, the end product, the organization, and not just the immediate limitations of one's job.

#### 5. Social Networks and the Concepts of the Individual vs. the Group

The concept of working together as a community or group in Haiti poses some problems because it is based on trust, communication, and shared goals. In business, the concept of "group" as an organizing or uniting principle is still fairly new. The principal Haitian organizing unit is the family and the extended family (both real and fictitious). The system of "Moun Pa," which is the Haitian equivalent of a ward/patron system, permits the inclusion of outsiders into the category of family members, thereby enlarging the circle of people upon whom one can trust and depend.

Thus, even in the private sector, reward and promotion may occur because of qualities other than merit. One has responsibilities toward one's patron. It is important that it be understood that merit and achievement alone can also bring about reward, recognition, and promotion.

The effects of distinguishing between "us" and "them" and by extension the individual versus the company will be addressed in the seminars. The distinction must be turned around in such a way that sharing information both within and between companies is perceived as a constructive element and that individual and organizational goals can be compatible.

6. Upward Mobility, Role Conflict, and Social Integration

Through its seminar format, the MPC will be increasing the efficiency and the value of the new managerial class. As a result, mid-managers will have higher expectations and will seek recognition, reward, and/or promotion. However, before they are trained the organization must be prepared to meet these expectations. How top management can become the facilitator in this process is addressed in the workshops held at the outset of the management training cycles (see Annex D for detailed Implementation Work Chart).

Training in Haiti is complicated when a person's qualifications become linked to the issue of social class. As the MPC will also be training supervisors, the issues of social class and upward mobility become prevalent. Historically, Haiti has always been a stratified and class-structured society. In recent years, however, there have been signs of change. Increased access to education, a growing middle class, and shifts in power have all accelerated social mobility. Education, money, and power, rather than birth, have become facilitators and prerequisites for upward mobility.

Within the private sector upward mobility poses few problems if confined to the parameters of a work situation. Of the businesses with which the MPC will be working, the family business will have the greatest difficulty in integrating the upwardly mobile trainee into the existing structure.

The most vulnerable point is with the trainee him/herself. He/she could have difficulties adapting to the new behavior patterns and responsibilities. He/she faces potential conflicts between this former position and the new one. This may manifest itself in a contradictory self-image: a conflict in identification between the worker and management. This identification problem could be resolved by especially emphasizing the role of management, thereby quelling any doubts, internal or external, about his or her qualifications.

The MPC will attempt to minimize the perceived dichotomy between worker and management by stressing the shared goals of increased quality and production, worker recognition, and effective use of worker incentives. It is essential that through its basic resources, the MPC teaches managers to give directives in such a way that the worker can accept them and understand them.

## 7. Women and the Spread Effect of the MPC

The spread effect of the MPC should be wide primarily because of the inclusion of supervisors in the management training program. It will affect the lower middle class workers who have risen to the level of supervisors from the ranks of the factory workers.

The MPC will affect women who represent the largest percentage of factory workers and who are often the supervisors in the light assembly industries. Women tend to be blocked at the supervisory level, and the MPC can be a catalyst for broadening the possibilities or career advancement for women in the Haitian private sector.

## Conclusion

The MPC will be providing a valuable contribution toward development in Haiti as well as a service to the private sector, to the public sector, and to the international agencies. The MPC, in addition to developing appropriate management techniques, will also be slowly changing the attitudes of managers and entrepreneurs toward their work and their concepts of responsibility, power, trust, and communication among people. These are desirable changes and essential in order to participate in and shape Haiti's industrial development.

The changes will be gradual, as any socio-cultural innovation which involves attitudinal changes one. However, to bring about changes with minimum social disruption, the MPC will need to be flexible in its responses to the private sector, be willing to adapt contemporary management models to the Haitian system, and be sensitive to those areas where management training modify existing social and cultural patterns.

## VIII. Project Implementation

### A. Project Management

#### 1. Role of USAID

USAID/Haiti's Office of Private Enterprise Development (OPEd) will have primary responsibility for monitoring the project. The USAID/Haiti Project Monitor will be assigned from OPEd and will work closely with the MPC Core Group and the contractor to ensure that the provisions of the contract are met and that AID-financed activities function efficiently and effectively. In the first year, the contractor will submit to AID and the Board monthly reports of target activities implemented. Corporate sensitive issues of potential project problem areas will be brought to the attention of Mission management so that OPEd may provide guidance and assistance in facilitating the implementation phase of the MPC.

After the first evaluation, assuming acceptable performance, MPC activity reports will be submitted quarterly with an annual report at the end of each twelve months' activities. Projections for the following year will also be required. Program and financial audits will be conducted by professional auditors not a part of the contractor's corporate structure. These functions will continue through the life of the project.

#### 2. Role of the Contractor

Day-to-day conduct of the implementation and operation of the MPC will be the responsibility of the contractor through its project manager, referred to as the Project Coordinator. The Coordinator will report directly to the Board and USAID, and in turn will be supported by a well-qualified and experienced management staff. With the advice and consent of the Board, the contractor will be responsible for the hiring, renting and salary payments of the Center for the duration of the Project Coordinator's contract.

#### 3. Role of the Core Group

During the initial three-year (Phase I) operation period, the Core Group will function as the Board of Directors of the MPC Corporation and/or Foundation. It will be the link between the project and AID with whom it will jointly set policy for the institution. In addition, it will review and approve jointly with AID all operational and curricula options presented by the Project Coordinator and/or Director. The Board will assure an orderly transition from an expatriate-managed MPC to a Haitian MPC during and after the transition phase. In consultation with USAID it will select the Center's Deputy Director and Director, and approve budgets, policy and expansion plans for Phase II.

<u>B. Implementation Schedule</u>	<u>Date</u>
1. Initiate Search for Expressions of Interest	December 20, 1984
2. Issue Request for Proposals (RFP) for Technical Assistance Team	January 30, 1985
3. AID/W Approval of PP	February 6, 1985
4. MEC Incorporated	February 15, 1985
5. Negotiate/Sign Cooperative Agreement	March 15, 1985
6. Select Micro-Business Contractor	April 13, 1985
7. Micro-Business Course Commences	April 15, 1985
8. Select Technical Assistance Contractor	May 15, 1985
9. Arrival of Contract Team	May 31, 1985
10. MEC Promotion Commences	August 30, 1985
11. Course Design Prepared, Tested and Completed	September 30, 1985
12. First Top Management Conference	October 10, 1985
13. First Mid-Management Seminar	November 16, 1985
14. First Operational Year Evaluation Completed	November 15, 1986
15. Second Operational Year Evaluation Completed	November 15, 1987
16. Transfer of Management to Permanent Institution	November 30, 1988

C. Evaluation Plan

In addition to on-going evaluation of seminars, services and courses through questionnaires (as discussed above in Section IV.A: Monitoring/Evaluation Activities), annual in-depth project evaluations will be conducted by independent contractors during the life of the project. The cost of the evaluations are budgeted into the project. (see Annex F-4).

The first two evaluations scheduled after 12 and 24 months of operations will not only gauge project progress towards implementation targets, but will provide guidance which will help determine whether the project has merit to pursue with Phase II.

The comprehensive evaluations will assess the following aspects of the project:

1. The suitability of the MPC concept in delivering multi-level management training.
2. The effectiveness of short-term intensive seminars to improve management skills and operational efficiency.
3. The impact of seminars to stimulate institutional development within participatory firms.
4. Whether the emphasis placed on managers to encourage delegation of authority has led firms to expand and thus create new employment.
5. Whether improve levels of motivation among mid-managers has been translated into a closer identification with the growth of the business.
6. The impact of consultative services on the number and quality of loans prepared for lending institutions, particularly USAID assisted projects.
7. The impact on the number of firms which set aside an annual budget for management training as a result of the MPC executive level seminars.
8. The impact on membership in private sector associations, attendance at their function and the formal and informal contacts made within and among the various sub-sectors of the private sector.
9. The effectiveness of the MPC's marketing strategy.
10. The viability of the financial projections, options available for their modification, if need be, and recommendations to improve the financial position of the project.

The specific evaluation instruments will be designed by USAID in conjunction with the Core Group.

D. Disbursement Procedures

USAID will use the following for the disbursing of project funds:

- 1) Direct Letter of Commitment: AID will issue a Letter of Commitment to the contractor for the Corporation and/or Foundation. The letter of Commitment mechanism will be used to pay for the services of a prime U.S. contractor. Payments will be

mechanism will be used to pay for the services of a prime U.S. contractor. Payments will be made directly to the contractor in the currency in which the expense was incurred.

- 2) Direct Payment Procedure: This method of payment will be used to pay for the Personal Services Contract (PSC) of the AID Project Monitor. The same mechanism will be used to pay for the services of the local micro-business contractor since its services are required prior to the establishment of the MPC Corporation/Foundation.

#### E. Procurement Procedures

Goods and services financed by AID under the Grant shall have their source and origin in AID geographic code 941 countries or in Haiti, except as AID may otherwise agree to in writing.

Project design strategy calls for three types of procurement:

- 1) Long-term (from one to three years) technical assistance services to be supplied by a U.S. contractor. The contractor will arrange for the short-term services (one to three days) of seminar and conference leaders, and will be ultimately responsible for the micro-business component sub-contracted to a local firm.
2. Long-term (from one to three years) office and professional staff to be hired locally through the U.S. contractor.
3. Basic supplies to establish an office.

#### Technical Assistance

No firm or institution has been identified as a preferred prime implementation contractor for the project. Therefore, the mechanism of an 8(a) designate under the Small Business Act is not recommended since that program is basically non-competitive (see Attachment C, Memo to Overseas Executive staff re: role of OSDBU/MRC in implementation of Gray Amendment, non-dated OSDBU/MRC).

Prior to project approval, the Mission will access the Automated Consultant Registry Information System (ACRIS) of OSDBU/PRC for an update on small business and/or small and economically disadvantaged enterprises which have the capability to become the prime contractor. Serious effort will be made to follow procurement guidelines established by OSDBU/MRC to implement the Gray Amendment. The Mission recommends that in this endeavor prior overseas experience, particularly in countries similar to Haiti, be given considerable weight (greater than 10% recommended in a 100 point matrix) because of the important factor of adapting management training to the local environment.

The contractor will be required to supply the MEC with two resident advisors, seminar leaders, staff and logistical support in Haiti and in the U.S. It will recruit individuals who possess professional experience and skills called for under the project.

The local micro-business contractor shall be selected on a competitive basis in response to an RFP issued by the Mission. Selection will be based on experience, professional skill and ability to work with the MEC structure.

#### Commodity Procurement

Commodity procurement will be limited to items required to set up an office and specifically items which cannot be leased or rented over three years. The project's office facilities, copying machine, and other equipment will be rented locally on a competitive basis. To the extent possible additional office supplies and training materials will be purchased locally.

### F. Conditions and Negotiating Status

#### 1. Conditions Precedent to the Signing of the Cooperative Agreement

Prior to the signing of the Cooperative Agreement, the Grantee will furnish to AID, in form and substance satisfactory to AID, evidence that the Grantee is a duly organized institution under the laws of Haiti which has all necessary powers to implement the Cooperative Agreement.

#### 2. Conditions Precedent to Disbursement for Management Training and Management Services:

Except as AID may otherwise agree in writing, prior to disbursement under the Grant or to the issuance by AID of documentation pursuant to which disbursement will be made to finance management training and management services, the Grantee will furnish to AID, in form and substance satisfactory to AID, a contract for the provision of such management training and services and proof that an accounting system is in place. (See Annex N for Minimum Standards for Certification of Grantee Accounting System).

#### 3. Condition Precedent to Disbursement for Micro Business Training

Except as AID may otherwise agree in writing, prior to disbursement under the Grant or the issuance by AID of documentation pursuant to which disbursement will be made to finance micro-business training, the Grantee will furnish to AID, in form and substance satisfactory to AID, a contract for the provision of such micro-business training.

4. Conditions Precedent to Disbursement for Phase II Activities

Except as AID may otherwise agree in writing, prior to disbursement under the Grant or to the issuance by AID of documentation pursuant to which disbursement will be made to finance Phase II activities, the Grantee will furnish to AID, in form and substance satisfactory to AID: (a) an evaluation of Phase I activities to determine the feasibility of pursuing the institutionalization of the Management and Productivity Center under Phase II of the Project; (b) a detailed, time-phased implementation plan for Phase II activities, including a financial plan for utilizing the income accrued from fees during Phase I.

5. Negotiating Status

Basic concepts contained in the proposed project have been developed in close consultation with the Core Group.

All issues regarding the role and responsibilities of the Core Group and the Contractors have been resolved, including the duration of the two proposed phases and the transfer of management responsibility from the Contractor to the Core Group after Phase I.

The issue of whether the Core Group shall establish a Corporation or a Foundation will depend on the special dispensation granted by the Ministry of Economy, Finance and Industry to create the latter with a minimum of delay. The Minister has stated that the creation of a Foundation can be expedited if that form of legal entity is preferred for this project. Further discussions will be held between the Core Group and legal counsel to resolve this issue.



4. FUNDING SOURCES. ALTERNATE FUNDING SOURCES SHOULD BE CONSIDERED TO HELP OFFSET THE PROJECT'S DEFICIT AS WELL AS TO INCREASE PRIVATE SECTOR PARTICIPATION IN THE PROJECT. SUGGESTED SOURCES ARE LOCAL BUSINESSES SUCH AS AGGREGOR AND SPALDING, INTERNATIONAL ORGANIZATIONS, THE GDF AND FORD OR ROCKEFELLER GRANTS. THE PP SHOULD INCLUDE THE RESULTS OF YOUR INVESTIGATION OF ALTERNATE FUNDING SOURCES.

IF A PVO IS FORMED DONLPS COULD GIVE THEIR DONATION DIRECTLY TO IT; IF NOT, PARTICIPANTS COULD PAY A FEE FOR MEMBERSHIP ON THE BOARD OF WHATEVER TYPE OF ORGANIZATION IS CREATED. A MECHANISM TO FACILITATE DONATIONS SHOULD BE CREATED DURING THE PROJECT DESIGN.

5. PROJECT DEMAND. AS MUCH OF THE PROJECT'S INCOME WILL BE DERIVED FROM SEMINARS AND PROJECT PACKAGING, AN EFFECTIVE DEMAND STUDY SHOULD BE CARRIED OUT TO COMPLEMENT CAPITAL CONSULT'S STUDY. THE MISSION SHOULD REFINE THE DEMAND FIGURES TO ASSURE THAT SUFFICIENT COMPANIES ARE WILLING TO COVER EMPLOYEE FEES AND SALARIES DURING THE LOCAL COURSES TO WARRANT A LONG TERM PROJECT. REAL DEMAND FOR THE PROJECT PACKAGING SERVICES SHOULD ALSO BE QUANTIFIED TO THE EXTENT POSSIBLE.

6. ECONOMIC ANALYSIS. THE MISSION IS ADVISED TO USE CARE IN THE ECONOMIC COST-BENEFIT ANALYSIS TO AVOID DOUBLE COUNTING OF BENEFITS BETWEEN THIS PROJECT AND THE HAITIAN DEVELOPMENT FOUNDATION. THE LAC/DF ECONOMICS UNIT IS COMPILING GUIDANCE MATERIALS ON THE ECONOMIC ANALYSIS OF MANAGEMENT TRAINING PROJECTS WHICH WILL BE FORWARDED TO THE MISSION WITHIN THE NEXT FEW WEEKS. SHALTE  
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# TELEGRAM

SEP 10 1984

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<p>12356 E.O. <del>XXXXXX</del> TAGS: SUBJECT:  ACTION:  AID  AMB DCM CHRON ECON</p>	<p>FROM AMEMBASSY PORT-AU-PRINCE</p>	<p>CLASSIFICATION UNCLASSIFIED</p>
	<p>N/A</p> <p>Haitian Management and Productivity Center</p> <p>SECSTATE WASHDC - <u>PRIORITY</u></p> <p>UNCLASSIFIED PORT-AU-PRINCE <u>5098</u></p> <p>FOR: LAC/DR</p> <p>AIDAC</p> <p>REF: State 248206</p> <p>1. Mission appreciates reftel comments and concurs with all points raised, with the exception of section 5 titled project demand.</p> <p>2. Mission feels it presented sufficient case during DAEC review through use of Capital Consult study to show a strong and measurable demand for services proposed by project. The study provides the most accurate information presently available since services proposed in project are not</p>	

<p>DRAFTED BY: OPED:C.Juliard/mkc</p>	<p>DRAFTING DATE 9/6/84</p>	<p>TEL. EXT. 222</p>	<p>CONTENTS AND CLASSIFICATION APPROVED BY: Acting DIR: Phyllis Richter</p>
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CLEARANCES:  
OPED: R. Moyers RM

UNCLASSIFIED

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provided by an existing institution in Haiti. The study surveyed the existing literature, tested the questionnaire and designed a representative sampling of 24 firms reflecting proportional distribution of export, domestic market, trade and services businesses. The survey was conducted during the PID preparation stage, lasted two months and cost dollars 5,370. It was designed and structured to minimize expenses and test the demand in a real world situation. Survey questions focused on present usage of management training, perception of need of management training and type, serious interest in paying for these services and the manner by which they should be delivered. 79% of respondents to the survey indicated either a definite or very strong interest in attending management training programs, provided they are comparable to those provided in the US. 87% indicated either definite or very strong interest in sending their staff to training seminars. Survey indicated dollars 1,000 to 3,000 per year as acceptable level which each firm could set aside for management training. Conservatively estimating the existing number of potential user firms within formal business sector at 1,200 firms, we feel at least 300 businesses (or one quarter of them) would spend \$1,000 per year on training. Thus, a potential income of dollars 300,000 is considerably higher than that projected in PID (project at dollars 65,000 and 100,000 for year one and two of project respectively).

3. Two areas not thoroughly documented in Capital Consult survey were demand for micro-business training and loan application preparation. The former however is considered a captured market because all Haitian Development Foundation (HDF) loan applicants will be enrolled in basic business skills cycle offered by proposed project. The latter was surveyed during PID stage, though a more thorough investigation is anticipated for the intensive review. During intensive review, each development financing institution will be surveyed for the size and extent of loan preparation assistance requirements.
4. In spite of above measures, mission feels proposed services still need a test phase prior to setting up fully operational facility. This is principal reason for special design mechanism whereby an outside firm would be contracted to coordinate services for first 18 to 24 months of project (as outlined in supplement note to PID).
5. Between what has already been done and what is designed for intensive review, the mission feels further research as proposed in demand study of reftel would provide marginal input. Thus, Mission will proceed to address demand questions along lines outlined above unless otherwise advised.

  
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## 50(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FAA Sec. 481. Has it been determined that the government of the recipient country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully? No
  
  2. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government? N/A
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3. FAA Sec. 620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? N/A
4. FAA Sec. 532(c), 620(a), 620(f), 620D; FY 1982 Appropriation Act Secs. 512 and 513. Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos, Vietnam, Syria, Libya, Iraq, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver? No
5. ISDCA of 1981 Secs. 724, 727 and 730. For specific restrictions on assistance to Nicaragua, see Sec. 724 of the ISDCA of 1981. For specific restrictions on assistance to El Salvador, see Secs. 727 and 730 of the ISDCA of 1981. N/A
6. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property? No

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7. FAA Sec. 620(l). Has the country failed to enter into an agreement with OPIC? No
8. FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters? No
- (b) If so, has any deduction required by the Fishermen's Protective Act been made?
9. FAA Sec. 620(q); FY 1982 Appropriation Act Sec. 517. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any AID loan to the country? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the appropriation bill appropriates funds? No
10. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? (Reference may be made to the annual "Taking into This is a development grant

Consideration" memo:  
"Yes, taken into account  
by the Administrator at  
time of approval of  
Agency OYB." This  
approval by the  
Administrator of the  
Operational Year Budget  
can be the basis for an  
affirmative answer during  
the fiscal year unless  
significant changes in  
circumstances occur.)

11. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? No
12. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? (Reference may be made to the Taking into Consideration memo.) Haiti is not in arrears
13. FAA Sec. 620A; FY 1982 Appropriation Act Sec. 520. Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism? Has the country aided or No

abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime?

14. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? No
15. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device, after August 3, 1977? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) No
16. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed N/A

to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)

17. ISDCA of 1981 Sec. 721.  
See special requirements for assistance to Haiti.

Special requirements have been met.

**B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY**

1. Development Assistance Country Criteria.

No

a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

2. Economic Support Fund Country Criteria

N/A

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

b. ISDCA of 1981, Sec. 725(b). If ESF is to be furnished to Argentina, has the President certified that (1) the Govt. of Argentina has made significant progress in human rights; and (2) that the provision of such assistance is in the national interests of the U.S.?

c. ISDCA of 1981, Sec. 726(b). If ESF assistance is to be furnished to Chile, has the President certified that (1) the Govt. of Chile has made significant progress in human rights; (2) it is in the national interest of the U.S.; and (3) the Govt. of Chile is not aiding international terrorism and has taken steps to bring to justice those indicted in connection with the murder of Orlando Letelier?

5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B.1. applies to all projects funded with Development Assistance Funds, B.2. applies to projects funded with Development Assistance loans, and B.3. applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act Sec. 523; FAA Sec. 634A; Sec. 653(b).

(a) A Congressional Notification will be submitted.

(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;  
(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

(b) Yes

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,00, will there be

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- (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? N/A
4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? N/A

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6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. No
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions. Better trained managers will increase private sector initiative and competition, improve technical efficiency of industry, agriculture and commerce, and increase international trade.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). Technical Assistance services will be procured from U.S. (000)sources. Moreover, enhancing managerial capabilities is part of broader A.I.D. strategy to establish conditions conducive to U.S. private trade and investment in Haiti.

9. FAA Sec. 612(b), 636(h);  
FY 1982 Appropriation  
Act Sec. 507. Describe  
steps taken to assure  
that, to the maximum  
extent possible, the  
country is contributing  
local currencies to meet  
the cost of contractual  
and other services, and  
foreign currencies owned  
by the U.S. are utilized  
in lieu of dollars. N/A
10. FAA Sec. 612(d). Does  
the U.S. own excess  
foreign currency of the  
country and, if so, what  
arrangements have been  
made for its release? No
11. FAA Sec. 601(e). Will  
the project utilize  
competitive selection  
procedures for the  
awarding of contracts,  
except where applicable  
procurement rules allow  
otherwise? Yes.
12. FY 1982 Appropriation Act  
Sec. 521. If assistance  
is for the production of  
any commodity for export,  
is the commodity likely  
to be in surplus on world  
markets at the time the  
resulting productive  
capacity becomes  
operative, and is such  
assistance likely to  
cause substantial injury  
to U.S. producers of the  
same, similar or  
competing commodity? N/A
13. FAA 118(c) and (d).  
Does the project comply  
with the environmental  
procedures set forth in  
AID Regulation 16? Does Yes

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the project or program take into consideration the problem of the destruction of tropical forests?

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)?

N/A

**B. FUNDING CRITERIA FOR PROJECT**

**1. Development Assistance Project Criteria**

a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and

- ( ) Project focus is on management and entrepreneurs involved in labor intensive export industries. Employment generated will be drawn mainly from the urban poor.
- (b) Micro-business training provides development benefits to a broad base of urban poor.
- (c) Project supportive of private sector efforts to establish a high quality Haitian entity capable of delivering relevant management training.
- (d) The majority of employment opportunities established in the export oriented assembly businesses are taken by women.
- (e) Project will contribute to stronger trade and investment ties with other countries in the region, principally the U.S.

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otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

Yes

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

Yes

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

While Haiti is a RLDC, fee income generated under the project will finance approximately one-third of project costs.

e. FAA Sec. 110(b).  
Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? (M.O. 1232.1 defined a capital project as "the construction, expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character."

Yes, although project design establishes funding mechanism for continuing project activities without A.I.D. support following project's completion. Moreover, Haiti is a RLDC.

f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes

g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage

Program uses local human resources for the micro-business training, and is designed to totally staff the training center with Haitian personnel by end of project.

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institutional development;  
and supports civil  
education and training in  
skills required for  
effective participation in  
governmental processes  
essential to self-government.

2. Development Assistance Project N/A  
Criteria (Loans Only)

- a. FAA Sec. 122(b).  
Information and conclusion  
on capacity of the country  
to repay the loan, at a  
reasonable rate of interest.
- b. FAA Sec. 620(d). If  
assistance is for any  
productive enterprise which  
will compete with U.S.  
enterprises, is there an  
agreement by the recipient  
country to prevent export  
to the U.S. of more than  
20% of the enterprise's  
annual production during  
the life of the loan?
- c. ISDCA of 1981, Sec. 724  
(c) and (d). If for  
Nicaragua, does the loan  
agreement require that the  
funds be used to the  
maximum extent possible for  
the private sector? Does  
the project provide for  
monitoring under FAA Sec.  
624(g)?

3. Economic Support Fund N/A  
Project Criteria

- a. FAA Sec. 531(a). Will  
this assistance promote  
economic or political

- stability? To the extent possible, does it reflect the policy directions of FAA Section 102?
- b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities?
- c. FAA Sec. 534. Will ESF funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives?
- d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes
  
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? Yes
  
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? N/A
  
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be N/A

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- financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)
5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one or these areas? N/A
6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates? N/A
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Yes

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Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

8. International Air Transport. Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? Yes
9. FY 1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? Yes
- B. Construction N/A
1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services to be used?
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)?

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A
2. FAA SEC. 301(d). If fund is established solely by U.S. contributions and administed by an internatioal organization, does Comptroller General have audit rights? N/A
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes
4. Will arrangements preclude use of financing: N/A
  - a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525: (1) To pay for performance of abortions as a method of family

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planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion?

b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property?

Yes

c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?

Yes

d. FAA Sec. 662. For CIA activities?

Yes

e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained?

Yes

f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or

Yes

adjusted service  
compensation for military  
personnel?

g. FY 1982 Appropriation  
Act, Sec. 505. To pay  
U.N. assessments,  
arrears or dues? Yes

h. FY 1982 Appropriation  
Act, Sec. 506. To carry  
out provisions of FAA  
section 209(d) (Transfer  
of FAA funds to  
multilateral  
organizations for  
lending)? Yes

i. FY 1982 Appropriation  
Act, Sec. 510. To  
finance the export of  
nuclear equipment, fuel,  
or technology or to train  
foreign nationals in  
nuclear fields? Yes

j. FY 1982 Appropriation  
Act, Sec. 511. Yes

For the purpose of aiding  
the efforts of the  
government of such  
country to repress the  
legitimate rights of the  
population of such  
country contrary to the  
Universal Declaration of  
Human Rights?

k. FY 1982 Appropriation  
Act, Sec. 515. To be  
used for publicity or  
propaganda purposes  
within U.S. not  
authorized by Congress? Yes

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LOGICAL FRAMEWORK

ANNEX C

Project Title and Number: Private Enterprise Management and Productivity Center  
 Total U.S. Funding: \$2.3 mil  
 From: FY 85 Funds

Life of Project: 5 years  
 Date Prepared: 11/20/84

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																																				
<p><u>Program or Sector Goal:</u> The broader objective to which this project contributes:            To improve business skills in order to stimulate employment, increase productivity, and broaden the management and entrepreneurial base.</p>	<p><u>Measures of Goal Achievement:</u>            1. Industrial firms with improved management systems.            2. Number of owner/managers who adopt delegation of responsibility practices.            3. New and expanded industrial firms.</p>	<p>1. Annual survey of user firms covering employment growth, changes in management attitudes, changes in productivity.            2. Annual survey of lending institutions evaluating noted changes in quality of loan applications.</p>	<p><u>Assumptions for Achieving Goal Targets:</u>            1. Better trained managers and entrepreneurs will generate new employment.            2. A top quality local private sector institution can develop the capacity to attract local participation competing successfully with overseas facilities.</p>																																				
<p><u>Project Purpose:</u> To establish a flexible private sector entity capable of delivering training and business services to managers and entrepreneurs.</p>	<p><u>Conditions that will indicate purpose has been achieved:</u> End of project status.            1. 3700 jobs created through upgraded management and business practices.            2. An annual increase in successful loan applications and micro-businesses.            3. An annual increase of 20% in user fees.</p>	<p>1. Systematic follow through evaluation upon completion of each training/delivery of services cycle.            2. Project evaluation with emphasis on reduced dependence on exterior financing.</p>	<p><u>Assumptions for Achieving Purpose:</u>            1. Demand within private sector to pay for and spend time for management training.            2. Need among entrepreneurs who require loans to get assistance in project preparation.            3. Need among micro-entrepreneurs for upgrading of business skills, willingness to attend courses and ability to pay for same.</p>																																				
<p><u>Outputs:</u>            - Project packaging services for entrepreneurs            - Multi-level management and motivational training            - Basic business skill training for micro-entrepreneurs</p>	<p><u>Magnitude of Outputs:</u>            1. Training of approximately 500 executives, mid-managers and supervisors and 800 micro-business clients.            2. Technical assistance in project packaging to approximately 60 clients.            3. Establishments of well-managed highly respected training center</p>	<p>1. MPC client records            2. Evaluations            3. Semi-annual reports            4. Impact surveys</p>	<p><u>Assumptions for Achieving Output:</u>            1. Entrepreneurs will acquire confidence in the project, accepting technical assistance from a private sector institution.            2. Managers and executives will support and pay for services of a local business-responsive training center.</p>																																				
<p><u>Inputs:</u>            - Industry responsive technical assistance            - Locale            - Fee paying clients            - Total AID funding: \$2.3 mil</p>	<p><u>Implementation Target (Type and Quantity) (in '000)</u></p> <table border="1"> <thead> <tr> <th></th> <th>Yr1</th> <th>Yr2</th> <th>Yr3</th> <th>Yr4</th> <th>Yr5</th> </tr> </thead> <tbody> <tr> <td>TA</td> <td>394</td> <td>363</td> <td>393</td> <td>404</td> <td>261</td> </tr> <tr> <td>Operations</td> <td>292</td> <td>377</td> <td>381</td> <td>459</td> <td>480</td> </tr> <tr> <td>Income</td> <td>76</td> <td>219</td> <td>241</td> <td>300</td> <td>340</td> </tr> <tr> <td>Interest/Contrib.</td> <td></td> <td></td> <td></td> <td>146</td> <td>200</td> </tr> <tr> <td>AID Grant</td> <td>686</td> <td>740</td> <td>764</td> <td>55</td> <td>55</td> </tr> </tbody> </table>		Yr1	Yr2	Yr3	Yr4	Yr5	TA	394	363	393	404	261	Operations	292	377	381	459	480	Income	76	219	241	300	340	Interest/Contrib.				146	200	AID Grant	686	740	764	55	55	<p>1. Regular AID reporting procedure.            2. Special accounting and control procedure by core group.            3. Accountability of participant fees.</p>	<p><u>Assumptions for providing inputs:</u>            1. Strong and expanding support of private sector to using project's facilities.</p>
	Yr1	Yr2	Yr3	Yr4	Yr5																																		
TA	394	363	393	404	261																																		
Operations	292	377	381	459	480																																		
Income	76	219	241	300	340																																		
Interest/Contrib.				146	200																																		
AID Grant	686	740	764	55	55																																		

MPC Detailed Implementation Work Plan

This section provides a work plan for the major events which will occur during Phase I (first three years) of the project. The events listed below are keyed to the Implementation Schedule in Section VIII.B, and the time line for implementation is assumed to begin as of the date of the award of the technical assistance contract.

1. Management Training/Management Services

a. Initial start-up period (months 1-4)

Month 1: Initiate operational planning and the proposed training seminar outlines, begin recruiting local office staff, begin arrangements for local office space and equipment.

Month 2: Conclude arrangements for office space and hire local office staff, begin course design.

Month 3: Set up office procedures, set up mailing list, announce MPC and initial seminar schedule, begin to develop local case studies.

Month 4: Promote initial seminars, make final arrangements for first top management conference (facilities, speakers, etc.), continue to set up of office procedures, establish preliminary contacts for consultation services.

b. Initial operating period (months 5-12)

Month 5: Conduct first top management conference (1 day), send out initial management services brochure, promote month 6 and 7 courses, make final arrangements for month 6 course. Conduct one loan project consulting assignment.

Month 6: Conduct one seminar - Fundamentals of Management (middle management, three days). Make final arrangements for month 7 seminars. Conduct one three-day loan project consulting assignment. Promote month 8 and 9 program.

Month 7: Conduct two seminars - Advanced Principles of Professional Management (top management, three days) and Production and Quality Control (supervisors, one day), conduct two consulting projects, publish first newsletter, conduct meeting with core advisory group. Make final arrangements for month 8 program.

Month 8: Conduct two seminars - Export Marketing Techniques (top management, two days) and Basic Motivational Techniques (supervisors, one day). Conduct one project packaging assistance. Make final arrangements for month 9 program.

AB

Month 9: Conduct one seminar - Basic Principles of Supervision (supervisors, two days). Conduct one project preparation consultancy, and one in-company training program (2 days). Publish second newsletter, promote month 10, 11 and 12 seminars, and make final arrangements for month 10 program.

Month 10: Conduct two seminars - Motivational Techniques (middle management, two days) and Production and Quality Control (supervisors, one day), conduct one consulting project (two days). Make final arrangements for month 11 program.

Month 11: Conduct one seminar - Production Management (middle management, two days), conduct one project packaging consultancy, conduct meeting with core advisory group, publish third newsletter. Make arrangements for month 12 program. Prepare seminar catalog for months 13-18.

Month 12: Conduct one seminar - Basic Principles of Supervision (supervisors, two days), conduct one project packaging consultancy (three days) and one In-company Training program (two days). Publish and distribute seminar catalog for months 13-18. Promote month 13-14 seminars. Make final arrangements for month 13 program.

c. 2nd year operations (months 13-24)

Twenty seminars will be programmed for year 2 which is an average of slightly less than two seminars per month. The configuration of seminars by management level will be: Top Management, four seminars; Middle Management, ten seminars; Supervisors, six seminars. In addition, management services projects will be: six consulting projects, twenty loan assistance projects, and four in-company training programs. Also, six management newsletters will be published during year 2. The first operational year evaluation will be conducted in month 16.

d. 3rd year operations (months 25-36)

A total of 22 seminars will be programmed for this year which is slightly under two per month. The planned configuration is: Top Management, four seminars; Middle Management, ten seminars; Supervisors, eight seminars. Management services projects will be: six consulting projects, twenty loan assistance projects, and ten in-company training programs. Six management newsletters will be published during year 3. The second operational year evaluation will be conducted in month 28.

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2. Micro-Business Services

The MPC micro-business component will be implemented by a section of the Center consisting of a management trainer who can conduct training courses and also spend time on field work. The administrative needs of the micro-business section (i.e., accounting, typing, filing, reception, mailing, etc.) will be provided by the Center's general and administrative personnel.

A summary list of activities necessary to implement the program are presented below:

a. Initial start-up period (months 1-3)

Establish policies and strategies and procedures for coordinating client training and consultation with HDF clients. Make certain that the HDF Board is involved in the planning and thoroughly informed of the plan finally adopted.

Prepare and test all management course trainer and trainee materials.

Select 20 proposed HDF loan recipients for on-site appraisal and reputation checks to include the following base-line data:

- history of entrepreneur
- reputation (business and personal)
- past and current production, marketing, and financial track record
- condition and value of buildings and equipment
- number, wages, and skills of employees
- debtors and creditors including amounts and due dates
- principal growth constraints, perceived and observed
- willingness to attend training course and accept consultation.

Obtain from the 20 selected entrepreneurs a pledge to attend all sessions (six week cycle of twelve sessions), and payment of \$300 for the whole course (course cost will be automatically added to total loan amount and disbursed directly to MPC).

b. Initial operating period (months 4-6)

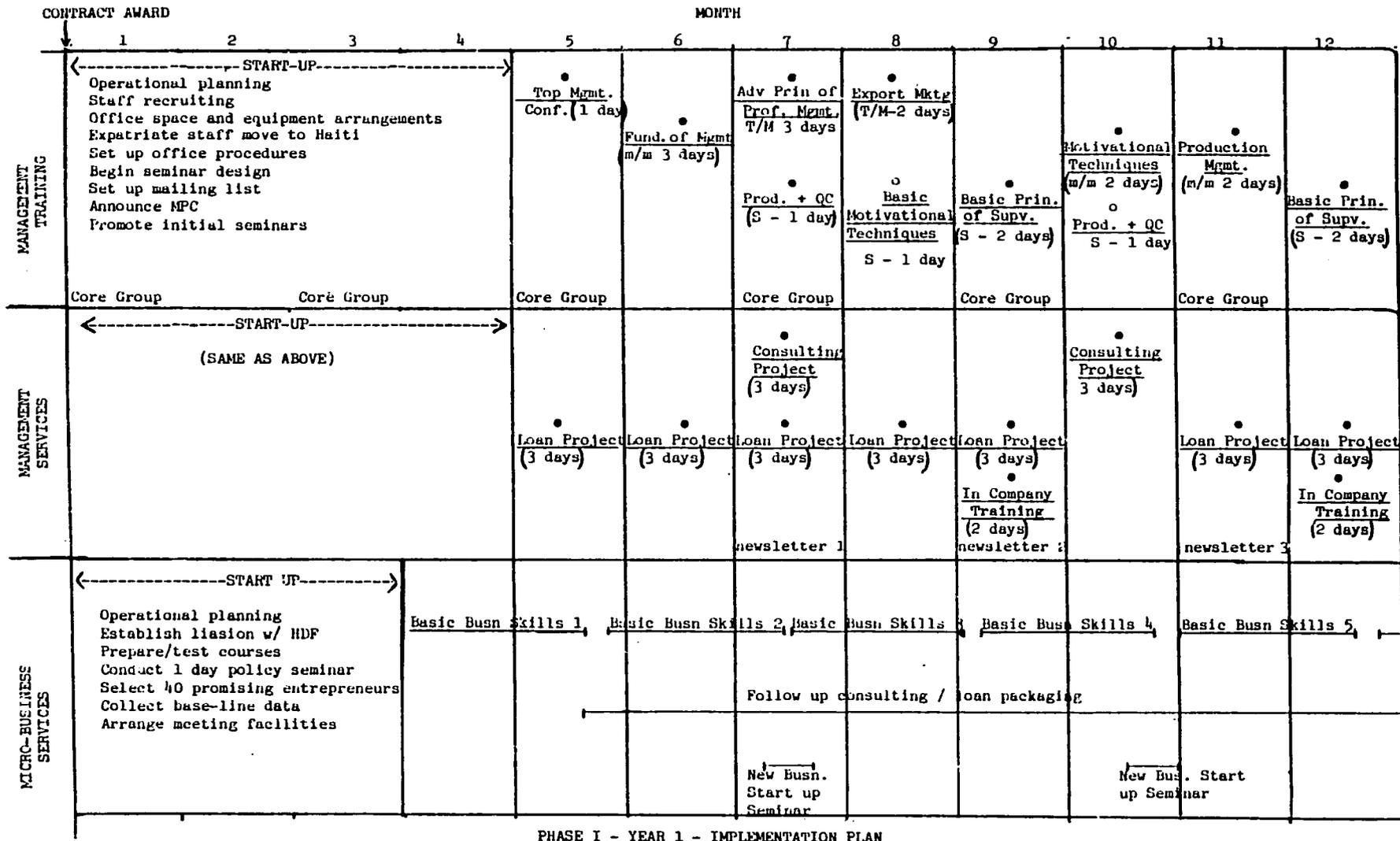
Complete first course and start second course cycle for the 20 entrepreneurs selected to attend.

c. Successive months

Conducting additional course cycles for selected entrepreneurs keeping the size of the class to approximately 20 people.

Every six months, prepare a detailed impact evaluation of MPC's micro-business assistance program.

Revise program strategy, goals, and activities on the basis of the impact evaluation.



PHASE I - YEAR 1 - IMPLEMENTATION PLAN

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	13	14	15	16	17	18	19	20	21	22	23	24
MANAGEMENT TRAINING	<ul style="list-style-type: none"> <li>Basic Finan. Analysis (M/M 1 day)</li> <li>Basic Prin. of Pers Mgmt. (M/M 1 day)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Basic Prin. of Mktg. (M/M 1 day)</li> <li>Basic Prin. of Supv. (S - 2 days)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Top Mgmt. Conference (T/M 1 day)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Adv. Prin. of Prof Mgmt. (T/M 3 days)</li> <li>Motivational Techniques (M/M 2 days)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Fund. of Mgmt. (M/M 3 days)</li> <li>Motivational Techniques (S - 1 day)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Production Mgmt. (M/M 2 days)</li> <li>Computers as a Mgmt. Tool (M/M 2 days)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Basic Prin. of Mktg. (M/M 1 day)</li> <li>Basic Prin. of Supv. (S - 2 days)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Adv Prin. of Prof Mgmt. (T/M 3 days)</li> <li>Motivational Techniques (S - 1 day)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Fund. of Mgmt. (M/M 3 days)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Motivational Techniques (M/M 2 days)</li> <li>Prod. + QC (S - 1 day)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Basic Prin. of Supv. (S - 2 days)</li> <li>Core Group</li> </ul>	<ul style="list-style-type: none"> <li>Top Mgmt. Conference (T/M 1 day)</li> </ul>
	MANAGEMENT SERVICES	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>Loan Project (3 days)</li> <li>newsletter 4</li> </ul>	<ul style="list-style-type: none"> <li>Loan Project (3 days)</li> <li>In Company Training (2 days)</li> </ul>	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>2 Loan Projects (6 days)</li> <li>newsletter 5</li> </ul>	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>2 Loan Projects (6 days)</li> <li>newsletter 6</li> </ul>	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>2 Loan Projects (6 days)</li> <li>In Company Training (2 days)</li> <li>newsletter 7</li> </ul>	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>2 Loan Projects (6 days)</li> <li>newsletter 8</li> </ul>	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>2 Loan Projects (6 days)</li> <li>In Company Training (2 days)</li> <li>newsletter 9</li> </ul>	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>2 Loan Projects (6 days)</li> </ul>	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>2 Loan Projects (6 days)</li> </ul>	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>2 Loan Projects (6 days)</li> </ul>	<ul style="list-style-type: none"> <li>Consulting Project (2 days)</li> <li>2 Loan Projects (6 days)</li> </ul>
MICRO-BUSINESS SERVICES	<ul style="list-style-type: none"> <li>Basic Bus. Skills 6</li> </ul>	<ul style="list-style-type: none"> <li>BBS 7</li> </ul>	<ul style="list-style-type: none"> <li>BBS 8</li> </ul>	<ul style="list-style-type: none"> <li>BBS 9</li> </ul>	<ul style="list-style-type: none"> <li>BBS 10</li> </ul>	<ul style="list-style-type: none"> <li>BBS 11</li> </ul>	<ul style="list-style-type: none"> <li>BBS 12</li> </ul>	Continuous follow up consultation.				
	<ul style="list-style-type: none"> <li>New Business Seminar 3</li> </ul>	<ul style="list-style-type: none"> <li>NBS 4</li> </ul>	<ul style="list-style-type: none"> <li>NBS 5</li> </ul>	<ul style="list-style-type: none"> <li>NBS 6</li> </ul>								

PHASE I - YEAR 2 - IMPLEMENTATION PLAN

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	25	26	27	28	29	30	31	32	33	34	35	36
MANAGEMENT TRAINING	Production Mgmt. M/M 2 days	Adv Prin of Prof Mgmt. T/M 3 days	Computers as Mgmt. Tool M/M 2 days	Basic Prin. of Mktg. M/M 1 day	Fund. of Mgmt. M/M 3 days	Top Mgmt. Conference T/M 1 day	Basic Prin. of Pers Mgm M/M 1 day	Computers as Mgmt. Tool M/M 2 days	Adv Prin of Prof Mgmt. T/M 3 days	Production Mgmt. M/M 2 days	Fund. of Mgmt. M/M 3 days	Top Mgmt. Conference T/M 3 days
	Motivational Techniques S - 1 day Core Group	Basic Fin. Analysis M/M 1 day	Basic Prin of Supv. S - 2 days Core Group	Basic Prin of Pers Mgmt M/M 1 day	Core Group	Basic Prin of Supv. S - 2 days Core Group	Motivational Techniques S - 1 day Core Group	Basic Prin of Supv. S - 2 days	Prod + QC S - 1 day Core Group	Basic Prin of Supv. S - 2 days	Core Group	Motivational Techniques S - 1 day
MANAGEMENT SERVICES	2 Loan Projects 6 days	Consulting Project 2 days	2 Loan Projects 6 days	Consulting Project 2 days	2 Loan Projects 6 days	Consulting Project 2 days	2 Loan Projects 6 days	Consulting Project 2 days	2 Loan Projects 6 days	Consulting Project 2 days	2 Loan Projects 6 days	2 Loan Projects 6 days
	In Company Training 2 days newsletter 10	In Company Training 2 days	In Company Training 2 days newsletter 11	In Company Training 2 days	In Company Training 2 days newsletter 12	In Company Training 2 days newsletter 13	In Company Training 2 days	In Company Training 2 days newsletter 14	In Company Training 2 days	In Company Training 2 days newsletter 15	In Company Training 2 days	In Company Training 2 days
MICRO-BUSINESS SERVICES	BBS 13		BBS 14		BBS 15	BBS 16		BBS 17		BBS 18		BBS 19
	continuous	follow up consultation										
		NBS 7		NBS 8			NBS 9				NBS 10	

PHASE I - YEAR - IMPLEMENTATION PLAN

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Training Course Outline

Seminar Title: Top Management Conference  
Seminar Type: Public  
Duration: 1 day  
Level: Top Management  
Price: \$300

Day 1

- o The role of the owner/manager in improving productivity
  - o Strategic and operational planning
  - o Leadership and employee motivation
  - o Delegation: the key to leveraging top management time
- 

Seminar Title: Basic Personnel Management  
Seminar Type: Public/In-company  
Duration: 1 day  
Level: Middle Management  
Price: \$150

Day 1

- o Organization and staffing techniques
  - o Employee motivation techniques
  - o Employee selection
  - o Performance evaluation techniques
- 

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Seminar Title: Advanced Principles of Professional Management  
Seminar Type: Public  
Duration: 3 days  
Level: Top Management  
Price: \$350

Day 1

- o The role of the owner/manager as a professional
- o Strategic and operational planning techniques
- o Managerial control techniques
- o Organization and staffing

Day 2

- o Decision making techniques
- o Time management at the top level
- o Managerial communication
- o Negotiating techniques

Day 3

- o Motivating subordinates
- o Delegation as a management technique
- o Top management leadership styles

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Seminar Title: Advanced Financial Management  
Seminar Type: Public  
Duration: 2 days  
Level: Top Management  
Price: \$250

Day 1

- o General project preparation
- o Working capital analysis techniques
- o Balance sheet analysis techniques
- o Operational/financial auditing techniques

Day 2

- o Cash flow analysis
  - o Financial management reporting systems
  - o The role of computers in financial control
  - o Financial forecasting techniques
-

Seminar Title: Advanced Personnel Management  
Seminar Type: Public  
Duration: 2 days  
Level: Top Management  
Price: \$250

Day 1

- o Personnel planning and administration
- o Organization and staffing techniques
- o Employee compensation methods
- o Employee motivation techniques

Day 2

- o Interviewing and selecting employees
- o Performance evaluation methods
- o Labor relations techniques

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Seminar Title: Computers as a Management Tool  
Seminar Type: Public/In-company  
Duration: 2 days  
Level: Top/Middle Management  
Price: \$250

Day 1

- o Introduction to EDP
- o Hardware types and capabilities
- o Software
- o Programming languages

Day 2

- o Computer systems analysis and design
  - o Office automation approaches
  - o Uses of personal computers
-

Seminar Title: Basic Principles of Marketing  
Seminar Type: Public/In-company  
Duration: 1 day  
Level: Middle Management  
Price: \$150

Day 1

- o Market research and the marketing plan
  - o Marketing communications and advertising
  - o Pricing strategies
  - o Modern sales techniques
- 

Seminar Title: Fundamentals of Management  
Seminar Type: Public/In-company  
Duration: 2 days  
Level: Middle Management  
Price: \$250

Day 1

- o Operational planning techniques
- o Managerial control techniques
- o Managerial decision making
- o Organization and staffing

Day 2

- o Motivating subordinates
  - o Delegation as a management technique
  - o Leadership style
- 

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Seminar Title: Production Management  
Seminar Type: Public/In-company  
Duration: 2 days  
Level: Middle Management  
Price: \$250

Day 1

- o Production planning methods
- o Production control methods
- o Production cost estimating
- o Facilities planning

Day 2

- o Inventory management and control techniques
- o Quality control techniques
- o Piece rate analysis (time and motion study)
- o Maintenance scheduling and control

---

Seminar Title: Basic Principles of Supervision  
Seminar Type: Public/In-company  
Duration: 2 days  
Level: First-line Supervisors  
Price: \$250

Day 1

- o The role of the first-line supervisor
- o Organizing the work group
- o Selecting employees
- o Training employees

Day 2

- o Elements of supervisory leadership
  - o Communicating with employees
  - o Maintaining employee discipline
  - o Handling employee grievances
-

Seminar Title: Export Marketing Techniques  
Seminar Type: Public  
Duration: 2 days  
Level: Top Management  
Price: \$250

Day 1

- o Market forecasting
- o U.S. market research
- o Export problems/risks
- o Export pricing

Day 2

- o Penetrating the U.S. market
  - o Finding U.S. partners
  - o Setting up a U.S. corporation
  - o U.S. tax, customs and export/import regulations
- 

Seminar Title: Basic Financial Analysis  
Seminar Type: Public/In-company  
Duration: 1 day  
Level: Middle Management  
Price: \$150

Day 1

- o Basic cost accounting principles
  - o Actual/standard cost systems (manufacturing)
  - o Break-even analysis
  - o Budget preparation techniques
- 

Seminar Title: Production Scheduling and Quality Control  
Seminar Type: Public/In-company  
Duration: 1 day  
Level: First-line Supervisors  
Price: \$100

Day 1

- o Improving productivity through better production scheduling
  - o Quality control techniques
  - o Basic statistics in quality control
-

Seminar Title: Employee Motivational Techniques for Managers  
Seminar Type: Public/In-Company  
Duration: 2 days  
Level: Top/Middle Management  
Price: \$250

Day 1

- o Work-related motivational systems
  - Maslow
  - Herzberg
  - Path-Goal
- o Leadership Approaches
  - Fiedler
  - Fleishman/Blake
  - Situational

Day 2

- o Applications of motivational techniques
    - case situations
  - o Applications of leadership styles
    - case situations
  - o Choosing the right motivational/leadership style for your situation
- 

Seminar Title: Basic Motivational Techniques for Supervisors  
Seminar Type: Public/In-Company  
Duration: 1 day  
Level: First-line Supervisors  
Price: \$100

Day 1

- o The role of the supervisor as motivator
  - o Effective on-the-job supervisory motivational techniques
  - o Supervisory leadership styles
  - o Choosing the right supervisory style for your situation
-

MICRO-BUSINESS TRAINING SEMINAR OUTLINES

Basic Business Skills Course (12 two-hour sessions)

Fundamentals of Business Management (simplified) : two 2-hour sessions

- o Legal structure and government requirements
- o Enterprise categories
- o Role in national development
- o Relationships and authority, managers, owners, partners, boards, shareholders, members
- o Functional responsibilities
- o Business planning
- o Action programming
- o Managing
- o Measuring progress
- o Business ethics
- o Leadership

Production Management : one 2-hour session and one 2-hour field trip to a well-organized production facility

- o Product design and testing
- o Plant lay-out
- o Work flow
- o Production scheduling
- o Raw material acquisition
- o Inventory control
- o Increasing production efficiency
- o Standardization
- o Quality control
- o Liaison with other functions

Selling and Attracting Customers : two 2-hour sessions

- o The marketing concept
- o Identifying and defining markets
- o Attracting customers (including advertising)
- o Principles of selling
- o Training and supervising sales people
- o Giving and controlling credit (including collection)
- o Sales record keeping and forecasting
- o Opening new markets
- o Establishing distribution channels
- o Competition

Financial Management : three 2-hour sessions

- o Introduction to financial management
- o Capital formation (including the balance sheet)
- o Operating accounts and statements
- o Costing and pricing
- o Borrowing and repaying
- o Managing loan capital
- o Special responsibilities associated with managing money
- o Projecting cash flow
- o Accounting as a management tool
- o Credit reputation, an enterprise's most valuable asset
- o Security and insurance

Managing Employees and Apprentices : two 2-hour sessions

- o Preparing position descriptions
- o Defining standards of performance
- o Wage and job evaluation
- o Recruiting, hiring and firing
- o Training personnel
- o Delegating responsibility and commensurate authority
- o Continuous, regular performance review
- o Incentives and rewards
- o Ethical use of apprentices

Managing a Contracting Enterprise : one 2-hour session

- o Definition of a contract
  - o Legal aspects of a contract
  - o Relationship between contractor and customer
  - o Estimating
  - o Competitive bidding
  - o Performance bonding
  - o Factoring (i.e., short-term borrowing)
  - o Adhering to specifications
  - o Performance delays (including costs and penalties)
-

Starting a New Enterprise Course : 2 days

- o Identifying a business opportunity
- o Organizing essential venture components
- o Determining feasibility
  - technical
  - financial
  - managerial
- o Conducting pre start-up activities
  - executing legal requirements
  - market-testing production prototypes
  - assuring availability of investment and loan capital
  - selecting space
  - training personnel
  - preparing a marketing plan
- o Adopting a start-up timetable
- o Managing and monitoring progress
- o Overcoming constraints, delays, and unforeseen problems
- o Continually refining strategies and plans
- o Organizing for long-term operation

Micro-Business Modular Courses

Course Title : Basic Business Skills for Small Scale Enterprises  
Course Type: Public and geared to HDF clients  
Duration: 12 two-hour sessions  
Price: \$300

There will be a close collaboration between MPC's micro-business assistance section and the Haitian Development Foundation (HDF). Applicants for HDF micro-business loans will be advised by HDF that loan approval requires the attendance at one MPC micro-business course which will consist of 12 two-hour sessions conducted, twice a week for six weeks.

The course will cover all functions of business management with subject matter, course language and illustrative examples selected for appropriateness in context and simplicity of delivery to the typical Haitian micro-entrepreneur.

Each course for approximately 20 HDF loan applicants and micro-entrepreneurs will consist of 12 two-hour sessions which are 50% instruction and 50% guided discussion conducted in a centrally located rented classroom on the following subjects:

2 sessions	Fundamentals of Business Management
3 sessions	Accounting and Controlling
2 sessions	Production Efficiency and Quality Control
2 sessions	Attracting Customers and Market Research
2 sessions	Leading, Managing and Supervising Workers and Apprentices
1 session	Review and Conclusion

Only micro-entrepreneurs who have attended all sessions will be eligible to draw down an HDF loan, and the fee for the course will be automatically added to their loans. Attendance, however, is only one of many criteria for loan eligibility. Course graduates will be awarded framed certificates of attendance which they will be encouraged to display in their places of business.

The primary thrust of the micro-business course will be to train entrepreneurs to make a simple and realistic two-year business plan and related financial projections, and to manage the enterprise. The emphasis will be on planning and controlling income and expenses.

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Projected Annual Operating Budgets for Phase I (First 3 Years)

The first year of MPC operations includes a four month start-up period and eight months of operations. Understandably, the start up of an operation such as the MPC requires a period to acquire staff, office space, equipment and to set up procedures which means that the first year of operations will require heavier expenditures and produce lower income than a normal operating year. The following table shows the operating budget for year 1.

Management and Productivity Center  
First Year Operating Budget

Product Line	MANAGEMENT TRAINING				MICRO -BUSINESS			MGT SERVICES		Total	
	T/M Conf	M/M Course 3-day	M/M Course 2-day	M/M Course 1-day	Supv. 2-day	Supv. 1-day	In-co 2-day	Micro HDF	Cons. Loan		Cons. Bus
Events Run	1	2	3	0	2	3	2	5	7	2	29
Registrants	30	50	60	0	24	45	20	100	NA	NA	329
Price per Registrant or Event	no fee	\$300	\$250		\$150	\$100	\$1,000	\$300	\$750	\$850	
Total Income	-0-	15,000	15,000	0	3,600	4,500	2,000	29,000	5,250	1,700	76,050
Direct Exp.	4,145	6,000	6,415	0	2,040	2,700	1,000	6,000	2,100	600	31,000
Indir. Exp.*	10,000	15,500	9,000		5,000	6,000	4,000	9,000	2,500	1,000	62,000
Total Exp.	14,145	21,500	15,415	0	7,040	8,700	5,000	15,000	4,600	1,600	93,000
Gross CIO	(14,145)	(6,500)	(415)	0	(3,440)	(4,200)	(3,000)	(14,000)	650	100	(16,950)
A & G	23,827	37,064	29,784	0	7,942	11,913	5,295	76,775	13,899	4,501	211,000
Net Profit (Loss)	(37,972)	(43,564)	(30,196)	0	(\$11,382)	(16,113)	(\$8,295)	(\$62,775)	(\$13,249)	(\$4,401)	(\$227,950)
											Long-Term Technical Assistance (\$382,000)
											GRAND TOTAL (\$609,950)
											Deferred Income of \$76,050
											Total AID Grant \$686,000

\*Indirect Expense - Local Personnel Cost

The budget for the second year which is shown on the following page reflects a full normal year of operation where certain increases in price levels, numbers of events and numbers of seminar participants are projected.

Management and Productivity Center  
Second Year Operating Budget

ANNEX F-2

Product Line	MANAGEMENT TRAINING				MICRO-BUSINESS			MGT SERVICES		Total	
	T/M Conf	M/M Course 3-day	M/M Course 2-day	M/M Course 1-day	Supv. 2-day	Supv. 1-day	In-co 2-day	Micro HDF	Cons. Loan		Cons. Bus
Events Run	2	4	4	4	3	3	4	7	20	6	61
Registrants	60	80	120	160	30	90	60	195	NA	NA	820
Price per Registrant or Event	\$300	\$375	\$300	\$200	\$200	\$150	\$1,250	\$300	\$700	\$1,000	
Total Income	18,000	30,000	36,000	32,000	6,000	13,500	5,000	58,500	14,000	6,000	219,000
Direct Exp.	8,290	13,500	11,020	9,320	3,060	3,510	2,000	10,500	6,000	1,800	69,000
Indir. Exp.*	7,085	10,140	14,168	11,150	3,028	4,813	2,523	18,000	7,065	3,028	81,000
Total Exp.	15,375	26,640	25,188	20,470	6,088	10,323	4,523	28,500	13,065	4,828	150,540
Gross CIO	2,625	3,360	10,812	11,530	(88)	3,177	477	30,000	935	1,172	69,000
A & G	18,700	31,167	37,400	33,245	6,233	14,025	5,195	60,256	14,545	6,233	227,000
Net Profit (Loss)	(\$16,075)	(\$27,807)	(\$26,588)	(\$21,715)	(\$6,321)	(10,848)	(\$4,718)		(\$13,610)	(\$5,061)	(\$158,000)
										Long-Term Technical Assistance	(\$363,000)
										GRAND TOTAL	\$521,000
										Deferred Income of	\$219,000
										Total AID Grant	\$740,000

\*Indirect Expense - Local Personnel Costs

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The third year of MPC operations is viewed as a year of consolidation with a light growth in total revenue (11%) and a mild increase in gross CIO (17%). The table on the following page shows projected third year results.

Management and Productivity Center  
Third Year Operating Budget

ANNEX F-3

Product Line	MANAGEMENT TRAINING				MICRO-BUSINESS			MGT SERVICES		Total	
	T/M Conf	M/M Course 3-day	M/M Course 2-day	M/M Course 1-day	Supv. 2-day	Supv. 1-day	In-co 2-day	Micro HDF	Cons. Loan		Cons. Bus
Events Run	2	4	4	4	4	4	10	11	20	6	69
Registrants	60	80	120	160	40	120	150	193	NA	NA	950
Price per Registrant or Event	\$300	\$375	\$300	\$200	\$200	\$150	\$1,500	\$300	\$1,000	\$1,000	
Total Income	18,000	30,000	36,000	32,000	8,000	18,000	15,000	58,000	20,000	6,000	241,000
Direct Exp.	9,300	14,000	11,000	10,000	4,050	4,800	5,000	12,050	6,000	1,800	78,000
Indir. Exp.*	6,508	12,180	21,016	20,460	2,115	11,508	9,590	18,000	12,787	3,836	118,000
Total Exp.	15,808	26,180	32,016	30,460	6,105	16,308	14,590	30,050	18,787	5,636	196,000
Gross CIO	2,192	3,820	3,984	1,540	1,835	1,692	410	27,950	1,213	364	45,000
A & G	13,817	23,029	27,635	24,564	6,141	13,817	11,515	44,523	15,353	4,606	185,000
Net Profit (Loss)	(\$11,625)	(\$19,209)	(\$23,651)	(\$23,024)	(\$4,306)	(12,125)	(\$11,105)	(\$16,573)	(\$14,140)	(\$4,242)	(\$140,000)
											Long-Term Technical Assistance (\$383,000)
											GRAND TOTAL (\$523,000)
											Deferred Income of \$241,000
											Total AID Grant \$764,000

\*Indirect Expense - Local Personnel Cost

Management and Productivity Center  
 Five Year Summary of Administration & General Costs  
 (\$000)

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	-----	-----	-----	-----	-----	-----
Payroll Taxes (20% of local)	6	17	18	32	35	108
Contracted Services	2	2	2	2	2	10
Stationery & Supplies	4	5	5	6	6	26
Telephone & Telegraph	5	5	5	5	5	25
Printing & Production	2	2	2	2	2	10
Travel & Expenses	8	12	12	12	12	56
Repairs & Maintenance	2	2	2	2	2	10
Rent-Office	16	24	24	24	24	112
Vehicle Purchase/Maintenance	15	4	4	4	4	31
Bldg. Service Chgs.	1	1	1	1	1	5
Postage & Mailing	2	2	2	2	2	10
Furniture & Equipment	24	24	24	0	0	72
Dues	2	2	2	2	2	10
Insurance	2	2	2	3	3	12
Professional Fees	10	5	10	10	10	45
General Supplies	3	2	2	3	3	13
Project Evaluation	25	25	25	25	25	125
Shipping & Storage	1	1	1	1	1	5
Mailing List R & D	6	4	3	8	6	27
Training & Development	2	4	6	6	2	20
McBer (Enterprise/Sm. Bus Dev.)	25	25	0	0	0	50
Public Rel./Newsltr.	15	15	10	15	10	65
Executive Recruiting	8	20	5	0	0	33
Bank Charges	1	1	1	1	1	5
Establish Accounting System	5	0	0	0	0	5
Contingency Reserve	19	21	17	17	16	90
	-----	-----	-----	-----	-----	-----
	\$211	\$227	\$185	\$183	\$174	\$980
	-----	-----	-----	-----	-----	-----

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Management and Productivity Center  
Typical Program - First Year

Product Line	Conf	M/M Course 3-day	M/M Course 2-day	Supv. 2-day	Supv. 1-day	In-company 2-day	Micro HDF	Cons. Loan	Cons. Bus
Type	Public	Public	Public	Public	Public	In-hse	Public	In-hse	In-hse
Length	1 Day	3 Day	2 Day	2 Day	1 Day	2 Day	6 wks	Varied	Varied
Language	Eng	Eng	Eng	Fr	Fr	Fr	Créole	Fr	Fr
Registrants	30	25	20	12	15	10	20	NA	NA
Price per Regis- trant or Event	\$300	\$300	\$250	\$150	\$100	\$1,000	\$300	\$750	\$850
<b>INCOME</b>	<b>9,000</b>	<b>7,000</b>	<b>5,000</b>	<b>1,800</b>	<b>1,500</b>	<b>1,000</b>	<b>6,000</b>	<b>750</b>	<b>850</b>
<b>DIRECT EXPENSE</b>									
Promotion	1,500	500	400	500	500	100	240		
Notebooks	300	200	150	100	150	100			
Materials	45	120	60	40	30		480		
Meals	450	330	240	120	90	0			
Spkr Fee	750	700	500	200	100	250		300	300
Spkr Travel	750	400	400						
Spkr Exp	250	350	300						
Room Rent	100	150	80	60	30		480		
Misc.						50			
<b>Total Expense</b>	<b>\$4,145</b>	<b>\$3,000</b>	<b>\$2,130</b>	<b>\$1,020</b>	<b>\$900</b>	<b>\$500</b>	<b>\$1,200</b>	<b>\$300</b>	<b>\$300</b>

Management and Productivity Center  
Typical Program - Second and Subsequent Years

Product Line	Conf	M/M Course 3-day	M/M Course 2-day	Course 1-day	Supv. 2-day	Supv. 1-day	In-company 2-day	Micro HDF	Cons. Loan	Cons. Bus
	Public 1 Day Eng	Public 3 Day Eng	Public 2 Day Eng	Public 1 Day Eng	Public 2 Day Fr	Public 1 Day Fr	In-hse 2 Day Fr	Public 6 wks Créole	In-hse Varied Fr	In-hse Varied Fr
Registrants	30	20	30	40	10	30	15	20	NA	NA
Price per Registrant or Event	\$300	\$375	\$300	\$200	\$200	\$150	\$1,250	\$300	\$700	\$1,000
<b>INCOME</b>	<b>9,000</b>	<b>7,500</b>	<b>9,000</b>	<b>8,000</b>	<b>2,000</b>	<b>4,500</b>	<b>1,250</b>	<b>6,000</b>	<b>700</b>	<b>1,000</b>
<b>DIRECT EXPENSE</b>										
Promotion	1,500	700	550	550	500	500	100	240		
Notebooks	300	200	250	300	100	300	100			
Materials	45	120	120		40	60		480		
Meals	450	480	400	430	120	180	0			
Spkr Fee	750	800	600	400	200	100	250		300	300
Spkr Travel	750	500	500	500						
Spkr Exp	250	400	300	200						
Room Rent	100	150	80		60	30		480		
Misc.							50			
<b>Total Expense</b>	<b>\$4,145</b>	<b>\$3,375</b>	<b>\$2,750</b>	<b>\$1,020</b>	<b>\$900</b>	<b>\$1,170</b>	<b>\$500</b>	<b>1,200</b>	<b>\$300</b>	<b>\$300</b>

List of Phase I Workshops/Seminars

Management Level	General Management	Finance	Production	Marketing	Personnel	Other
Top Management/ Owners	Top Management Conference (1 day)  Advanced Principles of Professional Management (3 days)	Advanced Financial Management (2 days)		Export Marketing Techniques (2 days)	Employee Motiva- tional Techniques for Managers (2 days) Advanced Personnel Manage- ment Methods (2 days)	Computers as a Management Tool (2 days)
Middle Management	Fundamentals of Management (3 days)	Basic Financial Analysis (1 day)	Production Management (2 days)	Basic Principles of Marketing (1 day)	Basic Personnel Management (1 day)  Motivational Techniques (2 days)	Computers as a Management Tool (2 days)
Supervisory (Shop foreman)	Basic Principles of Supervision (2 days)		Production, Scheduling and Quality Control (1 day)		Basic Motivational Techniques for Supervisors (1 day)	
Micro-business (Modular courses)	Fundamentals of Business Mgt.	Accounting and Control	Production Efficiency and Quality Control	Attracting Customers, Market Research	Leading, Managing and Supervising Workers	

Management Training Resources in Haiti

1. L'Institut National d'Administration de Gestion et des Hautes Etudes Internationales (INAGHEI)

INAGHEI is a public institution providing academically oriented continuing education for public agency employees and some private businessmen in the basic skills of accounting, general management, planning and financial management. A full, four year academic program is offered, given in 15 week segments at a cost of about \$150 per semester. While INAGHEI's primary clientele has been the public sector, a seminar series directed to business executives was offered during the summer, 1984. Subjects covered included types of accounting systems, financial analysis, risk analysis, capital analysis, and evaluation of enterprise performance. Participants in the six-week course included businessmen primarily from the assembly industry, construction, and retail sectors. INAGHEI conducts three of these courses per year.

L'Institut des Hautes Etudes Commerciales et Economiques (IHECE)

This is a private institution providing continuing education programs for both public sector and private sector students. Administered like a college, IHECE offers a wide range of courses in accounting and general management, macro-economic analysis, and quantitative analysis with a current emphasis upon planning, financial management, accounting, and personnel management. The average enrollment in this four-year program is 250. The bulk of the students are public sector employees, and many of them are returning students.

Centre Universitaire d'Haiti

This is also a private institution. It has a Department of Management and Economic Development within its four-year academic program. It offers coursework for full and part-time students in general management, personnel management, cost accounting, and project analysis. The Department is two years old and has an enrollment of about 70.

Interamerican Development Bank (IDB) Management Program

Developed in collaboration with INAGHEI, this program was offered to private businessmen as an after-hours business education alternative during 1980-1981. Given in two cycles of about six weeks with an average attendance of 25, the IDB course emphasized practical and case analysis in skills needed to make day to day decisions. These included management decision-making, marketing, human resource management and personnel management, financial management, and inventory control.

Openings for 27 per course were filled within a week of announcement, and average attendance was 75%. Based upon course demand and performance a follow-on sequence was recommended, but never carried out.

Fonds Haitien d'Aide à la Femme

This organization, working in collaboration with Psychologie Industrielle Dominicaine, sponsors 3-4 day business seminars utilizing the formal training format of the American Management Association. Upcoming course subjects delivered in Spanish and simultaneously translated include: advanced sales techniques, project preparation and evaluation, human relations and leadership, general management techniques, and tourism development. This is a private program and participants pay about \$250-\$300 per seminar to attend. Participation has ranged from 15 to 30 for each seminar.

Yves Champagne & Associates

This is a business consulting organization of four associates experienced in business functions. The firm also runs courses on cost accounting, stock keeping, marketing research, salesmanship and small enterprise management. Courses range from three to twelve months. The firm is relatively new.

Summary Job Descriptions for Center Personnel

A. Project Coordinator/Director of Management Training

1. Directs activities of project.
2. Provides major interface between project and USAID, Haitian core group, Haitian associations and individuals, and customers/clients.
3. Provides leadership and technical assistance in seminar design and delivery.
4. Provides leadership in marketing project training and services.
5. Maintains close contact with business community to ascertain specific training needs.
6. Manages activities of other project staff.

B. Director of Management Services

1. Directs consulting services component, arranging for subcontracting when appropriate.
2. Coordinates and directs the on-going assessment and evaluation component of the project.
3. Performs consulting assignments as needed.
4. Responsible for Management Newsletter.

C. Micro-Business Manager

Manages the Center's micro-business training activities. Assumes responsibility for:

1. Promoting and conducting training sessions.
2. Supervising micro-business component.
3. Maintaining close liaison with HDF.
4. Base-line data and information collection.
5. Progress reporting.
6. On-going evaluation and continuous activity improvement.
7. Encouraging formation of micro-business associations.
8. Budgeting and controlling costs in conjunction with the Center accountant.

Demand Studies on Management Training in Haiti

Four studies recently conducted for USAID provide a clear picture of the manpower requirements within the Haitian economy. The findings are briefly summarized to establish a reference base.

a. Small Enterprises in Haiti: Survey Results

Michigan State University/Pragma Corporation (1979)

In-depth interviews were conducted with some 1100 of 4950 manufacturing and repair firms of under 50 employees in Port-au-Prince and 35 other Haitian communities. Participant businesses were capitalized at amounts ranging from as low as \$2,700 to as high as \$36,500 and included rural and urban examples. Average employment was three to five persons.

The small-scale industries indicated that their greatest needs were cash for operating purposes, followed by machines, tools and other capital equipment. Credit problems were tied to a lack of appropriate institutions to serve small-scale business needs. As a result of the Pragma report, the Haitian Development Foundation (HDF) was created in 1979 to extend small enterprise credit and training to microentrepreneurs. In its recent reorganization, however, the HDF has eliminated direct technical assistance to its borrowers and is seeking to contract it out to a facility such as the one to be established by the proposed project.

b. Human Resource Needs in the Private Sector: A Preliminary Assessment of Training Needs and Resources in the Assembly Industries in Haiti

Central American Management Institute (INCAE) and Marc Lindenbergh (1982)

The findings among company managers surveyed indicated that their greatest needs were for trained cadres of (1) engineering and technical staff, (2) upper middle level managers, and (3) supervisors for line production. Participants most frequently pointed to production problems caused by (1) a lack of trained Haitian managers who could make effective decisions and manage people well, (2) conflicts in transferring from a family-run to a corporate-run business and delegation of authority, and (3) a lack of certain management level skills essential to running a good industrial operation.

The surveyors found that there was no existing program or institution serving the special needs of day to day business in Haiti. The formal management course program of l'Institut National d'Administration de Gestion et des Hautes Etudes Internationales (INAGHEI) was not familiar to most of the managers interviewed, and most had no direct experience with sending people to that institution, whose traditional coursework included public sector management, public accounting, and international relations.

A second business development project discussed in the survey was the recent two-cycle continuing education program for middle and upper managers developed by the Interamerican Development Bank (IDB) in collaboration with INAGHEI. The IDB course received 60 applications within two days of its offering for the 27 places actually available. Courses most in demand were marketing, general management, human resource management, and inventory control. A follow-up course was planned, but it was never executed. The most vivid conclusion drawn from the trial course was that there is a strong demand for such a program within the Haitian business community. Experience also demonstrated that a successful program must be supported continually with a survey and re-survey of market needs.

The report concluded that Haitian industrial firms see management training as their first priority and that there is a lack of appropriate resources for meeting these needs. The report added that USAID's private sector program devotes insufficient resources to improving management capacity.

c. Vocational Education, Manpower and Training Programs in Haiti:

A Report to the Private Enterprise Bureau, AID/Washington (August, 1982), by Daniel Dunham

This report added to the training and manpower development picture by stressing findings and recommendations from some fifteen in-depth site visits and interviews with public and private training/vocational programs, small business owners and managers, managers from larger industries, and private management consultants.

Smaller industry managers surveyed cited mid-manager training as their biggest problem and the need for a training program which would:

- (1) Screen and test mid-management candidates.
- (2) Set up a regional capacity to train an initial cadre of about 100 prospective managers over three years.
- (3) Reduce the social bias attendant to elevation of a worker to a supervisory post at the mid-management level.

Larger industry managers indicated that their biggest problems lie in recruitment of managers from lower and direct entry levels, and in accessing training for their managers which is responsive to the requirements of today's line decisions. None of the representatives interviewed believed that the government-sponsored system of public educational and vocational training could provide the training needed by the private sector, particularly in the short run.

d. Contradictions in the Investment Climate of Haiti

A Report to the Government of Haiti and the U.S. Agency for International Development (September, 1983), by Simon Fass

Based upon interviews with investors, Government of Haiti officials, and other private sector participants, this research report brought into focus some of the most immediate constraints to investment in Haiti and their effects upon decisions to invest in Haitian industry. Among the key recommendations was the need for private sector associations, in collaboration with local financial institutions and competent accounting firms, to begin efforts to upgrade the technical and managerial qualities of local businessmen and bankers. The objective would be expand the number of viable partners who could be of interest to new investors in Haiti. The report indicated that such collaboration should include the introduction of proper accounting procedures and methods of investment appraisal for individual industries.

While the above studies indicate the lack of business training in Haiti, few address in detail the type of training required by firms or the method of delivering these services. Thus, in order to more accurately establish the demand for the services envisioned under this project, a needs assessment was conducted prior to the writing of this paper. The complete survey was included as an Annex to the Project Identification Document, and the results are summarized in the Market Demand section of the Financial Analysis, Section VI.B.

LAC/DR-IEE-84-50

ENVIRONMENTAL THRESHOLD DECISION

Project Location : Haiti

Project Title and Number : Management and Productivity  
Center  
521-0183

Funding : \$2,250,000 (G)

Life of Project : 5 years

IEE Prepared by : USAID/Haiti

Recommended Threshold Decision : Categorical Exclusion

Bureau Threshold Decision : Concur with Recommendation

Comments : This is a training program  
whose activities will not  
directly affect the envi-  
ronment.

Copy to : Harlan H. Hobgood, Director  
USAID/Haiti

Copy to : Wendy Stickel, LAC/DR

Copy to : IEE File

James S. Hester Date AUG 29 1984

James S. Hester  
Chief Environmental Officer  
Bureau for Latin America  
and the Caribbean

Assessment of Methods of Implementation and Financing

a) Methods of Implementation and Financing

<u>Method of Implementation</u>	<u>Method of Financing</u>	<u>Approx. Amount</u>
For TA and operation expenses: Cooperative Agreement	Direct L/Comm.	2,032,000
For AID Project Coordinator and Commodities: Direct PSC with AID	Direct Payment	268,000
Total Project		2,300,000

- b) There is no departure from normal methods of financing procedure with the possible exception of the micro-business component. Under the current implementation schedule, it is expected that the Corporation and/or Foundation will be created first, followed by the contracting of the U.S. consultant. The Corporation/and Foundation will do the contracting assisted by the USAID project Monitor. If the Haitian Development Foundation requires that the micro-business component be in place prior to completion of incorporation procedures of the legal entity, AID will then contract directly with the local micro-business contractor through a Direct Payment procedure. This will total approximately \$65,000 for the first year of operation.
- c) This is the first project to be financed by USAID/Haiti with this Corporation/Foundation. AID will monitor closely the first three years of operation to verify the soundness of the project and the ability of the Corporation/Foundation to administer the Grant.

CORE GROUP  
Management & Productivity Center  
Port-au-Prince, Haiti

November 30, 1984

Mr. Jerome French, Director  
USAID Mission to Haiti  
P.O. Box 1634  
Port-au-Prince, Haiti

Dear Mr. French:

This refers to a proposed project concerning the creation in Haiti of a Management and Productivity Center (MPC), the goal of which is to provide the capability to deliver sound management training and management services to a broad range of private sector businesses.

As individuals working within the private sector representing lending institutions, business associations, and various manufacturing industries, we have been acutely aware of the serious constraints to private sector expansion posed by the lack of well trained managers. We are also conscious of the limitations of local facilities to provide appropriate management training responsive to the local business environment. To that end, the Core Group has worked with various experts provided by AID to elaborate what we feel is a sound project proposal intending to establish in Haiti a facility capable of delivering management training and management services. The Center will also coordinate modular business training for micro entrepreneurs such as HDF clients, for whom this form of training is not presently available in Haiti. The Core Group intends to form a non-profit service corporation and/or a foundation as the local entity through which these services will be provided.

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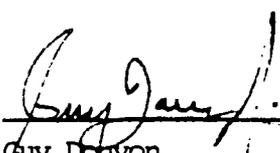
The purpose of this letter is to request from AID a grant totalling \$2.3 million to assist in the creation of the Center of which approximately \$1.25 million will be used for technical assistance, and \$1.05 million will be used for operations and training.

We hope this request will be met in a positive response from AID and we look forward to collaborating with you in this project.

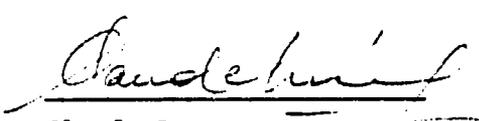
Sincerely,

The MPC Core Group

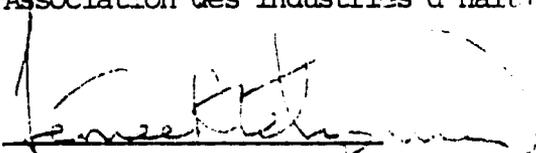
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Philippe Armand  
Dynamic Industries, S.A.

  
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Guy Doayon  
HAMCHAM

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Chris Ballantyne  
Citibank, N.A.

  
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Claude Levy  
Association des Industries d'Haiti

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Carl Braun  
Capital Consult

  
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Leonce Thelusma  
Fonds de Développement Industriel

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Thierry Bungener  
SOFIHDES

MINIMUM STANDARDS FOR CERTIFICATION OF  
GRANTEE ACCOUNTING SYSTEMS

AID has established the following minimum standards for use by its overseas missions to certify the adequacy of host-country accounting systems handling grant funds.

- The system must identify the receipt and expenditure of AID funds.
- The system must ensure that approved budgets/budget categories do not become oversubscribed; i.e., a system for identifying both commitments/encumbrances and funds due/receivables by budget categories.
- Accounting entries will refer to documentation which supports the entry and is filed in such a way that it can be easily located.
- The system will generate accurate and current financial reporting information, including periodic bank reconciliations.
- The system will include appropriate internal controls which assure usefulness of financial data, accuracy, and integrity.
- The system will enable an auditor to trace readily each accounting transaction from accounting reports to source documents to determine the validity of project expenditures.