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UNCLASSIFIED

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

ROCAP

PROJECT PAPER

REGIONAL EXPORT MANAGEMENT TRAINING

AID/LAC/P-265

Project Number:596-0124

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete Amendment Number _____	DOCUMENT CODE 3
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2. COUNTRY/ENTITY ROCAP	3. PROJECT NUMBER <input type="checkbox"/> 596-0124 <input type="checkbox"/>
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4. BUREAU/OFFICE Latin American and The Caribbean <input type="checkbox"/> 05	5. PROJECT TITLE (maximum 40 characters) <input type="checkbox"/> Regional Export Management Training <input type="checkbox"/>
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 11 30 90	7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 86 <input type="checkbox"/> B. Quarter <input type="checkbox"/> C. Final FY <input type="checkbox"/> 88
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8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 86			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(2,550)	(-)	(2,550)	(6,800)	(-)	(6,800)
(Loan)	(-)	(-)	(-)	(-)	(-)	(-)
Other U.S.						
1.						
2.						
Host Country	-	436	436	3,461	-	3,461
Other Donor(s)						
TOTALS		436	436	10,261	-	10,261

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) EH	R601	600	-	-	-	2,400	-	5,300	-
(2) SD	R773	840	-	-	-	150	-	1,500	-
(3)									
(4)									
TOTALS						2,550		6,800	-

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODE
650 680 967 977	685

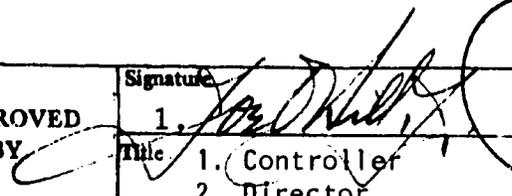
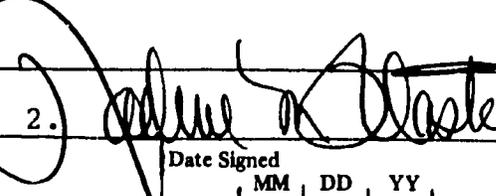
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)	A. Code	RDEV	DEL	TNG	R/ED		
	B. Amount						

13. PROJECT PURPOSE (maximum 480 characters)

To strengthen INCAE's capabilities in the areas of:
 export management training; assistance to other schools
 of business/management in the region; and inter-sectoral
 policy dialogue.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 10 86 06 88 01 91	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

17. APPROVED BY 1.  2. 	Signature Title 1. Controller 2. Director	Date Signed MM DD YY 11 20 28 5	18. DATE DOCUMENT RECEIVED IN AID/W OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY 01 03 86
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Project Authorization

Name of Entity: INCAE International
Name of Project: Regional Export Management Training
Number of Project: 596-0124

1. Pursuant to Sections 105 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Regional Export Management Training Project with the Central American Institute for Business Administration (INCAE), involving planned obligations of not to exceed Six Million Eight Hundred Thousand United States Dollars (\$ 6,800,000) in grant funds ("Grant") over a five-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project.

2. The Project ("Project") will stimulate export-led growth in the Central America and Panama region by helping to improve export management training and encouraging policy reform with particular reference to non-traditional exports.

3. The Project Agreement, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the Grant shall have their source and origin in countries of Central America and Panama, or the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have countries which are members of Central America, Belize, Panama or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Grant shall be financed only on flag vessels of the United States, except as A.I.D. may otherwise agree in writing.

b. Condition Precedent to Initial Disbursement

Prior to the disbursement, or the issuance of any commitment documents, under the Project Agreement to finance activities other than for low income scholarships or the hiring of long-term personnel, INCAE shall, except as A.I.D. may otherwise agree in writing, furnish, in form and substance satisfactory to A.I.D. a detailed time-phased implementation plan setting forth all activities to be completed during the first year of the project.

c. Condition Precedent to Disbursements after June 1, 1986

Prior to the disbursement, or the issuance of any commitment documents, under the Project Agreement to finance project activities after June 1, 1986, INCAE shall, except as A.I.D. may otherwise agree in writing, furnish, in form and substance satisfactory to A.I.D., evidence that the Institute has hired the full time services of an internal auditor.

d. Conditions Precedent to Disbursements for a Masters Program in Business and Economics

Prior to the disbursement, or the issuance of any commitment documents, under the Project Agreement to finance project activities related to the establishment of a Masters Program in Business and Economics (over and above those in support of the "strengthening the economics program" subcomponent), INCAE shall, except as A.I.D. may otherwise agree in writing, furnish in form and substance satisfactory to A.I.D., evidence that adequate demand exists for such a program and that the Institute's long run financial viability will not be impaired as a result of the program's creation.

e. Covenants

INCAE shall covenant that, except as A.I.D. may otherwise agree in writing:

(1) Prior to undertaking project activities for each year after the first year of the project, it will furnish, in form and substance satisfactory to A.I.D., a consolidated work plan and budget for all project activities.

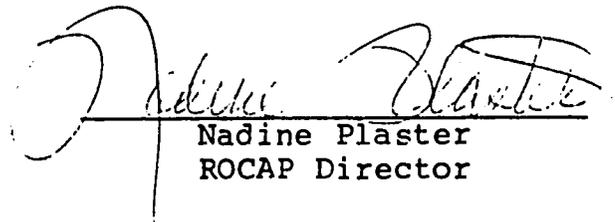
(2) It will coordinate closely with the respective bilateral USAID Mission in each participating country prior to finalizing the selection of research topics for policy studies to be undertaken in that country.

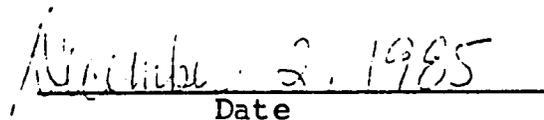
(3) It will submit quarterly cash flow statements which reflect monthly legal parallel market exchange rates in each participating country during the life of the project.

(4) It will finance the costs associated with senior faculty members after the completion of the project from INCAE endowment and/or general income.

(5) It will acknowledge A.I.D. financing provided for research, case studies and other didactic materials produced under this project and use all reasonable means to insure as wide a distribution of these documents as possible.

(6) It will provide the necessary financial support to continue the project activities of export management training, the Center for Applied Economics and Policy Studies, and the economics program beyond the life of the project.


Nadine Plaster
ROCAP Director


Date

Clearances:

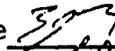
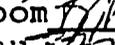
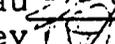
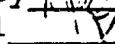
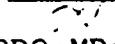
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A/GDO:RBloom 
GDO:ENadeau 
PO:RDelaney 
CONT:JHill 
Drafted: PDO:MDeal

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I. RECOMMENDATIONS AND SUMMARY

A. Recommendations

The Project Development Committee recommends that a \$6.8 million grant be authorized to implement the Regional Export Management Training Project.

B. Project Summary

1. Goal and Purpose

The goal of this project is to stimulate export led economic growth in the Central America and Panama (CA/P) region by helping to improve export management training and encouraging policy reform with particular reference to non-traditional exports. The Purpose is to strengthen INCAE's capabilities in the areas of: export management training; assistance to other schools of business/management in the region; and inter-sectoral policy dialogue.

2. Background and Project Activities

Recent changes in the world economic situation have had a dramatic impact on the economy of the Central America and Panama region (CA/P) and have caused a re-examination of many of the economic policies fostered by the Central American Common Market (CACM). As a result, the countries of this region have begun to give greater importance to the potential for the export of non-traditional products to extraregional markets. Although the Caribbean Basin Economic Recovery Act offers an opportunity for the region to increase non-traditional exports to the U.S., it cannot have the intended impact unless it is accompanied by:

- 1) The development of a cadre of managers trained in export management and experienced in the exigencies of a competitive world market; and
- 2) A supportive public policy environment.

Most schools of business administration in the region are not prepared to offer assistance in these areas. Accustomed to preparing public and private sector managers for service in a protected regional market, these schools are now ill-prepared to train managers for the non-traditional export sector. Few of the business schools in the region have the requisite instructional programs or experience to be able to

train a new group of managers for the non-traditional export sector.

INCAE represents a partial exception. Owing in part to the "Non-Traditional Export Management" component of the INCAE Expansion project (596-0113), INCAE has recently begun to reorient its instructional program to better respond to the emerging regional need for managers with expertise in the non-traditional export field. In addition to an extensive program of short term management seminars for private and public sector managers, new courses have been developed and introduced into the Masters in Business Administration (MBA) program at INCAE and students are encouraged to concentrate, for the first time, in the area of export management. Also, export management content is being introduced into other portions of the MBA curriculum.

The "Private Sector Organization" component of the INCAE Expansion project sponsored seminars and workshops which brought private and public sector leaders into direct, face to face contact to discuss a wide range of economic and public policy issues. These "policy dialogue" seminars focused on issues related to the role of the private sector in regional economic and social development, and on the importance of the public policy environment as a stimulus or deterrent to economic growth.

The INCAE Expansion project also involved an important research effort which led to the development of dozens of new case studies. Through this research, INCAE identified a number of key management deficiencies which commonly were found to correlate with the failure of non-traditional export ventures. The findings of this research suggests that significant increases in non-traditional exports from Central America and Panama are not likely to occur unless remedial action is taken to correct current management deficiencies in the non-traditional export sector. Part of this remedial action will involve the training of a new cadre of private and public sector managers who understand the exigencies of the world market and who can operate effectively in this more demanding, competitive environment.

Although the INCAE Expansion project was a very good beginning, much remains to be done to improve export management training in the region. To address this need, ROCAP proposes a five-year, \$6.8 million, Regional Export Management Training project. The project will be implemented through a grant agreement with INCAE and will consist of four components:

- 1) A Model Export Management Training Program;
- 2) Support for Central American Schools of Business Administration;
- 3) A Center for Applied Economics and Policy Studies;
- 4) General Institutional Support.

The model export management program, in addition to strengthening INCAE's instructional capabilities in export management, will include an extensive outreach effort designed to provide short term training for public and private sector managers. Total attendance in these training activities is estimated at 5,000 but is based on the assumption that many individual businessmen will attend more than one seminar. The number of different individuals who will attend these seminars is estimated at between 2,000 and 3,000.

Support for other CA/P business schools will allow the project to have a positive short term impact while multiplying the benefit of INCAE's past experience in the export sector. This component is designed to help other business schools in the region upgrade their instructional programs especially as related to the teaching of export management. During the five year life of project, 150 teachers of business administration from throughout the region will receive refresher training in export management and instruction in the latest and most effective teaching methods. This in-service training will be followed by visits to the cooperating institutions from INCAE staff and professional educational consultants who will offer short training workshops for other teaching faculty and who will provide assistance in curriculum development and course design.

Finally, the Center for Applied Economics and Policy Studies will provide support for the study and analysis of economic and public policy which affect exports from the CA/P region. The Center will serve as a regional focus through the hosting of intersectoral dialogue seminars and through the sponsorship of policy related research. The Center will disseminate relevant research findings via a series of newsletters and a new journal of applied economics and policy studies. Also, the Center will assume a lead role in the improvement of the economics program at INCAE and will contribute, in general, to the strengthening of applied economics in the region. INCAE has proposed a new Masters degree program in business and economics. During year two of the project, if INCAE is able to demonstrate the need for such a degree program to ROCAP's satisfaction, project funds may be used to develop this new degree program at INCAE.

3. Summary Financial Plan (US\$000)

	<u>ROCAP</u>	<u>INCAE</u>	<u>OTHERS</u>	<u>TOTAL</u>
Export Management Training Program	1,824	210	1,350	3,384
Assistance to Other Schools of Business Administration	1,505	78	827	2,410
Center for Applied Economics and Policy Studies	1,026	216	--	1,242
General Institutional Support	1,553	780	--	2,333
Evaluation	210	--	--	210
Inflation	401	--	--	401
Contingency	281	--	--	281
TOTAL	6,800	1,284	2,177	10,261

C. Summary Findings

The Project Committee has reviewed all aspects of the proposed Regional Export Management Training project and finds that it is technically, financially, socially, and economically sound and consistent with the strategy, goals and objectives approved by AID/W in the ROCAP 1985 Program Statement and FY 1986 Action Plan. The Committee has further found that INCAE is institutionally capable of carrying out all of the project components.

USAID comments on the PID as well as AID/W guidance in the Action Plan approval cable have been incorporated into the project design. Consultations have been carried out with the USAIDs by ROCAP project development staff and top management. ROCAP believes that there is a consensus that the project is an important regional initiative complementary to USAID efforts.

D. Project Development Committee

1. Mission Project Committee

Edward Nadeau, General Development Officer
Reynold Bloom, Asst. General Devel. Officer
Michael Deal, Project Development Officer
Julian Heriot, Regional Economic Advisor
Richard Goughnour, Deputy Controller
Alejandro Pontaza, Financial Analyst

2. Mission Review Committee

Nadine Plaster, Director
John Eyre, Deputy Director
Joe Hill, Controller
Richard Delaney, Program Officer

3. Consultants

Roger Popper, Academy for Educational
Development
Leland Michael Wooton, Southern Methodist
University
William Barbee, Academy for Educational
Development
Joseph Recinos, Academy for Educational
Development
Jorge Sanguinetti, DETEC

4. INCAE

Mark Lindenberg, Rector
Kenneth Hoadley, Director, Export Management
Program
Silvio De Franco, Academic Director
Gerardo Peralta, Financial Director
Antonio Colindres, Associate Financial
Director
Noel Ramirez, Director, Export Policy Program
Werner Kettleholm, Director Designate,
Central American Teachers Program
Julio Sergio Ramirez, Director, Private Sector
Support Program

II. PROJECT BACKGROUND AND RATIONALE

A. Background

1. The Recent History of Economic Growth and Decline

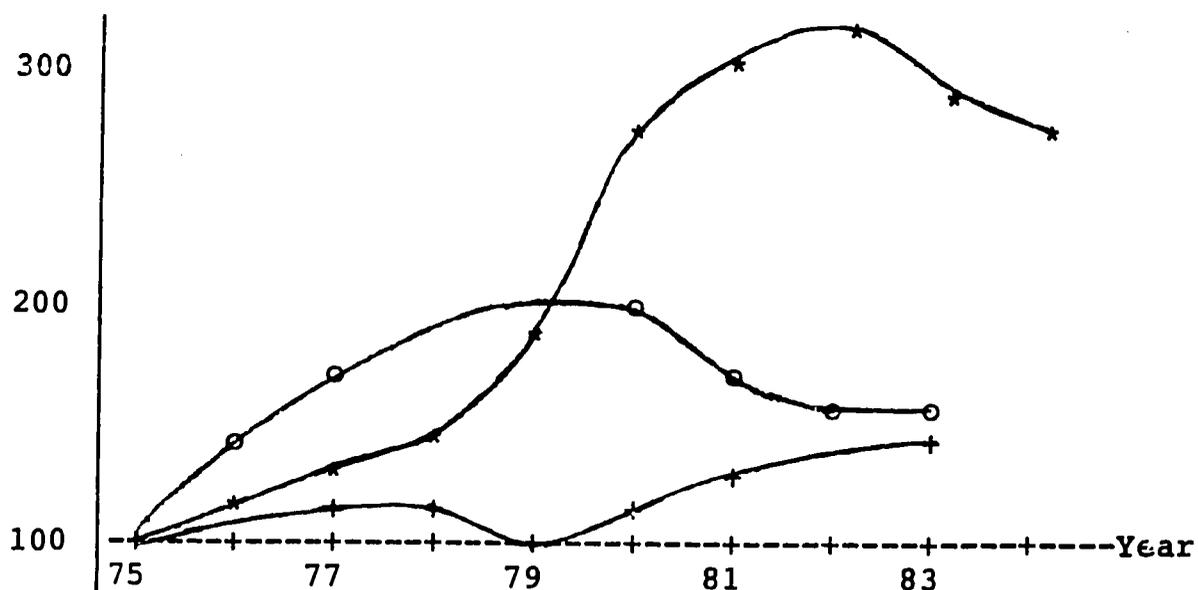
Between the end of the 1950s and the late 1970s, the economic development of Central America depended heavily on a protected regional market embodied institutionally in the Central American Common Market (CACM). The CACM strategy to promote regional growth included uniform external protective tariffs, fiscal incentives for incipient local industries, and policies to protect and promote traditional commodity exports. The model worked well for nearly twenty years. During this period, the economies of the CACM countries grew at an average annual rate of 6%.

By the end of the decade of the 1970s, however, changes in the world economy had made the model largely obsolete. Major changes were occurring which placed the region's economies in severe jeopardy: 1) Dramatic decreases in the real prices for coffee, sugar, cotton, beef, and bananas (which fell from highs in 1977-80 to all time lows in 1982-84¹) and concomitant foreign exchange difficulties; 2) A sharp increase in the cost of imported energy (mostly petroleum); 3) High inflation in the industrialized countries causing increases in the cost of non-petroleum imports; 4) Increasing foreign indebtedness; and 5) Record high interest rates (see Table 1).

These changes in the economic environment left the countries of Central America with burdensome debt service obligations, negative real growth, and much of its industrial capacity unused. Particularly alarming were indications that the solution would not be found in a cyclical rebound in commodity prices nor in a normalization of the regional market for industrial goods. Quota restrictions and other major long-term changes in the various commodity markets combined with limited growth potential for industrial sales within the CACM and the presence of long-term foreign debt, had altered conditions within the CACM and had made traditional CACM economic policies unworkable.

^{1/} Of Central America's traditional commodity exports, coffee was subject to ICO quotas and chronic oversupply; sugar exports suffered from a shrinking US quota and a grossly oversupplied world market; beef experienced reduced demand and low prices in the U.S. market; and bananas faced increasing competition from lower cost producers outside of Central America.

Table 1
Indexes Relevant to C.A. External Sector



oooo Export Prices *** Petroleum Prices ++++ I.R.

Indexes (1975 = 100)

Year	Traditional C.A. Export Prices	Petroleum Prices	Interest Rates	Total C.A. Public Debt
1975	100	100	100	100
1976	144.3	109.5	104.5	110.8
1977	177.7	118.1	106.6	121.7
1978	162.0	120.9	102.5	200.0
1979	181.8	164.7	98.9	231.3
1980	198.9	280.0	110.6	297.1
1981	172.0	316.2	119.6	352.1
1982	154.3	323.8	113.6	400.3
1983	152.8	285.7	134.8	n.a.
1984	n.a.	286.6	130.3	n.a.

Sources:

- a) World Bank (Various Publications)
- b) SIECA (Various Publications)
- c) Commodity Yearbooks 1975/1984

Simply, by the early 1980s, the rules of doing business in Central America had changed. Accordingly, the countries of Central America are being forced to consider other economic options and have begun to view new, non-traditional exports and extraregional markets as their best hope for obtaining sustained economic growth.

2. The Caribbean Basin Economic Recovery Act

In an effort to assist the countries of the region regain their former economic vigor, the United States has enacted the Caribbean Basin Economic Recovery Act or "Caribbean Basin Initiative" (CBI). In addition to creating a 12-year, one-way free-trade zone with participating countries, the CBI also includes significant balance of payments assistance and various export promotion projects ranging from the direct support for various private sector commercial activities, to the funding of training programs, trade fairs, private sector development organizations, conventions, bilateral commercial missions, and investment workshops.

The response of CA/P exporters to the various CBI incentives has fallen short of some (perhaps overly optimistic) expectations. Several of the region's "non-traditional" exports with significant growth potential such as leather and textile goods, were excluded by the CBI legislation. Many products entitled to duty-free entry to the U.S. market under the CBI legislation were already eligible for similar treatment under the Generalized System of Preferences. Although progress definitely has been made (see Table 2 and Figure 1), the experience of many countries and individual firms seems to indicate that for many products, duty free treatment alone will not be sufficient to stimulate export growth.

3. Summary: The Need to Become Competitive

It is widely believed that economic recovery and future growth in the CA/P region will rely importantly on increased non-traditional exports. There is a strong commitment on the part of the United States Government to aid this process. Evidence indicates, however, that there is an urgent need for improvements at the production level if CA/P products are to be competitive in world markets. In addition, considerably more progress is needed in the policy area to assure the success of non-traditional exports.

The design and implementation of a competitive strategy require most, if not all, of the same business capabilities which are required for success in local markets

Table 2

Products Imported by the United States from Central America

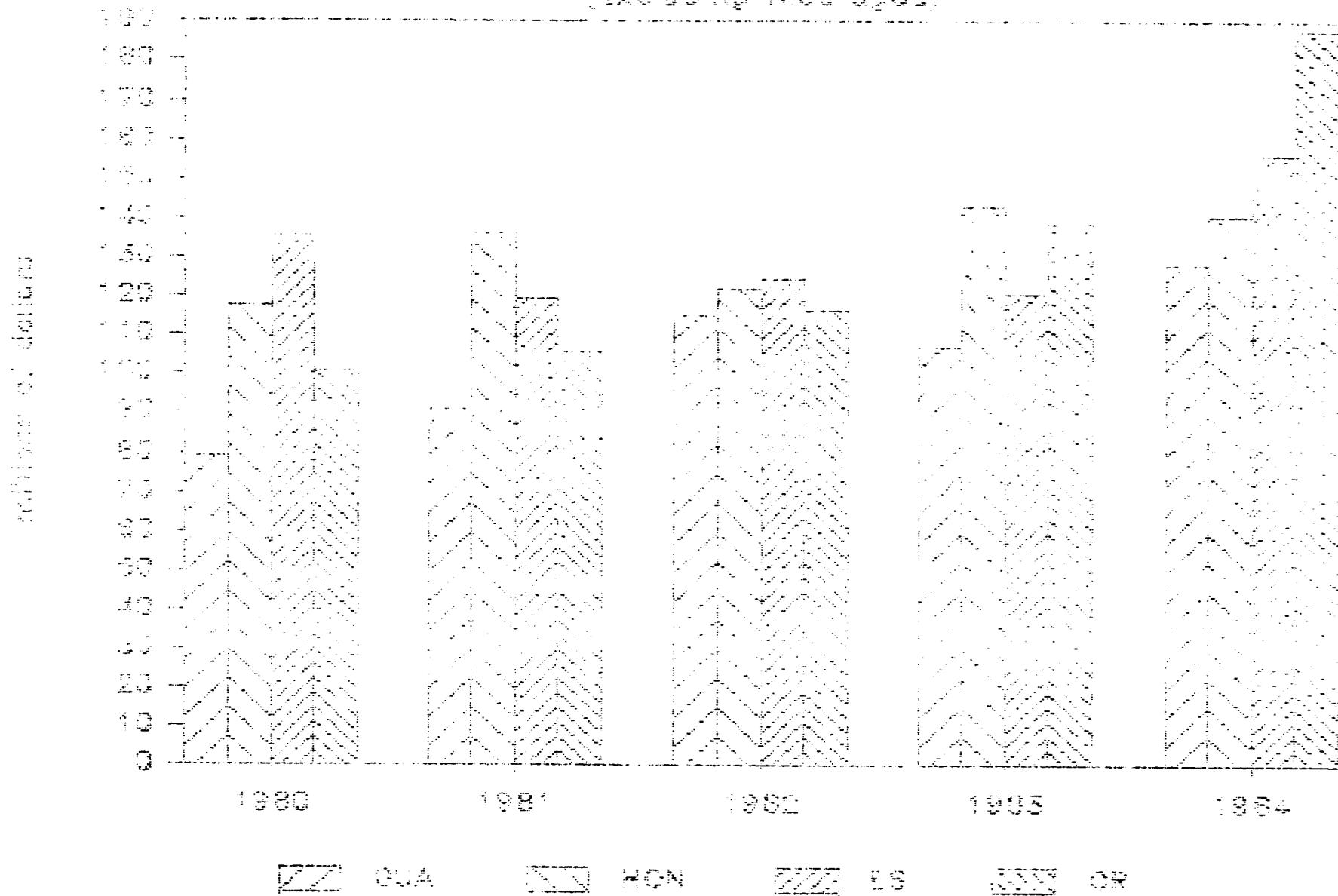
Six country totals
(thousands of dollars)

	1980	1981	1982	1983	1984
1. Traditional products	1,442,906	1,144,899	1,018,874	1,159,978	1,225,962
2. Non-traditional products					
a) Minerals	146,745	107,517	79,529	96,587	116,013
b) Seafoods	169,218	180,915	193,014	171,945	194,426
c) Agricultural products	56,052	60,407	69,082	77,467	111,929
d) Manufacturing other than drawback	18,914	20,298	22,747	29,787	40,960
e) Drawback (total customs value)					
-textil	30,892	33,196	62,670	81,360	104,296
-electronic	21,586	27,515	80,399	89,378	117,448
Sub-total, drawback	52,468	60,711	143,069	170,738	221,744
f) Other (note #1)	263,246	229,975	130,562	138,911	131,710
Sub-total non-trad. products	706,643	659,823	638,003	685,435	816,782
TOTAL	2,149,549	1,804,722	1,656,877	1,845,413	2,042,744

Note #1: Product categories based on 30 leading products by country in 1984.
"Other" includes all products other than 30 leading products in 1984.

Source: INCRE, based on U.S. Department of Commerce trade data.

Figure 1
US Non-trad. Imports from CACM
(excluding Nicaragua)



but they require a much higher degree of excellence. Few special or different skills are necessary in order to compete abroad. Success in exports requires managers who are capable of identifying opportunities and turning such opportunities into commercial realities through the efficient administration of available productive resources. World export markets are by definition competitive, and those who intend to supply them must possess the managerial skills necessary to compete successfully.

Although the Caribbean Basin Economic Recovery Act offers a significant opportunity for the region to increase non-traditional exports to the United States, it cannot have the intended impact unless it is accompanied by: (1) the development of a cadre of Central American managers trained in export management and experienced in the exigencies of a competitive world market; and (2) a supportive public policy environment.

B. The Problem

In order to meet the need for a cadre of export oriented managers and a more supportive policy environment for exports, it is necessary to upgrade export management training in the region and to establish a regional capacity for the study and analysis of applied economics and public policy.

Although there are many management training institutions in the CA/P region, their orientation has been largely towards the needs of the CACM and import substitution. They have generally not dealt with the problems of competing in an international environment. Indeed, even INCAE uses a curriculum which is primarily oriented towards the needs of competing within the CACM rather than exporting from it. If the region is to become more export oriented, there is an urgent need to upgrade and reorient management and business education programs so that they are better able to provide the private sector with the necessary export-oriented managerial talent.

The business faculties in most CA/P universities are weak owing to long-standing problems common to higher education in the region. Most professors of management/business in the region do not themselves hold advanced degrees in management. University pay scales are generally so low that they seldom permit qualified teachers to dedicate themselves full time to teaching. As a result, many university professors teach

part-time (usually at night or on weekends) and hold full-time jobs in business or government. Because these part time professors do not consider themselves professional teachers, they often give little attention to improving their teaching methods or to keeping current with the latest trends in their respective fields. Thus, teaching is often uninspired and based on lectures and memorization rather than on problem solving. In cases where individual professors do dedicate themselves full time to university teaching, it is not uncommon to find them dividing their time between several different institutions. This may involve teaching the same course(s) at several universities, while holding half or even full time appointments elsewhere.

The situation is little better on the student-side of the equation. Students of business are often part-time students who attend night classes while working full time during the day. Under these conditions, a four year course of study for a licenciatura will normally take six years or more to complete.

Further exacerbating the situation are large introductory class sizes and the almost complete absence of up to date texts and other teaching materials.

The case of the Universidad Centroamericana (UCA) in El Salvador is not atypical. In 1982, INCAE was asked to conduct a two week in-service training program for business professors at UCA. During the course of this training, INCAE did a brief diagnostic of the teaching faculty. It found that the professors at UCA were typically very young -- about a fourth of them were still students in the last two years of their undergraduate work. None of the faculty held graduate degrees. Only five were full-time educators. The more senior professors worked at several universities while at the same time holding down full-time jobs in business and government.

Thus, while well-trained middle and lower level management is necessary for any firm attempting to compete in international markets, business and management faculties in CA/P universities are not well prepared for the task of preparing the quality or quantity of management graduates required.

Similarly, no single regional institution exists with the capacity to gather and disseminate information and research concerning the export policy environment and to bring together private and public sector leaders to discuss the urgent policy

issues which affect the export of non-traditional products. Both superior economic and policy analysis and dialogue among the region's public and private sector leaders are required to improve the public policy environment for exports. It has been INCAE's experience that a major cause for the lack of understanding between private and public sector officials regarding economic policy design has been a lack of understanding on the part of the latter of how their policy choices actually affect the private sector at the firm and industry level. At the same time, private sector leaders have frequently been unable or uninterested in taking part in the policy design process owing to two decades of economic stability in which an understanding of the implications of economic policy was not critical to their own interests. Experience has demonstrated that it is often difficult to find business and government leaders who speak each other's language. Leaders from business typically fail to appreciate the macro-economic and political imperatives which influence the formulation of government policy. Likewise, government bureaucrats and politicians seldom understand the full ramifications of their policy on individual firms. Simply, businessmen seldom have adequate training in economics and government economists seldom understand the needs of businessmen. What is lacking is a permanent regional entity with the capability to carry out public policy analysis, and the stature to provide a forum and leadership for an ongoing intersectoral policy dialogue.

C. Project Rationale

1. Overview

As the region's economies move from an import substitution development model towards a model emphasizing a greater role for non-traditional exports, new demands are placed both on the private sectors of these economies and on the institutions which provide management training for the private sector. There is a new demand for firms which are able to produce and market their goods profitably in a highly competitive international environment and for a capacity to participate, together with the public sector, in adjusting the public policy environment to the needs of exporters. CA/P management training institutions need to develop business education programs which will help managers to make their firms competitive on an international scale and to train leaders able to conduct public policy analysis and intersectoral policy dialogue.

In order to respond to the new demands placed on the region's business schools by the move towards an export based development model, the business schools themselves must:

- a. reorient their curricula and upgrade their faculty resources so as to meet the needs of exporters;
- b. provide significantly increased levels of executive in-service training to managers; and
- c. establish in-house capacity for public policy analysis as well as for organizing and leading intersectoral policy dialogue concerning export-related policy issues.

INCAE is in a unique position to participate in the upgrading of business education in the region both by renewing its own management curriculum and by aiding other business schools to upgrade and reorient their own programs of management education. As a byproduct of its own curriculum renewal, INCAE will be in a unique position to provide executive training programs which will be of immediate benefit to the region's managers as they strive to move into non-traditional export markets.

Owing in part to its regional character, INCAE is also in a position to play a leadership role in the modification of the public policy environment as it affects non-traditional exports, by carrying out public policy analysis and by hosting policy dialogue events which will bring together representatives from different sectors to discuss policy issues as they relate to export promotion.

2. The Rationale for a Regional Project

Owing primarily to the research undertaken as part of the Export Management Component of the INCAE Expansion Project, INCAE has a unique understanding of the management impediments to the development of the non-traditional export sector in the region. While some differences do exist, most of the major management related problems have been found to be similar from one country to another and lessons learned in one country are applicable throughout the region. Given management issues common to the entire region, a regional approach to their solution provides significant economies of scale.

Research results from one country may be used throughout the region, and teaching materials and concepts may be developed for regional as opposed to only local use. Also, since one of the project objectives is to insure the development of national as well as regional business schools, a regional focus permits the use of a single regional institution to provide the multiplier effect required to disseminate materials and teaching methods throughout Central America and Panama. INCAE is a regional institution with a solid reputation which can make a significant contribution by transferring the experience it has gained to other business schools in the region.

The regional "policy dialogue" activities planned in this project also offer advantages not found in a strictly bilateral approach. INCAE with its regional theater of operations, can bring a breadth of knowledge and experience to the policy dialogue effort. Because of its experience in all of the countries of the region, INCAE possesses a richer source of information than that available to organizations which only work in a single country.

D. Relationship to AID Policy and Projects

1. Relationship to ROCAP Strategy and Projects

This project complements ROCAP's efforts in private sector development providing the critical training judged necessary for the long term success of non-traditional export efforts. In addition, it multiplies the benefits of this training effort by assisting other schools of business in the region to improve not only their export management programs but their overall excellence in management/administration training.

2. Relationship to Bilateral USAID and Centrally Funded Projects

This project conforms well to other AID-sponsored efforts to improve education and training in the region. In fact, the Central American Teachers Program component of this project was the inspiration for ROCAP's Central American Peace Scholarships strategy, i.e., using regional institutions to train and upgrade staff and students from other, similar kinds of institutions in each of the countries. This project has the additional strength of providing support for low-income students to study at INCAE and of complementing IAC Bureau and USAID funded activities in support of non-traditional export promotion. The ROCAP Regional Non-Traditional Agricultural

Export Support project and various other bilateral projects are designed to foment the development and marketing of non-traditional products in extraregional markets. The long term success of these projects will depend on the availability of managers capable of meeting the challenges of a highly competitive world market.

The bilateral USAID missions have also been active in providing technical assistance to Governments in the design of policy intended to promote non-traditional exports. This project will clearly complement these efforts.

3. Relationship to Jackson Plan/Regional CDSS

The project directly addresses those recommendations of the Jackson plan which speak to the need to improve higher education in the region. The NBCCA report was critical of higher education in Central America and Panama in part because of its "overemphasis on traditional fields...at the expense of applied disciplines (such as business...)." It went on to observe (Chapter 5) that "a balanced program of assistance" to Central American universities would include:

- "Technical assistance to provide immediate improvements in undergraduate teaching and curriculum.
- Selective investment in improving libraries, laboratories, and student facilities.
- An innovative effort to recruit and train junior faculty and young administrators.
- A complementary program of refresher training and upgrading of existing faculty and administrative staff."

This project conforms well to these recommendations of the Jackson Plan as regards higher education. In addition, it complements other AID-sponsored efforts aimed at expanding extra-regional trade opportunities, improving the balance of payments situation in the region, and promoting the private sector.

Interestingly, INCAE was the only school of business specifically mentioned in the NBCCA report: "Existing institutions such as the Central American Institute for Business Administration (INCAE) could benefit from increased support from both public and private sector sources."

4. Relationship to the Private Sector

This project focuses squarely on the private sector and responds directly to the needs of private sector firms active (or contemplating action) in the export of non-traditional products from the CA/P region. The project will strengthen the private sector by training a new cadre of both private and public sector managers oriented to the exigencies of a competitive world market. The intersectoral dialogue activities of the project should contribute to furthering the creation of a policy environment more favorable to private sector development.

III. PROJECT DESCRIPTION

A. Goal, Purpose, and Beneficiaries

The goal of this project is to stimulate export-led economic growth in the Central America and Panama (CA/P) region by helping to improve export management training and encouraging policy reform with particular reference to non-traditional exports. The Purpose is to strengthen INCAE's capabilities in the areas of: export management training; assistance to other schools of business/management in the region; and inter-sectoral policy dialogue.

The project will help to increase the competitiveness of CA/P exporting firms by improving regional export management capabilities. This will be accomplished by training a cadre of both public and private sector managers thoroughly oriented to the particular needs of the non-traditional export sector and carefully trained in the business of export management.

The direct beneficiaries of this project will be the faculty, staff, and students/trainees at INCAE and other institutions of business administration that receive assistance from the project. In addition, two to three thousand different executives and managers will receive training in non-traditional export management through the seminar and workshops proposed in this project. Second-level beneficiaries will be the non-traditional export firms whose managers and executives participate in the seminars, who employ the graduates of CA/P business schools, and who will benefit from the improved policy environment that the project will help foster. Finally, the region as a whole will benefit from an export sector which is able to compete more effectively in the world marketplace.

B. Project Components and Activities

Overall Strategy

In order to achieve the project objectives, the overall strategy of the project will be:

- a) to improve INCAE's ability to provide CA/P managers with those concepts and techniques necessary in order to improve their competitive position in international markets;

- b) to facilitate the participation of managers in training programs at INCAE which are specifically designed to help them improve their international competitive position;
- c) to multiply the effect of INCAE's export oriented management training programs and at the same time strengthen other management training institutions via a specialized training program for teachers of management;
- d) to promote an ongoing process of intersectoral dialogue and analysis of economic policies which are critical to the development of non-traditional exports; and
- e) to improve the economics program at INCAE to better prepare professionals for the specific tasks of national economic planning and management.

Project Outputs:

- A model export management training program will be established at INCAE.
- 5,000 private and public sector managers and executives will have received training in export management through participation in project sponsored seminars and workshops.
- 150 faculty from others schools of management and business administration in Central America and Panama will have received in-service training and assistance at INCAE.
- A strong regional role for INCAE in assisting other schools of business administration will be established.
- 60 low-income students will have received training at INCAE (many recruited from other schools of business administration in the region).
- There will be an improved Economics program at INCAE.

-1,000 participants in intersectoral policy dialogue seminars.

- A newsletter and a journal both dedicated to a discussion of public and economic policy issues relevant to the export of non-traditional products will be established.

- INCAE's library resources and office facilities will be expanded.

- All INCAE graduates, regardless of area of concentration, will be receiving solid preparation in export management.

- 30 INCAE students will have completed internships with U.S. or regional import/export firms.

- Strengthened curricula and course development at selected schools of business administration.

Qualitative Project Impact

This project will have both a short and medium term impact on export growth in Central America in many ways:

- a) MBA graduates, having been exposed to the export orientation of the revised curriculum, will be more likely to take leadership roles in starting-up export oriented ventures or in encouraging existing firms to export;
- b) Executive education program participants, having received specialized training in export strategy design and implementation, will be more willing to invest in export ventures and will achieve higher success rates;
- c) Policy studies and dialogue will lead to both immediate and medium term policy and/or procedural modifications which will reduce bottlenecks and lead to a greater level of exports;
- d) The CATP will help to expand the "export mentality" via the multiplier effect of other learning institutions such that after the first year an estimated 25 or more institutions other than INCAE will have directly benefited from the export orientation to management training. By the time the

project ends, critical masses within virtually all CA/P institutions of higher education will have been exposed to the export orientation to management training;

- e) The strengthened economics program will have a medium term impact in both government agencies and private sector organizations as more realistic export oriented economic policies are adopted by national governments.

There are four major project components, including three which directly pursue the project objectives as described above and one which is designed to provide necessary institutional strengthening and support so as to complement the increased level of export related activities at INCAE.

1. Project Component I: Export Management Training Program

The purpose of the Export Management Training component is to create a model export management training program at INCAE by reorienting its MBA program to take greater cognizance of emerging free economies in the region and the growing importance of non-traditional exports produced for sale in a world market. Rather than simply adding new courses and concentration options to the existing MBA curriculum, export management content will be systematically integrated into all of INCAE's MBA courses. New cases and class notes will be developed to reflect the new export management emphasis. These cases will be introduced as major components in all of the relevant MBA courses.

- a. Content Areas

Three major content areas will be emphasized. All are concerned with the design and the execution of management training activities focused on improving the competitive position of Central American exporters. Each will be applied both at INCAE and in INCAE's outreach training seminar programs:

- 1) International Marketing and the Design of Export Strategy

The primary use of market knowledge in a successful export venture is in the strategy formulation stage. Unfortunately, many exporters have never explicitly formulated an export strategy assuming that the strategy used

to serve local and regional markets can be extended to serve overseas markets. The major thrust of the Export Management component of the INCAE Expansion project was:

- (a) to increase the exporter's awareness of the need for an explicit export strategy, and
- (b) to provide some guidance in selecting an appropriate competitive export strategy.

INCAE's experience has indicated that more than a generalized concept of strategy is needed. Managers must learn how to obtain relevant market knowledge, how to analyze it, and finally, how to use it along with an objective analysis of their own firms' strengths and weaknesses, to formulate a competitive strategy.

A weakness in INCAE's program to date has been a lack of sufficient resources or seminar time dedicated to techniques of industry and market analysis which include techniques for gathering market data. These techniques are especially important for the introduction of new products to old markets or for the entrance into new markets.

A second area, requiring considerably more attention, involves the selection of channels of distribution. INCAE will dedicate considerably more resources towards researching the distribution systems in the export markets and to providing such information to its MBA students and its seminar clients.

Finally, INCAE will build upon its base in the area of strategy design, by researching and reporting on generic strategies for each of the primary categories of non-traditional exports from the region (agroindustry, light manufacturing, and draw back -- both clothing and electronic).

2) Productivity Management

The CA/P Region's inability to compete in world markets has been traced in many cases to its frequently very low levels of both industrial and agricultural productivity (including quality standards and control). This is an area of major concern and one in which improvements must be made if local industries are to become internationally competitive.

In addition to focusing attention on the design or selection of appropriate technologies, a major portion of any effort to increase productivity is an effort to use human resources more productively through more efficient forms of organization and motivation. Low worker productivity is the responsibility of the manager-- not the worker--and managers must be trained to increase labor productivity. In a closely related field, managers must have access to information systems which allow them to monitor the performance of the resources at their disposal as well as control the quality of their output. Systems of quality as well as cost control are critical if managers are to reduce production costs and improve their ability to meet the prices and quality standards of the competition.

INCAE's activities in this regard will include significant renovations of its production, organization and control course curricula resulting from new research into production systems, technology choice and management, human resource management, including worker motivation and organization, and techniques for cost and quality control. One major objective of these activities will be to analyze the various organizational and control systems in use in other parts of the world (particularly in the Far East), and to determine their adaptability to local conditions.

3) Export Financial Management

Both inadequate financial analysis of potential export projects, and insufficient investment and/or working capital resources frequently cause export ventures to fail. Furthermore, the rapidly changing economic environment of the region increases the risks of export operations due to the possible effects of rapid inflation, devaluations, and the unavailability of foreign exchange. While the basic tools of financial analysis exist, INCAE must undertake a renewal of its financial management curriculum including the development of more export-oriented teaching materials in order to provide managers with the analytical tools appropriate to their needs as exporters.

The objective is, therefore, to develop the appropriate teaching vehicles to present the basic concepts of financial planning and management in an export context and to provide specialized training in export financial analysis and management to the CA/P business community. INCAE's activities in this content area will consist of the preparation of new teaching materials and their presentation in seminars and course modules in the school's longer programs.

b. Component Activities:

1) Research, Case Study Development and Curriculum Renovation

As indicated above, no new courses in the specific area of export management are contemplated. Rather, the export orientation and the operational requirements of competing in the international environment must be worked into the MBA curriculum at all levels, from the functionally oriented courses in marketing, production or control in the first year of MBA studies, to the more policy oriented courses in the second year. A comprehensive research effort will be followed by a thorough curriculum review and modification. Project staff will work closely with other faculty and staff at INCAE to assure that export oriented cases and other substantive teaching materials be introduced in all relevant MBA courses. Faculty workshops and individual course design and curriculum assistance will be offered to all INCAE faculty.

The development of new teaching materials to be used in INCAE's case method management education programs will constitute one of the major outputs of the project. In addition to providing materials for classroom use, the case method of research provides INCAE faculty with very necessary opportunities to conduct research, to gain insight into the nature of managerial problems facing the region's exporters, and to insure the relevancy of classroom instruction to real world problems. While the learning from such case based research is impossible to quantify, the tangible results are case studies, technical notes and seminar and course designs. A total of 90 new case studies are expected to be developed in the three content areas of this component. These case studies may be supplemented or complemented with technical notes, management games, exercises, or other teaching vehicles. It is expected that many of the newly developed cases will eventually be published in the form of a casebook in Non-traditional Export Management in Developing Countries.

A total of at least fifteen new, export oriented cases will be incorporated, over the life of the project, into each of the following MBA course sequences:

Production
Organization and Human Behavior
Control and Management Information Systems
Finance
Marketing
Business Policy

Export oriented concepts and teaching materials in the areas of productivity, organization, and management of human resources, control, marketing, and finance will be introduced into the AMP curriculum. Given an average module length of five sessions in the AMP program, a goal is proposed of between two and three new export oriented cases per area over the life of the project.

2) Executive Programs (Seminars)

The primary immediate impact of this activity will be the design, management and partial scholarship support for a series of management seminars to be held in each country in the region. These seminars will enroll, during the life of project, an estimated 5,000 senior executives of companies which are either presently engaged in export related activities or which are contemplating entering the export field. The seminar series will include international marketing and policy seminars, seminars in the areas of productivity management (including management of technology, human resources, and quality and cost control systems), and export financing. All seminars (which generally last three days, are held in residence either at INCAE's campus in Costa Rica or in an appropriate hotel, and generally include approximately 40 participants) will have as a common theme that of becoming competitive in export markets, and may be linked together as elements in a series of individual seminars, or may be presented as independent units. Teaching activities may also include seminars of a longer duration (12 days) emphasizing two or more of the content areas as well as policy design. These longer seminars will sometimes be oriented to a single industrial segment and at other times will be open to participants from all sectors.

A total of 25 three-day seminars (or their equivalent in longer executive programs) are planned per year for each of the five years of the program. (During the first year of the project, a somewhat reduced number of seminars will be presented owing to the need to undertake various start-up activities such as contracting additional research and teaching faculty, and developing the initial case materials). These seminars will be scheduled in such a way as to assure that each seminar is presented in each of the five beneficiary countries of this project each year. It is expected that many managers attending the seminars will participate in various of the specific seminars, and/or will return in the later years of the

project to update their command of export management. A total of 5000 individual seminar participants are contemplated (5 topics per year, times five countries, times five years, times 40 participants per seminar). Because there will undoubtedly be repeat participants, it is estimated that between 2000 and 3000 different managers will benefit from the seminar program.

3) Student Internship/Work-Study Program:

In an effort to accelerate the impact of the new export management training program, INCAE will identify five to ten of their most promising first year MBA students for an intensive, six week summer work/study program in the United States (or in special cases, in a successful exporting firm in Central America). Through this exercise, students will be able to test, in an actual business environment, the theory they have been learning in the classroom. They will witness, in an actual on the job setting, the nature of the U.S. import market. Through this practical experience, the students will make contacts, gain hands-on experience, and achieve other skills which will make them better able to have a more profound and more immediate impact on the export sector when they graduate from INCAE and begin to participate in the management of export operations.

Companies in the United States will be approached to sponsor an INCAE summer intern and to help defray a portion of the costs of the program. Through this mechanism, it will be possible to train between 30 and 60 individuals during the five year life of the project.

4) Scholarship Assistance

Some scholarship assistance will be provided for participation in the Executive Seminar Program. This subsidy will be highest during the first year of the project (50% of the cost of the seminar) and will decrease during subsequent years depending on project requirements and economic trends in the participating countries. The cost of the seminars will be based on normal INCAE seminar pricing policies, including overhead (subject to audit).

Scholarship funds are necessary during the early years of the project for the following reasons:

- While low by international standards^{2/}, recent devaluations in most of the Central American countries have had the effect of raising INCAE seminar prices beyond the reach of many potential participants.
- Export oriented seminars in the various areas of general management constitute a new product aimed at a segment of the executive education market which INCAE has not served for a number of years. While INCAE enjoys a high degree of prestige throughout Central America, it will experience some difficulty in attracting top managers to the export-oriented seminars to be held as part of this project. The perceived high price in terms of local currency will add to the difficulty in attracting seminar participants and will thus detract from the potential impact of the Executive Seminars Program.

During the first year, 50% scholarships will be offered to all seminar participants (up to 40 per seminar). As indicated above, prior to the beginning of each new-year's project activities, INCAE will prepare a report summarizing the accomplishments of the seminar program during the past year and proposing, for ROCAP approval, a seminar scholarship policy for the coming year. The participants themselves will be expected to assume a larger share of seminar costs as the project progresses. During the final year of the project, it is expected that economic conditions will have stabilized and that the value of the seminars will have been well demonstrated. At this point, regional businessmen should be able to pay the full price of the seminars.

This method of subsidizing the seminar program has been selected in order to expedite the start-up of seminar activities and to assure maximum participation in these important outreach activities during the early years of the project. The amount subsidy for the seminar activities will be determined each year as a part of the annual work plan exercise.

^{2/} The Harvard Business School charges \$2,200 for a three-day seminar in International Agribusiness Management and \$5,500 for a two-week course in general management, while INCAE's charges average \$450 for a three-day seminar and \$1,800 for a two-week course.

2. Project Component II: Assistance to Other Schools of Business Administration

Objectives

This project component will provide INCAE with the means to meet requests for assistance from universities and other business training institutions in the CA/P region and thereby allow it to multiply the benefits of its export management training experience. Teachers will be trained in both substantive and pedagogical areas. The component will have the following operational objectives:

- To strengthen the academic preparation of the region's undergraduate university professors.
- To multiply the short-term impact of INCAE's research on export-management and the "value-added" approach by providing university business/management professors with basic training in competitive strategy formulation and implementation with an emphasis on the use of business system analysis.
- To provide participants with instruction in the basic teaching methods necessary to transmit the knowledge they will have acquired and to provide them with teaching materials, case studies, and bibliographies;
- To improve the content and organization of entire curricula (if requested and judged necessary) as well as individual courses for each of the participating management training institutions.

To accomplish the above objectives, this project component will fund four main activities:

-- A diagnostic/needs assessment activity to identify regional needs for assistance and appropriate institutions for participation in the program.

-- A Central American Teachers Program (CATP) which will provide in-service training to 150 teachers of business and management in the region.

-- Consulting assistance in curriculum and course development for other schools of management and business.

-- Scholarship assistance to faculty and students from other CA/P business schools for MBA study at INCAE. This assistance will be provided to current faculty and to graduating students expressing interest in the teaching of management and business as a career.

a. Diagnostic/Needs Assessment

INCAE is frequently called upon to assist its sister institutions in the region in course and curriculum design and preparation. INCAE also frequently receives requests from these same institutions for MBA training for their professors of management. In addition to the UCA case mentioned in section II.B (p. 12), during the past three years INCAE has received requests for curriculum development and general technical assistance from the Catholic University in El Salvador, the National University and the Universidad Santa María La Antigua in Panama, and from Landívar University in Guatemala. Requests for this assistance have also been received from institutions outside of the region. Requests have been received from the Catholic University in Paraguay, ESAN and the Universidad del Pacífico in Perú, and from the Universidad Politécnica in Quito, Ecuador. To date INCAE has only been able to respond to these requests for assistance on an ad hoc basis since it has no specific program which enables it to fulfill such requests on a consistent and regular basis.

During the initial 18 months of the project, INCAE will conduct a thorough diagnostic in each of the CA/P countries to identify and to begin to assess the precise needs and requirements of potential participating institutions. This will involve a careful assessment of short-term and long-term staff training needs. It will also identify the needs of each institution for curriculum development and course design assistance. The diagnostic will terminate with preliminary negotiations for further cooperative involvement in the project. The diagnostic will be conducted with careful consideration of the political sensibilities within the academic community of each country. The decision to include or exclude a specific institution will be made with full consideration of these factors. Institutions with which INCAE has established initial contacts include:

Panama

Universidad Nacional (several regional centers)
Universidad Santa María

Guatemala

Universidad Rafael Landívar
Universidad Francisco Marroquín
Universidad Del Valle
Universidad de San Carlos

El Salvador

Universidad Nacional de El Salvador
Universidad Centroamericana José Simeón Cañas
Universidad José Matías Delgado
Universidad Tecnológica
Universidad Albert Einstein
Universidad Evangélica
Universidad Politécnica

Costa Rica

Universidad de Costa Rica, with centers in:

- . Limón
- . San Ramón
- . Turrialba
- . Guanacaste
- . San José

Universidad Autónoma de Centro América (UACA).

Honduras

Universidad Autónoma de Honduras

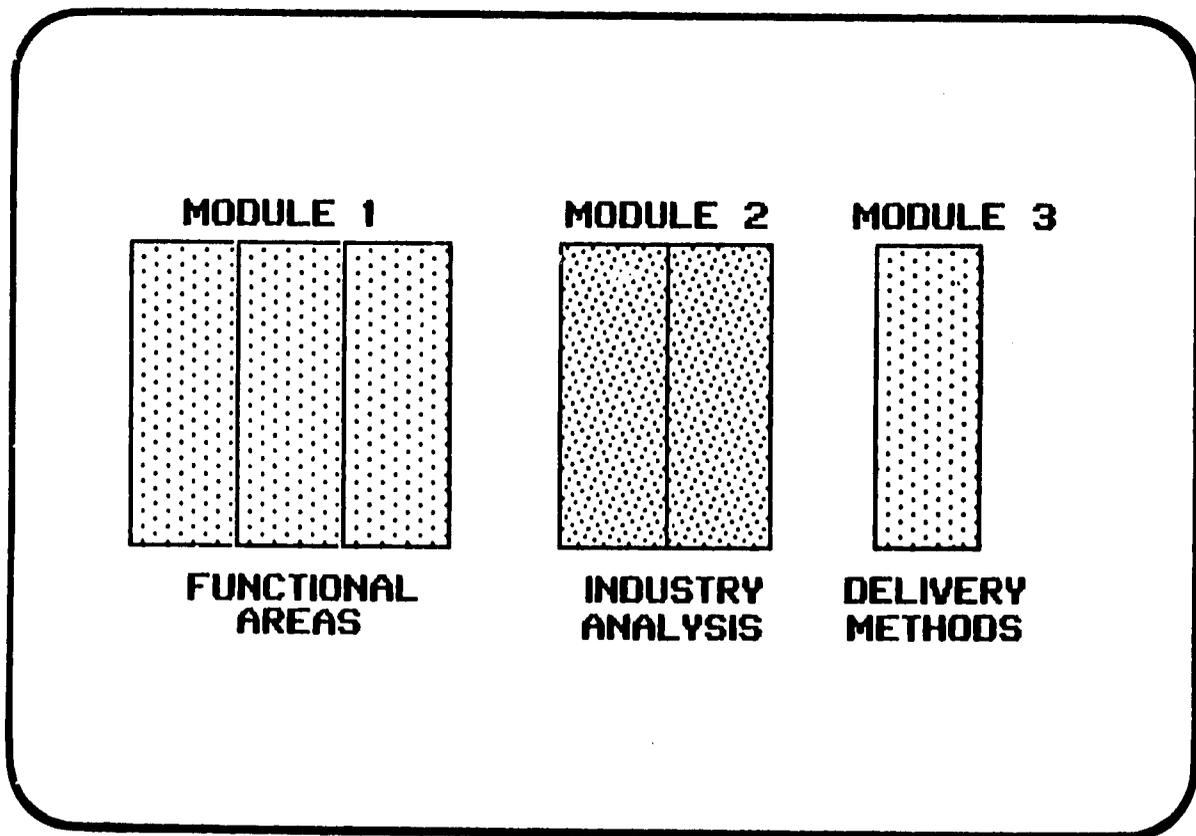
- . Tegucigalpa
- . Centro Universitario Regional del Norte (San Pedro Sula)
- . Centro Universitario Litoral Atlántico (La Ceiba)

Universidad José Cecilio Del Valle
Escuela Agrícola Panamericana.

b. The Central American Teachers Program (CATP)

Following the preliminary diagnostic phase, institutions will be selected and faculty from these institutions invited to attend a six-week residential program based on INCAE's case teaching methodology. The program will be divided into three clearly distinct modules each especially designed to fulfill one of the major objectives outlined above:

CENTRAL AMERICAN TEACHERS PROGRAM



The first module will last for three weeks and will be designed to improve the participants' knowledge in the key functional areas of management. This module will focus on the three basic management functions judged most important to increasing productivity in export operations - marketing, production and finance. These functions will form the core around which other topics such as organization, quality control, and quantitative methods will be introduced.

In the first module, a typical work day will consist of three class sessions, three study groups sessions and three individual study sessions.

FIRST MODULE

M	T	W	TH	F	S/S
1	4			13	WEEK END
2	FIRST WEEK			14	
3				15	
17	20			28	
18	SECOND WEEK			29	
19				30	
31	34			43	
32	THIRD WEEK			44	
33				45	

Managerial problem solving aimed at increasing functional competitiveness in the business setting will be the central operational design focus of the planned forty-five class period sequence. For example, reviewing the concepts of the marketing mix for an export situation might be used to stimulate discussion of some of the main problems encountered in the company's productivity and the best ways to finance the necessary changes. This way, the sequence of marketing, productivity and finance sessions, during these three weeks, will be executed in an integrative manner capitalizing on functional interrelationships.

The second module will last two weeks and will concentrate on Industry Analysis and the Formulation of Business Strategy. The design of this unit will have at its core Michael Porter's industry analysis approach for competitive strategic decision making. Participants will study the components of a business system, the structure of the industry, the value added concept in each stage of the business system, the generic competitive strategies, and the key success factors in each stage of the business system chain. These concepts will lead students to the identification of investment opportunities necessary to increase a firm's competitive edge in Central America's export markets. Furthermore, students will also be exposed to different ways of selecting investment portfolios to fulfill the desired competitive edge. Finally, participants will be involved in the discussion of real life implementation problems of the optional strategies.

In module two, an export orientation and understanding of competitive forces in world markets will be emphasized. As in the first module, this unit will also be based on the use of case studies and will employ a similar work schedule. However, there will be two important design differences: 1) During the second week of the module, participants will be introduced to visual aid teaching techniques; and 2) Participants will perform an actual industry analysis for one of the export industries of the CA/P countries and use visual aid to present their findings to the rest of the group.

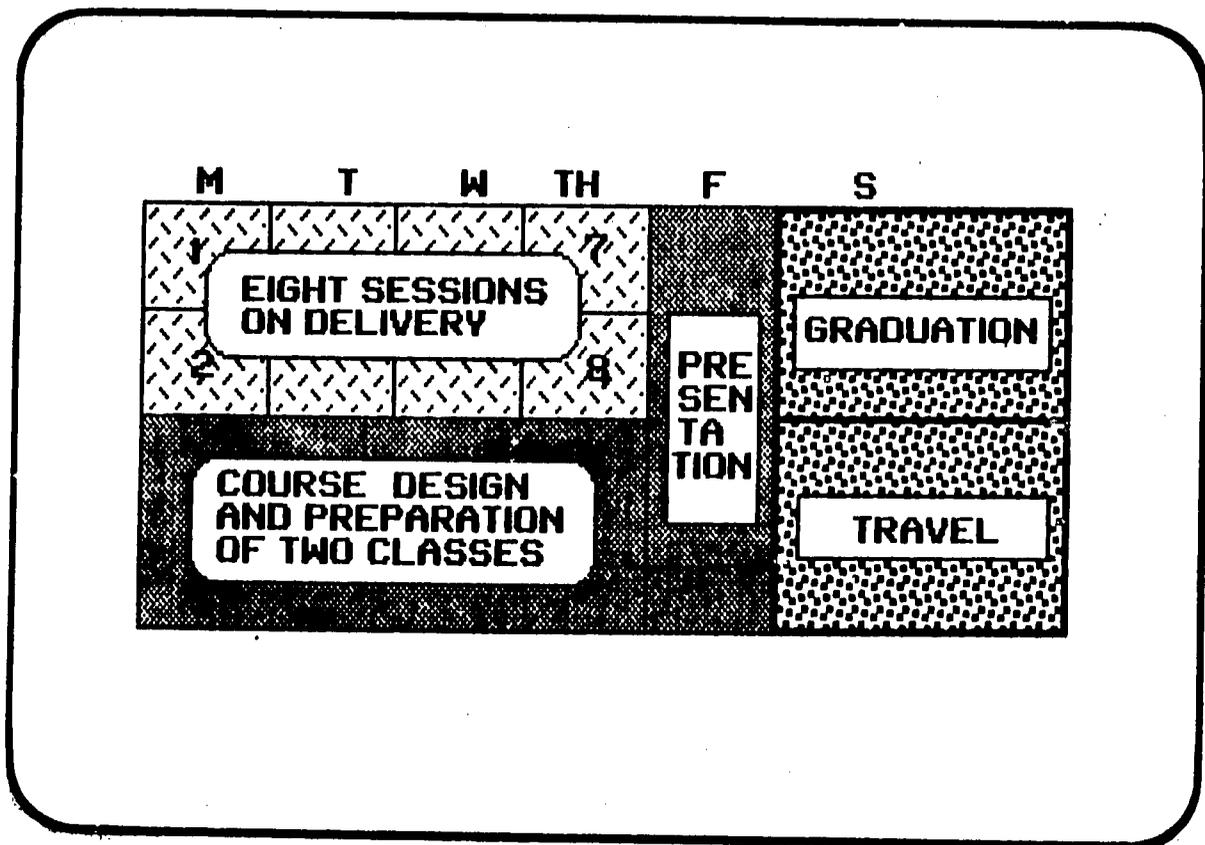
SECOND MODULE

M	T	W	TH	F	S/S
1	4			13	WEEK END
2	FIRST WEEK			14	
3				15	
17	20				
18	SECOND WEEK				
PRESENTATION WORK					

Finally, there will be a one week module on learning theories and teaching techniques. The intent of this unit is to prepare participants to be able to transfer information more effectively.

INCAE professors will work individually with the participants to polish and improve their classroom delivery techniques. Participants will be divided into four optional concentrations: marketing, productivity, finance and industry analysis. The design of this module will be as follows:

THIRD MODULE



During the last week of the program, participants will present to INCAE's faculty a course design and teaching guides for each one of the concentrations mentioned above. Participants will receive instruction in curriculum design, teaching methods, teaching guides, delivery techniques, teaching styles, and in how to prepare supporting teaching materials. Topics to be covered include: lecture method, case method, interactive exercises, simulations, audiovisual presentations, and other participative teaching methods. This quick overview of delivery methods and techniques will be discussed and studied over eight class sessions with their respective study group sessions.

During the afternoon sessions, participants will be separated into four different discussion groups: marketing, finance, productivity, and industry analysis. Each group, led by an INCAE professor, will spend the afternoon discussing the detailed design of an undergraduate course in that subject matter. Each participant will be assigned two class sessions of a twenty-four session course outline. Each participant will then develop a teaching plan and the necessary teaching materials for the delivery of these two sessions. The last day, each group will listen to (and receive) the material and teaching plan of each one of the twenty-four class sessions that were planned for the typical undergraduate course on the subject matter of their choice. Participants will also receive the material developed by the other three discussion groups.

Thus, the participants in the CATP will return to their respective universities with a tailor-made design for four undergraduate courses and the corresponding teaching guides for each class session (with overhead projections).

c. Consulting Assistance

Depending on the needs identified during the diagnostic activities, consulting assistance will be provided to participating institutions. This assistance will include help with individual course designs as well as overall curriculum development. This assistance will be provided by INCAE faculty and hired specialist consultants.

Consultants may also visit individual campuses for short, follow-up workshops designed to provide refresher information to CATP participants and to deliver, in an abbreviated manner, the basic precepts of the CATP to other teaching faculty.

d. Scholarship Assistance

\$500,000 in scholarships will be provided through this component to fund MBA study at INCAE for faculty and promising graduates of other schools of management and business (or related fields) in the region. This will include full and partial scholarships and will fund over 40 current and future faculty from other schools of business in the region.

Candidates will be selected who exhibit the following characteristics:

- Current University Professors - University business professors from the CA/P region who sign a written commitment to continue teaching in their university or in another university in the region for one year (three trimester courses per year, or two semester courses) for every half year of scholarship assistance provided.
- New University Professors - Outstanding graduates of other schools of management or related fields who express a commitment to teaching business as a career will be given the opportunity to pursue MBA studies at INCAE. Loans will be made to these students for program financing. The loans will convert to a grant if the student returns to his former campus or to another CA/P business school to teach. One half year of MBA financing would be converted to grant for each 3 trimester or 2 semester courses taught at a CA/P university or business school. The scholarship recipient will have up to six years to comply with the teaching requirement.

INCAE will form a special committee to screen and select appropriate candidates. A list of proposed scholarship recipients will be submitted to ROCAP for approval prior to the beginning of each academic year.

Component Outputs

The project resources budgeted for this component are sufficient to fund the participation of 40 MBAs and 150 professors in the CAMP program over a five-year period.

In addition, INCAE will attempt to mobilize an additional US\$ 540,000.00 during this period which will be used to train an additional 100 university professors. It is expected that European and U.S. foundations and other traditional donor institutions will provide the remaining funds.

3. Project Component III: Center for Applied Economics and Policy Studies

The Center for Applied Economics and Policy Studies will provide, in a systematic way, support for the study, discussion, and analysis of economic and public policies which affect the export of non-traditional products from the CA/P region. To achieve this end, the Center will sponsor a variety of complementary activities designed to bring about a better and broader understanding of how economic and public policy functions to stimulate or deter certain kinds of economic activity. These activities include the following:

- An Intersectoral Policy Dialogue Seminar Program
 - Applied Economic and Policy Research
 - A Dissemination Effort Including a Bimonthly Newsletter and a Quarterly Journal of Applied Economics and Policy Studies
- a) Intersectoral Policy Dialogue Seminar Program

As the CA/P region faces the need to introduce major modifications into its economic development model, the need for intersectoral dialogue becomes critical. Significant changes in the orientation of economic policy can only be implemented in the presence of a broad consensus among the various segments of the economy. Such a consensus can only occur when all parties have had both the opportunity to study and to understand all of the ramifications of the issues involved. The overall objective of this component is to build national and a regional consensus concerning the implementation of new economic strategies that will encourage economic recovery and growth based on exports.

The Center will represent a permanent forum for the promotion of intersectoral dialogue. INCAE's input into such seminars, in addition to their organization, will be to provide participants with current information concerning economic trends and conditions, policy options, and a

conceptual framework to analyze the data. INCAE will act as moderator and facilitator to assure an open and comprehensive discussion of all aspects of the issue or issues under discussion.

Leaders representing the business community, government, rural interests, and labor will be invited to participate in carefully targeted theme seminars dedicated to the discussion of topics relevant to the stimulation of non-traditional exports. Seminar themes will be determined in cooperation with appropriate groups in each country including the bilateral USAIDs, the IDB, and the IBRD. Seminars will deal with special, country-specific problems, sectoral issues, and macroeconomic policy issues and may include topics like the following:

- "Stimulating Non-Traditional Exports;"
- "Making the Production of Traditional Exports More Efficient,"
- "Price Supports for Agricultural Commodities,"
- "The Trade-Offs of Import Substitution vs. Non-Traditional Exports,"
- "Tariffs and Protectionism;"
- "The Asian Model;"
- "The Requirements of Structural Adjustment;"
- "The Experience with Drawback;"
- "Stabilization;"
- "Reducing Fiscal Deficits;"
- "Making the Banking System More Efficient."

In these seminars, INCAE will function only as a neutral broker offering to facilitate a free exchange of ideas between the various participating groups. INCAE will not promote or champion any particular policy or position. Five two-day seminars for 40 participants will be held each year, in each of the participating countries.

b) Applied Economics and Policy Research

To complement the research activities of the permanent Center staff, funds will be made available each year for the support of independent research on applied economic and policy issues which affect the region's development. Scholars from a variety of institutions both in the CA/P region and in the United States will be invited to submit proposals for sponsored research. All research will take place in the region and researchers will operate out of the INCAE campus in Costa Rica. These visiting scholars will be incorporated into the various activities of the Center and will add an additional dimension to the activities at INCAE and the Center. Research generated from these studies and from other Center activities will be incorporated into the INCAE instructional and seminar programs when appropriate and considered for publication in the Newsletter and Journal. It is expected that Center staff will conduct one major policy study for each country each year of the project.

An INCAE research committee will review proposals each year and determine which of the proposals best conform to the needs of the Center and to the economic research needs of the region. The ROCAP liaison person will sit on this committee as an ex-officio member. An effort will be made to identify Ph.D. candidates, faculty from other institutions on sabbatical, other graduate students, etc., in a effort to take the greatest advantage of research funds. Grants will vary from as little as travel grants to full support for semester-long or year-long study.

By supporting the research of veteran scholars and by encouraging scholars new to the region to do research in Central America, the project should produce a valuable body of applied economic and policy research essential to the redefinition of the regions development strategy. This activity will also help INCAE to establish new linkages with both regional and foreign institutions and scholars and may attract individuals to the region who had not previously identified the CA/P region as their primary theater of research.

c) Dissemination Activities

To disseminate research findings and to act as a conduit for the latest information in the region related to applied economics and policy, INCAE will publish both a Newsletter and a Journal.

The bimonthly Newsletter will be concerned primarily with moving information quickly to a common readership who can benefit from being kept informed on a timely basis. The style will be more journalistic than scholarly and will be designed to get a lot of information out quickly. There will be periodic reports on Center activities and the results of intersectoral seminars. Ongoing research will be described and synopsized. Important policy success or failure stories will be reported.

The quarterly journal will be a much more serious and scholarly effort and will be dedicated to articles on applied economic research and policy studies in Central America and Panama and elsewhere if the topic is relevant to the region's experience.

INCAE will form an editorial committee to review and referee the articles submitted for publication. Articles will be solicited from scholars both within and outside the region. The pricing policy and distribution channels will be modeled after current policies used with the Journal INCAE.

4. Project Component IV: Institutional Support

The activities proposed in Project Components I through III will place additional burdens on INCAE's institutional structure which will require strengthening in several areas. Also, because of the current economic crisis in the region, INCAE will require short term assistance to allow it to carry out its regional mandate and to assure that the instructional program be accessible to all Central Americans regardless of nationality and socio-economic class. The five principal areas of institutional support will be: a) Low-income scholarships, b) strengthening the Economics program, c) Faculty Training, d) Additions to the physical plant (in Costa Rica), and e) Library support.

a) Low Income Scholarship Fund

During the past twenty years INCAE has enrolled between 80 and 100 entering MBA students per year. Historically, more than 70% of the students have financed their own education or have had scholarship assistance or loans from other organizations. INCAE has provided partial financing through student loans to about 30% of its entering class and has tried to maintain a loan structure where graduates must pay no more than 10 to 20% of their monthly salary for interest and amortizations to the student loan fund.

This INCAE financing strategy functioned adequately until 1980-85 when the CA/P economies began to exhibit negative growth and severe devaluations which at times tripled the cost of INCAE's program for Central Americans. Today, the problem for Central American students is serious. For example, in 1985, the value of the Guatemalan Quetzal in the legal parallel market declined by September from Q1.00 to \$1.00 to more than Q 3.75 to \$1.00. This de facto devaluation of the Quetzal almost quadrupled the cost of an INCAE MBA for Guatemalan students in 1985. Similarly, because of devalued currencies in other countries of Central America, the local currency cost of obtaining an INCAE MBA jumped 80% for Salvadoran students, 25% for Costa Rican Students, and 650% for Nicaraguan students. Fewer Central American students are able to meet these higher costs. Because of this, many of the Central American students actually accepted for the 1985-1986 academic year did not enroll.^{3/}

In order to assist Central American students in maintaining access to the masters program during the economic crisis, the project will provide up to \$500,000 in low income student scholarship support during the five year life of project (these scholarships are separate from those ear-marked for professors and graduates of other schools of business in the region). These monies will fund 38 full scholarships (7 to 8 per year) or a much larger number of partial scholarships. Scholarships will be granted on a competitive basis to low income candidates for admission who are able to meet the INCAE entrance requirements. Candidates who are likely to work in the management of small businesses, cooperatives, or non-profit organizations after graduation will be given special consideration.

^{3/} INCAE had 400 applications for its 1985 MBA class. Allowing for normal attrition and aiming at a class of around 100 beginning students, INCAE accepted 140 of these applicants. Of the 140 students accepted, only 79 actually enrolled. Most of the candidates who were accepted but who failed to enroll were Central Americans. Sixteen of those students who did enroll were from South America. Without scholarship assistance for Central American Students, prudent business practices will require INCAE to accept greater numbers of South American Students in the future.

Eligibility Criteria

For the purposes of this project, low income will be determined taking into account the following criteria (not all will apply in each case):

- a. Monthly income levels for current professionals of:
 - . Costa Rica 21,000 Colones
 - . Guatemala 1,000 Quetzales
 - . Honduras 1200 Lempiras
 - . El Salvador 2,300 Colones
 - . Panama 700 Balboas

(salary levels will be adjusted during the life of the project in accordance with economic trends, inflation, and devaluations as they affect individual countries.)
- b. Primary and secondary education in public schools or in private schools with scholarship assistance
- c. University study financed with scholarships or night university study combined with full-time employment.
- d. Dependence on public transport (does not own car)
- f. Number of dependents

Candidates judged to be eligible under the above criteria will be screened and selected by a special INCAE selection committee. Nominations from the AID bilateral missions and from PVO's and the Peace Corps in each country will be invited. A final list of candidates for scholarship assistance (along with complete biodata) will be presented to ROCAP for approval 30 days prior to the final award date.

b) Strengthening the Economics Program

To help alleviate the communications problems which exist between public and private sector leaders, the project will provide support for the improvement of the economics program at INCAE which will include the introduction of more economics into the MBA program. This effort may,

during the life of the project, evolve into a discrete masters degree program which will combine business and economics. The decision to proceed with a full-fledged degree program in business and economics will be made in year two of the project and will depend on whether or not INCAE can demonstrate the need and demand for such a program to ROCAP's satisfaction.

Strengthening the economics program at INCAE will have as its objective the training of professional businessmen/economists trained in econometrics and economic planning and with a practical understanding of the nature of private business enterprise in the CA/P region. It is felt that by improving the economic content of the MBA, the graduates of the program will be better prepared to assume positions of responsibility in national and regional economic planning and regulatory agencies. With solid training in economics, these graduates should bring to these positions a better practical knowledge of the region's economy and the constraints to business and general economic growth. Similarly, graduates working with private sector organizations will be able to facilitate understanding of the policy changes required in order to bring about the region's economic recovery.

If a decision is made to proceed with a degree program in economics and business, the goal will be to prepare future public and private sector leaders able to understand each others language. The program would build on the base of a number of both existing courses and new courses to be developed during the first two years of the project. Special teaching materials and new advanced courses will be developed. Additional faculty will be added to teach the new courses. Specifically, the degree program, as presently conceived, would offer during the first year, six new courses which will stress areas of economic theory and quantitative methods. During the second year, four new courses would be designed and introduced to deal with the areas of money and banking, international trade and finance, economic development, and agricultural economics. At the same time, the student would be expected to take the equivalent of fifteen additional courses currently offered in the MBA curriculum, including those in the area of functional management.

If demand studies undertaken during year two of the project indicate the desirability of proceeding with a discrete degree program, INCAE will submit an implementation plan to ROCAP for approval.

c) Faculty Training and Renewal

INCAE has learned that the most reliable source of long-term faculty resources is its own faculty development program. Each year, a small number of outstanding MBA graduates are identified by the institute's faculty as showing promise for a long-term association with the institution. These individuals are generally offered positions on the school's research staff for a period of two to three years. If these individuals continue to demonstrate outstanding potential, they are encouraged to pursue more advanced training (normally a PH.D.) in a university in the United States or elsewhere.

In addition to doctoral level training, INCAE encourages its senior faculty to renew their academic excellence on a periodic basis by participating in courses or research projects in other institutions. Such senior faculty renewal is required in order to maintain the institute's excellence in management and is consistent with INCAE's orientation towards being competitive in international markets.

The adoption of a new export orientation at INCAE will require new faculty and the reorientation/training of existing faculty members. Younger faculty at INCAE will have to take on the major responsibilities for integrating the new orientation into all of INCAE's programs. More senior faculty will need refresher course work and some retooling in order to be strong practitioners of the new approach. This component is designed to facilitate the institute's long-term faculty needs by making possible doctoral training at other (principally U.S.) universities for INCAE's future permanent faculty.

To meet the needs of the institution's new emphasis on export management, INCAE's Academic Policy Committee has determined that six junior faculty will need to be trained at the PhD level. Priority specialties will be international business and export management, information and control systems, production and productivity, international marketing and organization, small business and cooperative management, and economics and public policy.

d) Additions to the Physical Plant

When the feasibility study was conducted for the INCAE Campus in Costa Rica, financed by the INCAE expansion project, a total INCAE faculty of 42 was projected. It was

assumed, at the time, that half of this faculty would be based in Managua, Nicaragua and half in Alajuela, Costa Rica. Based on these assumptions, preliminary designs and construction drawings were made, and office facilities constructed which included very little additional space for growth. Owing to a dramatic increase in activities in Costa Rica and a concomitant decrease in activities at the Managua campus (by early 1985, 80% of the faculty was based in Costa Rica) this additional space was completely absorbed by the time the building was finished.

Because of these developments, all available office space is being used and there are no offices for new or visiting faculty (including faculty stationed in Managua but teaching in Costa Rican programs). Furthermore, there is a scarcity of study/break-out rooms where students can study individually or participate in small group learning activities. While the original project included the construction of six study rooms, the increase in residential programs and seminars at the Alajuela campus has caused a shortage of study rooms. This problem has been temporarily solved by adapting services building into temporary study rooms. This naturally reduces available warehouse space, and the new total of 14 study rooms is still inadequate when the Alajuela facility is being used at full capacity. The CATP program and INCAE participation in the Central American Peace Scholarships project will further exacerbate the current space shortage problems.

To ameliorate this problem, the project will fund the construction of a one-story expansion of Building No.2 (the faculty office building), using expansion plan blueprints which were made when the original building was constructed. This expansion will add approximately 200 square meters to the ground floor of Office Building No. 2. The additional space will be divided into five additional faculty offices, a secretarial area for two secretaries, and six student study rooms. The USAID/Costa Rica engineer has reviewed the plans for this construction as well as updated cost estimates which are included in Annex VIII.

e) Library Support

As the intellectual center of the institute, INCAE's library has traditionally won high praise from outside observers as well as those associated with the school. With the opening of the new campus in Costa Rica, INCAE received

support from A.I.D. to establish a basic core collection which would replicate that of the library at the Managua campus (transfer of books from the Managua library to the new library in Costa Rica has not been possible). However, given the demands for research support, INCAE's library must be constantly updated not only with the newest books in fields related with management, but also with statistical and professional periodicals and other sources of current data, including access to computerized data banks.

The library at the Costa Rica campus was built with a total capacity of approximately 25,000 volumes. Owing to the support received from USAID/Costa Rica, a core collection of nearly 10,000 volumes has been established. This core collection has been supplemented with additional purchases of more specialized resources financed under a library purchase line item in the Non-traditional Export Management component of the INCAE Expansion Project grant (596-0113).

Based on the experience of the Managua campus, it is necessary to acquire approximately 1,200 additional volumes annually (or volume equivalents in the form of periodical publications) in order to keep the library up to date with current research and other published literature. Using present average costs of approximately \$25.00 per volume, it is estimated that the cost of maintaining the library current will be approximately \$30,000 per year, or \$150,000 for the five year project life.

IV. COST ESTIMATES AND FINANCIAL PLAN

The cost of this five-year project is \$10.3 million, of which the ROCAP contribution will be \$6.8 million (66%). INCAE itself will contribute \$1.3 million (12.6%) and third parties (including participants, their sponsors and other donors) are expected to contribute an additional \$2.2 million (21.4%). Table 3 contains a summary budget by project component and funding source and Table 4 provides a summary by objects of expense and funding source. Detailed cost estimates are included in Annex VI.

AID project funds will cover personnel costs for INCAE faculty, visiting personnel, case writers and administrative personnel (for a detailed staffing pattern see Annex VII); a ROCAP liaison person, seminar expenses, scholarships, travel, per diem, construction costs, evaluation, contingencies and inflation. INCAE's counterpart contribution will consist primarily of faculty salaries and in kind expenses. Funds from other sources include participants or sponsoring agency fees paid for seminars or other donor resources obtained for support of project related activities.

Project funds are contemplated to cover both diminishing and recurring costs. Diminishing costs are those which may be thought of as "initial investment" costs and which will either not be required or will be directly offset by additional income by the end of the project. Recurring costs are those which will continue after the end of the project but which will be subsequently financed with INCAE general revenues provided in part by INCAE's endowment fund and in part by increased participant fees which will be possible as Central America moves out of the current state of economic crisis. In general, those cost items covering research expenses (including casewriter salaries) and scholarship aid to the various executive seminars or training programs diminish over the five-year life of the project, while full-time senior level faculty salaries, most secretarial support, library support and faculty training and renewal are recurring expenses to be absorbed by increased levels of general revenues after the end of the project.

TABLE 3

CONSOLIDATED BUDGET
U.S. DOLLARS

CONSOLIDATED COMPONENT
BUDGET

COMPONENT	SUB-COMPONENT	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTHERS	Total	ROCAP	OTHERS	Total												
I:MODEL EXPORT MANAGEMENT TRAINING PROGRAM																			
	I-A.Research,Case Development 'And Curricula Renovation	167933	42000	209933	200370	42000	242370	200370	42000	242370	186525	42000	228525	184395	42000	226395	939653	210000	1149653
	I-B.Scholarship For Seminars	135000	135000	270000	225000	225000	450000	135000	335000	470000	112500	327500	440000	112500	327500	440000	720000	1350000	2070000
	I-D.Student Summer Inter Program	32932		32932	32932		32932	32932		32932									
	SUBTOTAL	335865	177000	512865	458302	267000	725302	368302	377000	745302	332017	369500	701517	329827	369500	699327	1824313	1560000	3384313
II:SUPPORT FOR REGIONAL SCHOOLS OF BUSINESS 'ADMINISTRATION																			
	II-A.Central American Teachers 'Program	270000	47408	317408	216000	101408	317408	162000	155408	317408	72900	244508	317408	38880	279528	317408	759760	227260	1587040
	II-B.Consulting Assistance	79490	26078	105568	115710	26078	141788	50000	26078	76078									
	II-C.Scholarships Assistance for Faculty Training At Incae	162500	0	162500	97500	0	97500	97500	0	97500	97500	0	97500	45000	0	45000	500000	0	500000
	SUBTOTAL	511990	73486	585476	429210	127486	556696	369500	181486	490986	170400	244508	414908	83880	278528	362408	1504980	905494	2410474
III:CENTER FOR APPLIED ECONOMICS AND POLICY 'STUDIES																			
	III-A.Staff Support	66091	0	66091	110616	0	110616	110616	0	110616	109241	0	109241	88674	0	88674	485238	0	485238
	III-B.Intersectorial Policy 'Dialogue Seminars	25000	43234	68234	25000	43234	68234	25000	43234	68234	25000	43234	68234	12500	43234	55734	112500	216170	328670
	III-C.Policy Newsletter and 'Journal	21849		21849	51499		51499	51499	0	51499	51499	0	51499	51499	0	51499	227845	0	227845
	III-D.Sponsored Policy Research	43530		43530	43530	0	43530	43530	0	43530	43530	0	43530	25779	0	25779	199899	0	199899
	SUBTOTAL	156470	43234	199704	230645	43234	273879	230645	43234	273879	229270	43234	272504	178452	43234	221686	1025482	216170	1241652
IV:GENERAL INSTITUTIONAL SUPPORT																			
	IV-A.Library Support	32000		32000	32000		32000	32000		32000	32000		32000	32000		32000	150000	0	160000
	IV-B.Construction	100000		100000			0			0			0			0	100000	0	100000
	IV-C.Low Income Student 'Scholarships	162500		162500	97500		97500	97500		97500	97500		97500	45000		45000	500000	0	500000
	IV-D.Faculty Training	162498	142500	304998	56249	96300	152549	6249	6300	12549	9900	9900	19800				0	234896	255000
	IV-E.Rocap Liason	18221		18221	30976		30976	30976		30976			0			0	80173	0	80173
	IV-F.Strengthening Econ Prog	69859		69859	127897	75000	202897	112872	150000	262872	112923	150000	262923	54295	150000	204295	477845	525000	1002845
	SUBTOTAL	545077	142500	687577	344622	171300	515922	279597	156300	435897	252323	159900	412223	131295	150000	281295	1552914	780000	2332914
EVALUATION																			
	INFLATION			0	15000		15000	75000		75000	0		0	120000		120000	210000	0	210000
	CONTINGENCY	0		0	58511		58511	96944		96944	122867		122867	122895		122895	401208	0	401208
	SUBTOTAL	0	0	0	167858	0	167858	248572	0	248572	186335	0	186335	289547	0	289547	892311	0	892311
TOTAL		1549402	436220	1985622	1630637	609020	2239657	1436616	758020	2194636	1170345	817142	1987487	1013001	841262	1854263	2000000	3461664	10261664

TABLE 4

CONSOLIDATED BUDGET
U. S. DOLLARS

I: MODEL EXPORT MANAGEMENT TRAINING PROGRAM.
II: SUPPORT REGIONAL SCHOOLS OF BUSINESS ADMINISTRATION.
III: CENTER FOR APPLIED ECONOMICS AND POLICY STUDIES.
IV: INSTITUTIONAL SUPPORT
EVALUATION, INFLATION AND CONTINGENCY

CATEGORY	LINE ITEM	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTHERS	TOTAL	ROCAP	OTHERS	TOTAL												
11. SALARIES + WAGES																			
	1. FACULTY	221750	122000	343750	380250	122000	502250	370250	122000	492250	359000	107000	466000	290500	107000	397500	1521750	580000	2201750
	2. ADMIN. PERSONNEL	34900	22100	57000	55500	22100	77600	55500	22100	77600	30500	12400	42900	25100	12400	37500	201500	91100	292600
	SUB-TOTAL	256650	144100	400750	435750	144100	579850	425750	144100	569850	389500	119400	508900	315600	119400	435000	1823250	671100	2494350
12. ADMIN. SERVICES																			
	1. FEES, VISITING PROFESSI	48800	0	48800	40800	0	40800	34000	0	34000	34000	0	34000	18000	0	18000	175600	0	175600
	2. INTERP. + TRANSL.	3823	0	3823	3823	0	3823	1073	0	1073	1073	0	1073	1073	0	1073	10863	0	10863
	SUB-TOTAL	52623	0	52623	44623	0	44623	35073	0	35073	35073	0	35073	19073	0	19073	186463	0	186463
13. SUPPLIES + SERVICES																			
	1. SUPPLIES	12810	3750	16560	18950	3750	22600	12350	3750	22100	17850	2750	20610	13610	2750	16360	81480	16750	98230
	2. REPRODUCTION	53	0	53	24533	0	24533	24533	0	24533	24533	0	24533	24533	0	24533	98183	0	98183
	3. PHOTOCOPIES	5297	1665	6962	7754	1665	9419	7565	1665	9230	7201	1287	8488	5605	1287	6892	33423	7567	40990
	4. CAFETERIA	850	0	850	920	0	920	570	0	570	670	0	670	370	0	370	3480	0	3480
	5. HOUSING	2025	0	2025	2445	0	2445	2220	0	2220	2220	0	2220	1320	0	1320	10230	0	10230
	6. BOOKS, MAGAZ., SUSCRIPT.	33285	180	33465	33285	180	33465	33285	180	33465	33285	180	33465	33285	180	33465	166425	900	167325
	SUBTOTAL	54320	5595	59915	87787	5595	93382	86623	5595	92218	85768	4217	89985	78723	4217	82939	393221	25217	418438
14. TRANSP. + COMMUNICATIONS																			
	1. TICKETS	34900	4760	39660	36280	4760	41040	28900	4760	33660	23520	4760	28280	22330	4760	27090	145930	23800	169730
	2. PER DIEM + TRAVEL EXP.	33665	4080	37745	35290	4080	39370	32740	4080	36820	29140	4080	33220	28140	4080	32220	158975	20400	179375
	3. TRANSFERS	34500	0	34500	0	0	0	0	0	0	0	0	0	0	0	0	34500	0	34500
	4. TELEX + MAIL	499	54	553	4234	54	4288	4209	54	4263	4209	54	4263	4209	54	4263	17360	269	17629
	5. TELEPHONE	1249	132	1381	1184	132	1315	1118	132	1249	1118	132	1249	1118	132	1249	5787	658	6444
	SUBTOTAL	104814	9025	113839	76988	9025	86013	66967	9025	75992	57987	9025	67012	55797	9025	64822	362552	45126	407678
15. PUBLIC RELATIONS																			
	1. PUBLICITY MATERIALS.	13497	0	13497	382	0	382	382	0	382	382	0	382	382	0	382	15024	0	15024
16. EQUIPMENT + CAPITAL																			
	1. EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17. SCHOLARSHIPS																			
	1. SEMINARS	480000	135000	615000	566000	354000	920000	372000	593000	965000	210400	674600	885000	163880	708620	872500	1792280	2465220	4257500
	2. MASTER PROGRAM	325000	0	325000	195000	0	195000	195000	0	195000	195000	0	195000	90000	0	90000	1000000	0	1000000
	3. FACULTY	162498	142500	304998	56249	96300	152549	6249	6300	12549	9900	9900	19800	0	0	0	234896	255000	489896
	SUBTOTAL	967498	277500	1244998	817249	450300	1267549	573249	599300	1172549	415300	684500	1099800	253880	708620	962500	3027176	2720220	5747396
18. CONSTRUCTION																			
	1. CONSTRUCTION	100000	0	100000	0	0	0	0	0	0	0	0	0	0	0	0	100000	0	100000
19. EVALUATION																			
	1. EVALUATION	0	0	0	15000	0	15000	75000	0	75000	0	0	0	120000	0	120000	210000	0	210000
10. INFLATION																			
	1. INFLATION	0	0	0	58511	0	58511	98944	0	98944	122868	0	122868	122868	0	122868	401209	0	401209
11. CONTINGENCIES																			
	1. CONTINGENCIES	0	0	0	94347	0	94347	76627	0	76627	63469	0	63469	46662	0	46662	281105	0	281105
TOTAL		1549401	436220	1985621	1630636	609020	2239656	1436614	258020	2194634	1170347	817142	1987489	1013002	841262	1854264	800000	3461664	10261664

V. PROJECT ANALYSES

A. Technical Analysis

INCAE Expansion Project (596-0113) - Lessons Learned

In August of 1982, AID approved a \$3.5 million (later increased to \$4.0 million) grant to INCAE for the purpose of constructing a new campus in Costa Rica and for creating new Private Sector Organization and Non-traditional Export Management Programs. The Non-Traditional Export Management Program included funds to support research and case development on the subject of non-traditional exports. It also provided funding for a series of executive management seminars to promote non-traditional exports. Thus, this project provided INCAE with a unique opportunity to study, at close range, many of the successful (and unsuccessful) non-traditional export ventures undertaken in the region during the period 1980 to 1985.

After an initial diagnostic stage, INCAE's Export Management Program developed a series of working hypotheses concerning barriers to non-traditional export growth and began to develop a series of case studies of Central American firms engaged in non-traditional export operations. In addition to the dozens of firms singled out for cursory examination, there were highly detailed microeconomic case studies prepared on 25 individual firms. The case studies, together with the conceptual framework (developed as a result of the initial diagnostic work and further refined during the case writing process), were then used as the basis for a series of export management seminars held throughout Central America between October of 1983 and June of 1985. The focus of these export management seminars was export strategy. The objective, to develop a consciousness on the part of current or potential exporters as to the nature of the extra-regional, non-traditional export market. Many firms had little if any idea of the differences between serving regional and extra-regional markets and even less of an understanding of the requirements for success in overseas markets.

The INCAE research indicated that successful export ventures almost always exhibited:

- a. a corporate strategy to serve export markets which was based on a clearly defined competitive advantage; and

- b. an administrative capability to successfully implement a chosen competitive strategy.^{4/}

Unsuccessful export ventures almost always lacked these characteristics.

The INCAE research found that the concepts of comparative advantage, industry structure analysis, and competitive strategy were useful in understanding both export successes and failures. Ventures were generally successful if they were able to identify and successfully exploit an area of comparative advantage, either in the form of lower production costs or in the ability to produce a highly differentiated product. Unfortunately, many ventures failed on both counts. They did not service existing markets at competitive prices nor did they effectively differentiate their products so as to avoid competition with lower cost producers. The INCAE research concluded that export failures could generally be attributed to one or more of the following problems:

- 1) Management Problems Internal to the Firm:

- a) The lack of a clearly defined export strategy: Overwhelmed by the magnitude of the apparent demand and accustomed to a protected seller's market, exporters frequently failed to develop a clear or coherent strategy to introduce their products into foreign markets. Product design and quality standards, packaging, delivery, and service attributes were not designed with regard

^{4/} The concept of competitive strategy is generally associated with Harvard Business School Professor Michael E. Porter's Competitive Strategy: Techniques for Analyzing Industries and Competitors (New York, 1980), and Competitive Advantage: Creating and Sustaining Superior Performance (New York, 1985). In the former work, Porter describes competitive strategy as "taking offensive or defensive actions to create a defensible position in an industry, to cope successfully with the five competitive forces and thereby yield a superior return on investment for the firm." Applied to the management of non-traditional exports by the faculty of INCAE's Export Management Program, the concept of competitive strategy is especially useful in understanding and choosing between the various business alternatives available to an exporter entering a new market.

to market requirements, and costs were not held to competitive levels. Commonly, it was assumed that prices would "automatically" be competitive since labor costs were low and/or based on marginal costs.

- b) The Lack of Technical and Administrative Capability to Implement a Competitive Strategy: To be successful, a competitive strategy must be effectively implemented. The exporter must be able to meet market requirements at a price which is lower than the competition, or marketing and distribution resources must be combined with product design and engineering abilities so as to effectively differentiate the product. Uncompetitive costs or low productivity will cause a price strategy to fail. Likewise, poor product design or marketing will cause a product differentiation strategy to fail. And below standard quality and delivery performance will cause any strategy to fail. In the CA/P region, standards governing productivity, costs, product design, marketing, quality, and delivery performance have traditionally been set within a protected (and therefore undemanding) market. INCAE's research found that the acceptance of these same standards while trying to implement a competitive export strategy frequently led to failure.
- c) Inappropriate Use of Market Knowledge: A clear understanding of the market is obviously required for any successful export venture. What is not so obvious, however, is how such an understanding should be used. The INCAE research discovered that many exporters considered market information as necessary only at the stage of locating buyers for the goods which the firm already produced. Seldom if ever, however, was market information considered critical as an input at the design stage of a competitive strategy.

Actually, the INCAE research found little evidence to indicate that difficulty in establishing market contacts constituted a major barrier in the implementation of a well-designed strategy. Rather, it found that products failed to enjoy success in export markets because they were not competitive, not because exporters were unable to locate buyers for otherwise competitive product.^{5/}

Successful export operations, on the other hand, incorporated market knowledge in the design and implementation of their competitive strategies, and were therefore more successful in locating buyers.^{6/}

Owing to the very significant differences between the protected local or regional markets and the competitive world market in all aspects affecting enterprise management, attempts to simply "market" local goods to foreign buyers were generally unsuccessful (even, and perhaps especially when local goods were sold as excess production and prices were based on variable costs). What is needed, according to the INCAE findings, is an ability on the part of local firms to compete by the rules of the world market. In order to do so, all aspects of export-oriented enterprise management need to be improved and made competitive, while the function of marketing itself must be modified from one emphasizing sales to one emphasizing the use of market information in the design of a competitive strategy.

2) The Policy Environment

The most frequent explanation for low export growth offered by Central American businessmen is that national governments continue to maintain policies which are biased in favor of import substitution and against non-traditional exports.

^{5/} See, for example, the following INCAE case studies developed as part of the Export Management Program: Banex Trading, INTRACO, Fruta del Sol, Tavilla Marketing, or Inversiones G.M.

^{6/} The following INCAE case studies describe examples of the incorporation of market information into a successful competitive export strategy: Atlas Eléctrica, Corlasa, Paco, Bon Appetit, General Hybrid, CEMSA and Verduras del Pacífico.

The INCAE research found that potential export ventures were often aborted before any attempt was made at implementation because of an unfavorable policy environment. Such policies included overvalued exchange rates, multiple tier exchange rates (and especially higher rates for importing supplies than for converting back export earnings to local currency), taxes on exports, high internal inflation, import tariffs on raw materials or intermediate goods, and price distortions in the local market.

In other cases, the competitiveness of exporters was seen to deteriorate owing to changes in the economic or political environment. This made products lose their cost advantage even though, from a strictly technical standpoint, resources were being used efficiently. Likewise, uncertain political environments and "emergency" tax increases were also faulted for driving previously competitive producers out of the market.^{7/}

Considerable progress has been made in the area of economic policy reform in some countries - most notably in Costa Rica. For example, the relative success in non-traditional export growth experienced by Costa Rica, as shown in Figure II-1, may be associated with exchange rate and other policies in that country which have not been echoed elsewhere. Unfortunately, other countries have failed to make similar progress and often appear to have economic policies working at cross purposes with their stated intentions to promote non-traditional exports. At least one CACM country maintains at this writing a two tiered exchange rate and an export tax, both of which seriously undermine possible export incentives. Another Central American country continues to maintain what many economists consider to be an overvalued exchange rate for its currency.

^{7/} One firm in El Salvador which was the subject of an INCAE case study reported having to spend considerable time and effort to convince its customers that it was still in business and able to take orders for future delivery after a period of political violence.

Attempts to encourage governments to update their export related policies have been one of the prime areas of activity of various private sector voluntary associations, which have, in turn, received funding from AID. Local AID Missions have also been active in providing technical assistance to governments in the design of policy changes intended to promote non-traditional exports. At a more macro level, AID, as well as the World Bank and the International Monetary Fund, have all been active in encouraging Central American countries to adopt economic policies which would have the effect of making non-traditional exports more profitable to local producers. Still, much remains to be done in this critically important policy area.

In July 1985 outside consultants were contracted by ROCAP to evaluate all aspects of the INCAE Expansion Project. The final report indicated that the project had been successful in meeting or exceeding its specific objectives, and reported that former seminar participants had commented quite favorably on the export management seminars undertaken as part of the project. In findings which reflect the thinking of INCAE's Export Management Program staff as well, it was suggested that future seminars be less oriented towards strategy design alone, and include more material on the implementation of export strategy. It was also suggested that increased emphasis be placed on international marketing and export industry analysis. Finally, it was discovered that because of the newness of the subject of Export Management, as well as perhaps the general effects of recessionary economic conditions, the majority of the seminar participants would not have been able or willing to attend in the absence of the seminar subsidies provided to seminar participants by both ROCAP and by local institutions.

B. Institutional Analysis

INCAE is in a unique position to participate in the upgrading of business education in the region both by renewing its own management curriculum and by aiding other business schools to upgrade and reorient their own programs of management education. Finally, as a byproduct of its own curriculum renewal, INCAE will also be in a unique position to provide executive training programs which will be of immediate benefit to the region's managers as they strive to move into non-traditional export markets.

Owing in part to its regional character, INCAE is also in a unique position to play a leadership role in the modification of the public policy environment as it affects non-traditional exports, by carrying out public policy analysis and by hosting policy dialogue events which will bring together representatives from different sectors to discuss policy issues as they relate to export promotion.

INCAE's History and Regional Role

INCAE was founded in 1964 by the Central America business community, AID, and the Harvard Business School, as a private, non-profit, regional graduate school of business administration. At the time of its founding, Central America was in the process of fortifying its recently established common market, and INCAE (as well as other regional institutions such as CABEI, SIECA, INCAP, etc.) was seen as an important element in fortifying the common market. Indeed, the import substitution process within the framework of the common market called for the establishment of many new, indigenous manufacturing enterprises from outside the region, and a new cadre of Central American managers was needed to manage these new local enterprises. INCAE was envisioned to be the principal provider of the new managerial talent through its MBA and executive seminar programs. Emphasis was placed on management skills relevant to import substitution industries and to the development of markets for Central American goods produced within the framework of the CACM. Little attention was placed on either non-traditional exports or on the need to become competitive.

As INCAE expanded its activities throughout Central America, it continued to offer basic management training programs and seminars to local businesses, but also began to draw on its expertise in the area of business management training to provide training services to other sectors which

were not normally exposed to the basic concepts of business administration. INCAE embarked on programs in the areas of agribusiness management, management of development banking institutions, public sector management, management of rural development programs, management of cooperatives, management of energy resources, and management of small and medium sized businesses. In all cases, the new programs drew upon the basic concepts of business administration and adapted them to the needs of the specific sector in question. This thrust in expanding the scope to those sectors of society generally ignored by management training programs, was both unique and highly successful. INCAE acquired a reputation quite outside the confines of Central America as a highly innovative school of management which had successfully applied concepts of business administration to such diverse areas as the administration of family planning programs or the strategic management of agricultural sector development.

Through the years, the basic managerial concepts remained largely unchanged, focussing on the needs of managers in the import substitution industries. Courses emphasized market expansion rather than international competition; adaptation of imported technology to the needs of local consumers rather than the need to comply with exacting international standards at competitive prices; and investment analysis rather than cost control. In short, the early management concepts, established within INCAE's curriculum during the heyday of the Central American Common Market, served as important take-off points for applying management to non-business activities. But the basic management concepts did not evolve as the regional market lost its attractiveness and managers began to turn towards extra-regional markets.

The Export Management Program component of the INCAE Expansion Project (596-0113) gave INCAE an early opportunity to begin to reverse this trend and to introduce more export oriented materials into its curriculum. While modest in scope, the research activities carried out as part of this component provided INCAE with the beginnings of a revised conceptual framework for the teaching of management in Central America -- one which places primary emphasis on the need to become competitive in international markets as a prerequisite for outward oriented economic growth. Now, INCAE itself must follow the council given to local industries and become more export oriented. In operational terms, this means that INCAE must continue with curriculum renewal in which large numbers of new cases and other teaching materials which embody export orientation are developed and incorporated into all areas of

the MBA curriculum. At the same time, shifts in focus must be made so as to place greater emphasis on international marketing, quality and cost control, productivity management, and other areas which will help the future managers trained at INCAE to compete more successfully in third country markets.

In the area of policy analysis, one recent development at INCAE was the initiation of a series of intersectoral dialogue seminars which helped private and public sector leaders in the various countries get together to discuss major policy issues affecting the economic environment. These policy seminars have been so successful that in at least two instances, heads of state have specifically requested that INCAE prepare and conduct such events on a continuing basis in their respective countries. In the case of Costa Rica, President Luis Alberto Monge personally attended the seminar both in 1984 and 1985, and instructed his entire economic cabinet to do likewise. These policy seminars were largely the product of the economic crisis being experienced by Central America and were conducted on an ad hoc basis in the absence of any significant and continuing capacity to provide supporting policy analysis. Nevertheless, INCAE has demonstrated a unique ability to serve as an impartial and respected catalyst for such dialogue at both the national and regional level. This demonstrated capacity must be institutionalized and combined with a capacity for ongoing policy analysis so as to insure maximum benefit from such opportunities for intersectoral dialogue.

C. Economic Analysis

Much of the output of the four project components is too diffuse in economic terms to be the subject of a conventional economic analysis. Consequently, an illustrative economic analysis will be built around two activities whose output streams can be quantified in economic terms. By subjecting these two activities to an internal rate of return analysis, it will be possible to generalize with respect to the economic viability of the project as a whole.

The Scholarship Program for the Masters in Business Administration lends itself to a conventional economic analysis in which it will be determined if the social rate of return to the program compares favorably with the opportunity cost of capital in the CA/P region. It has been assumed that in the absence of this program none of the students would seek the advanced degree. Under this assumption the benefit stream is the value of the increase in their life time income made possible by this masters degree. The cost stream would be the opportunity cost of the two years spent in the program plus the cost of the program itself.

Table 7 presents the net real flows for this activity. The productive life of the average graduate is assumed to be 30 years. The net flow is the differential income less the opportunity cost and less the cost of the program. Tables 5 and 6, along with the footnotes in table 7, describe the calculations that were performed.

An internal rate of return was calculated on the net flow column in Table 7 and the result was 9.1%. A sensitivity analysis was also performed on the data in Table 7. The estimates on the economic costs of the program were crude and were made by INCAE based on some partial financial data. In a sensitivity run these costs were increased by 50% resulting in an IRR of 6.1%. Assuming that the income differential stream was understated, this series was increased by 10% in a subsequent sensitivity analysis resulting in an IRR of 9.8%. These numbers are not comforting considering that the opportunity cost of capital in the Central American region has been estimated to be between 12% and 15%.

But it can be argued first, that the rates of return to higher education projects are usually low and second, that the externalities, or the unquantifiable benefits, such as the graduates' contribution to a set of more economically rational national policies, could well raise the social rate of return to

TABLE 5
REAL INCOME DIFFERENTIAL

YEAR	ANNUAL INCOME		
	BEFORE INCAE	AFTER INCAE	CHANGE IN INCOME
		(U.S. DOLLARS)	
0	440	-	-
1	440	-	-
2	440	935	495
3	440	935	495
4	505	1235	730
5	505	1235	730
6	505	1235	730
7	505	1630	1125
8	580	1630	1050
9	580	1630	1050
10	580	1630	1050
11	580	1630	1050
12	670	2150	1480
13	670	2150	1480
14	670	2150	1480
15	670	2150	1480
16	770	2838	2068
17	770	2838	2068
18	770	2838	2068
19	770	2838	2068
20	885	3745	2860
21	885	3745	2860
22	885	3745	2860
23	885	3745	2860
24	1015 ^{1/}	4950	3935
25	1015	4950	3935
26	1015	4950	3935
27	1015	4950	3935
28	1015	6540	5525
29	1015	6540	5525
30	1015	6540	5525

^{1/} The stagnant growth in real income between year 20 and year 30 reflects periods of unemployment that the less educated person would experience.

Source: INCAE developed these series based on interviews with the public and private sectors. The "steps" have been built in to reflect periods of unemployment and stagnant real wages.

TABLE 6
MASTER IN BUSINESS AND ECONOMICS
COST SAVING AMONG ALTERNATIVE INSTITUTIONS
(U.S. DOLLARS)

Harvard	22,000
University of Miami	17,500
University of Mexico	<u>12,000</u>
Average	17,167
INCAE	9,700
Savings	7,467

TABLE 7
 SCHOLARSHIPS IN BUSINESS ADMINISTRATION
 PROJECT REAL CASH FLOW
 (U.S. DOLLARS)

<u>YEAR</u>	<u>BENEFITS</u> ^{1/}	<u>SAVINGS</u> ^{2/}	<u>OPPORTUNITY</u> ^{3/} <u>COST</u>	<u>NET FLOWS</u>
0	-	6400	440	- 6840
1	-	6400	440	- 6840
2	495	-	-	495
3	495	-	-	495
4	730	-	-	730
5	730	-	-	730
6	730	-	-	730
7	1125	-	-	1125
8	1050	-	-	1050
9	1050	-	-	1050
10	1050	-	-	1050
11	1050	-	-	1050
12	1480	-	-	1480
13	1480	-	-	1480
14	1480	-	-	1480
15	1480	-	-	1480
16	2068	-	-	2068
17	2068	-	-	2068
18	2068	-	-	2068
19	2068	-	-	2068
20	2068	-	-	2068
21	2068	-	-	2068
22	2068	-	-	2068
23	2068	-	-	2068
24	3935	-	-	3935
25	3935	-	-	3935
26	3935	-	-	3935
27	3935	-	-	3935
28	5525	-	-	5525
29	5525	-	-	5525
30	5525	-	-	5525

IRR = 9.11

^{1/} See change in income column of Table 5.

^{2/} Estimated by INCAE.

^{3/} Based on a salary survey by INCAE.

the range of 12% to 15%. It can also be argued that this activity will have a distributive impact on society. Members of lower income groups will have the opportunity to increase their share of society's human capital and, consequently, raise their incomes. The benefits accruing to society from this structural change, i.e., a larger middle class, are difficult to calculate, but most certainly are substantial.

The Masters program in Business and Economics is the other activity selected for a conventional economic analysis even though a decision regarding the funding of this discrete degree program will not be made until the end of year two of the project.

The students graduated by the Masters program during the life of project can be classified into two groups: those that have already decided to seek an advanced degree and who switch to the INCAE program rather than go abroad; and those that decide to pursue a graduate education based solely on the appearance of the new degree program at INCAE. The stream of net benefits accruing to society is different for each group. For the former group, it would be the value of the addition to their life time income stream made possible by the additional education, less the value of the opportunity cost of the two years spent in the program, and less the cost of the program itself. For the latter group, since they have already decided to seek a higher education and would experience the added income and opportunity cost whether INCAE exists or not, the benefit stream will simply be the cost differential between INCAE and the probable cost of their alternative graduate education.

Table 8 presents the real cash flow over the productive life of a composite graduate in business and economics. It is assumed that the average graduate will work in the field for 30 years. The term "composite" is used for it describes a blend of the two groups of students discussed above. In other words, it is assumed that 70% of the composite student will experience the income differential, the opportunity cost, and the cost of INCAE program, while 30% will experience only the cost differential (savings) between INCAE and the alternative. Tables 5 and 6 along with the footnotes in Table 8 describe the calculations that were performed.

The IRR calculated on the net flows in Table 8 was 10.83%. A sensitivity analysis included, as before, a 50% increase in INCAE cost and a 10% increase in the income differential. In the former case, the IRR fell to 6.86% and in the latter case,

TABLE 3

MASTERS IN BUSINESS AND ECONOMICS
PROJECT CASH FLOW
(U.S. DOLLARS)

<u>YEAR</u>	<u>BENEFITS</u> 1/	+ <u>SAVINGS</u> 2/	- <u>OPPORTUNITY</u> 3/ <u>COST</u>	- <u>INCAE COST</u> 4/	= <u>NET FLOW</u>
0	-	2240	308	5740	- 3808
1	-	2240	308	5740	- 3808
2	347	-	-	-	347
3	347	-	-	-	347
4	511	-	-	-	511
5	511	-	-	-	511
6	511	-	-	-	511
7	788	-	-	-	788
8	735	-	-	-	735
9	735	-	-	-	735
10	735	-	-	-	735
11	735	-	-	-	735
12	1036	-	-	-	1036
13	1036	-	-	-	1036
14	1036	-	-	-	1036
15	1036	-	-	-	1036
16	1448	-	-	-	1448
17	1448	-	-	-	1448
18	1448	-	-	-	1448
19	1448	-	-	-	1448
20	2002	-	-	-	2002
21	2002	-	-	-	2002
22	2002	-	-	-	2002
23	2002	-	-	-	2002
24	2755	-	-	-	2755
25	2755	-	-	-	2755
26	2755	-	-	-	2755
27	2755	-	-	-	2755
28	3868	-	-	-	3868
29	3868	-	-	-	3868
30	3868	-	-	-	3868

IRR = 10.83

1/ The change in income column from Table 5 multiplied by .70.

2/ The average cost of a similar program among Harvard, University of Miami and University of Mexico would be US\$ 17,166. From this is subtracted the cost of the INCAE program (US\$ 7,700) and the result (US\$7467) is multiplied by .3 (see Table 5).

3/ $440 (.70) = 308$. Based on a salary survey by INCAE, the typical student would suffer an opportunity cost, or foreign salary of US\$440 during the stay at INCAE

4/ $8200 (.70) = US\$5,740$. INCAE estimates that the economic value of resources used in the education of a graduate in business and economics is US\$ 8,200.

the IRR rose to 11.58%. Considering the data, in particular the manner in which it was derived, a substantial understatement of costs is more likely than an understatement of earnings and if so, this activity, even considering externalities, may experience a social rate of return which would tend to classify it as marginal with respect to its economic viability.

The economic analysis focused on only two activities among the many activities included in the four components of this project. If the benefits of the other activities could be quantified and measured against their costs, the average rate of return on the entire project would be quite high in spite of what appears to be a low rate of return on the Masters program in Business and Economics. In particular, activities of the Export Management Training Program will help to open extraregional markets and increase the productivity of firms in the CA/P region's non-traditional export sector. The returns to such activities can be substantial.

D. Financial Analysis

1. Introduction

Since its foundation in 1964, INCAE has been largely supported by tuition fees, donations from the private sector, and grants and loans from international agencies.

In the early 1970's, INCAE's staff prepared a long-term plan for service expansion and financial self-sufficiency. In order to meet the needs of Central American managers, INCAE proposed to increase the size of its masters level class and expand its executive and special programs. As part of this long-term plan, in 1972 AID lent INCAE \$3.9 million to enlarge its physical facilities, establish a student loan fund, and to underwrite the cost of developing new educational programs. In 1976-77, the growth strategy began to show positive results. Enrollments and offering in all areas went up and the institution's operating deficit was significantly reduced.

An extensive evaluation of INCAE conducted by Dr. Alan B. Coleman with ROCAP funding in 1976 found, however, that INCAE's future financial viability was doubtful due to a number of factors, principal of which were the following:

- a. INCAE's multinational structure was expensive to maintain.
- b. Its method of instruction, with emphasis on case writing and teaching was the most costly pedagogy in management education.
- c. Its professors were highly paid by local standards, their academic load was not excessive, their rate of turnover was high, and their numbers were excessive.
- d. Students lived in residence at Managua, thereby requiring high maintenance expenditures for room and board. In addition, a very high percentage of the students took out loans to cover tuition costs and the delinquency rates on these loans were high.

- e. INCAE was not operating with efficient economies of scale. It was serving many small markets and maintaining facilities that were underused in terms of their ability to generate income.
- f. Finally, INCAE had existed for many years with operational deficits. Revenues almost never matched expenses and yearly sustentation campaigns were costly and inadequate. Moreover, without any significant long-term endowment, the School had little prospect of designing a financial strategy that could lead to economic self-sufficiency in the foreseeable future.

In the intervening nine years since the Coleman evaluation, INCAE has undergone some rather dramatic changes. Many of these changes were mandated responses to shocks in the environment of INCAE -- for example, the economic crisis of the 1980's, the change of government in Nicaragua and the virtual collapse of the Central American Common Market and its model of inward-looking economic development.

Beginning in the period 1979-1980, INCAE reviewed its situation and initiated a process of strategic planning and development that would cause the institution to rethink and refine its goals. Some of this involved the implementation of the recommendations contained in the Coleman Report, while other changes virtually turned what this report mentioned as a weakness -- multinationality, for example -- into a strength. As such, the INCAE of 1985 has preserved its traditional qualities of academic excellence and found a means to finance them over the long term. One can never predict with any sense of accuracy what might prevail in the future, but, whereas the Coleman snapshot found INCAE on the brink of financial troubles, a ROCAP-funded evaluation conducted in 1985 finds an institution whose short-term and long-term financial viability is on a different path. The reasons for this are as follows:

- a. INCAE has opened its second headquarters in San José, Costa Rica, and the financial arrangements for this addition are well manageable in the future. In this sense, its multinational flexibility may have been a significant key to surviving the shocks mentioned above.
- b. The pattern of operating deficits has been broken and conservative predictions for the next five years show the emergence of small but significant surpluses.

- c. A campaign was begun to raise an endowment of sufficient size to create a permanent base of long-term financial viability that has simply never been a reality at INCAE. The immediate goal of this campaign is to raise an endowment of at least \$5.0 million by 1987, and audited calculations by the evaluation team show that INCAE is well ahead of schedule.
- d. The School has redesigned its strategy for the future such that it has become a more active institution in the managing of economic change in Central America and Panama. Its programs are more diverse, they are reaching different markets, and they are creating new demands for INCAE activities. As such, the School has begun to face the issues of economies of scale mentioned in the Coleman Report.
- e. Through some rather creative financial arrangements with bilateral AID Mission and the government of Costa Rica, INCAE has reduced its delinquency rates in the student loan accounts and turned part of its residential housing into an income-generating function.
- f. Its faculty members are still highly paid and its case method of instruction continues to be very resource-intensive in nature. However, through the attraction of foundation support and through the creation of a new center of activities (such as the Center for Applied Economics and Policy Studies), the School is creating a base of revenue which should allow it to maintain the necessary expenses associated with these items.

2. INCAE's Long-Term Financial Viability

INCAE's own 1980-85 management plan, combined with the development of a new endowment fund established in 1982 by a group of Central American businessmen and supported by a USAID/Costa Rica challenge grant as well as U.S. fund raising activities, has produced a viable financial structure with operating budget surpluses during three of the last four years. Under the challenge grant, INCAE committed itself to raise \$1.0 million from U.S. and local business organizations and other private donors over a three year period. As of October 30, 1985, \$812,000 had been raised in just over two

years, and INCAE expects to meet the challenge grant condition well ahead of the 3 year limit. INCAE currently budgets approximately \$300,000 annually in fund raising income, mainly from private Central American resources, and expects to continue to raise this amount in its annual giving program after meeting the challenge grant condition in 1986. The current balance of the endowment fund is more than \$3.4 million dollars and is expected to grow to \$5.0 million by 1987. INCAE's student loan fund which had rates of student non-repayment of more than 50% has been stabilized. Late payment rates have been reduced to under 30% (comparable with U.S. standards) and the fund lends roughly what it collects in loan repayments every year (about \$200,000). The current financial situation is stable and highly positive.

A review of INCAE's financial position for the accounting period which ended in August 1985 indicates that the institution's budget is balanced (as shown below).

INCAE FUNDS

(U.S. Dollars 000 converted into August 31, 1985 Budget Exchange Rates)

Income	\$ 8,281.11	100%
Expenses	8,123.84	98%
Contribution to Operation Fund	157.27	2%

Financial statements already audited were not included since they were converted into dollars by way of official exchange rates, which do not represent the economic reality of some countries, thereby distorting the figures. However, from 1985 on, INCAE has and will continue to issue financial statements that represent official market rates of exchange and adhere to standard principles of accounting.

To judge from INCAE's future financial viability, the 1985/86 operating budget was projected to 1989/90 under three economic scenarios (pessimistic, probable and optimistic) in which different assumptions were used concerning local currency devaluations, and cost and price inflation rates; and under two alternative INCAE strategies: (a) maintaining two campuses and its current structure, and (b) closing its Nicaragua campus with continued debt repayment to AID. Strategy (b) assumes that the Nicaragua campus would close in 1986/87 and incur a total closing expense of \$200,000.

The operating budget which was projected assumes an activity level equal to that of 1986/87 and includes a \$300,000 contingency reserve fund.

Tables 9 through 11 present the results of the financial projections. The three economic scenarios are presented in table 9, and include different assumptions concerning exchange rates, INCAE price (income) increases, and INCAE's cost (expense) increases with regard to the previous year for each of INCAE's seven operating currencies.

Tables 10 and 11 present the financial projections for each alternative INCAE strategy under each of the three economic scenarios. Table 10 (INCAE consolidado) presents the projected results of INCAE's current two-campus strategy. Under the most optimistic economic scenario, a contribution to INCAE's operating fund (working capital) of between \$80,000 and \$130,000 per year is generated after a transfer of between \$172,000 to \$229,000 to INCAE's endowment fund. Since an additional \$300,000 in operating budget contingencies can be used to augment working capital or transfer to the endowment fund, the institution remains very strong in financial terms. As table 11 demonstrates, should INCAE choose to close its Nicaragua campus, the optimistic scenario would be even more favorable after absorbing the initial closing expenses during 1986/87.

Using the probable scenarios, which include more severe rates of devaluation and inflation, INCAE still maintains budget surpluses of between \$16,000 and \$30,000 after transferring from \$16,000 to \$48,000 to its endowment fund. Again, the budgeted \$300,000 in contingencies would be available to further augment working capital or transfer to the endowment fund each year. Were INCAE to close its Nicaragua campus (table 11), a budgeted deficit of \$158,000 during 1986/87 would be covered by the \$300,000 contingency reserve with the balance (\$142,000) available either to augment working capital or to transfer to the endowment fund. During the following years, operating surpluses of between \$20 and \$30 thousand would be available after transfers of \$73 to \$92 thousand to the endowment fund. The budgeted \$300,000 contingencies would continue to provide an additional contribution to working capital or endowment.

Finally, under the pessimistic scenarios, budgeted deficits would be covered with the contingency reserve with the remaining balance available either to augment working capital

TABLE 9

PAISES
 PANAMA, OTROS
 NICARAGUA
 GUATEMALA
 EL SALVADOR
 COSTA RICA
 HONDURAS
 ECUADOR

SUPUESTOS

TASAS DE CONVERSION

MONEDAS	86/87	87/88	88/89	89/90
US\$	1.00	1.00	1.00	1.00
C.\$	2000.00	2500.00	2500.00	3500.00
Q.	6.00	6.50	7.00	7.50
C.S	5.50	6.30	6.80	6.80
C.T	64.00	73.00	73.00	73.00
L.PS	4.00	4.50	5.00	5.00
SUCRES	160.00	190.00	210.00	230.00

F1= INCREMENTO INGRESOS

MONEDAS	86/87	87/88	88/89	89/90
US\$	1.00	1.00	1.00	1.00
C.\$	1.12	1.15	1.15	1.15
Q.	1.08	1.08	1.08	1.08
C.S	1.08	1.08	1.10	1.10
C.T	1.12	1.10	1.12	1.12
L.PS	1.08	1.05	1.08	1.08
SUCRES	1.05	1.10	1.10	1.10

F2= INCREMENTO EGRESOS

MONEDAS	86/87	87/88	88/89	89/90
US\$	1.05	1.05	1.05	1.05
C.\$	1.50	1.50	1.50	1.50
Q.	1.25	1.38	1.41	1.43
C.S	1.20	1.20	1.25	1.25
C.T	1.25	1.25	1.25	1.25
L.PS	1.12	1.12	1.15	1.15
SUCRES	1.15	1.20	1.20	1.20

SUPUESTOS

TASAS DE CONVERSION

86/87	87/88	88/89	89/90
1.00	1.00	1.00	1.00
1000.00	1500.00	1800.00	2000.00
3.30	4.00	5.20	6.00
5.30	6.00	6.50	6.50
60.00	66.00	73.00	73.00
3.50	3.50	4.00	4.50
140.00	160.00	170.00	180.00

F1= INCREMENTO INGRESOS

86/87	87/88	88/89	89/90
1.00	1.00	1.00	1.00
1.15	1.15	1.15	1.15
1.10	1.08	1.08	1.08
1.05	1.05	1.05	1.05
1.10	1.10	1.10	1.10
1.08	1.08	1.15	1.15
1.10	1.10	1.10	1.10

F2= INCREMENTO EGRESOS

86/87	87/88	88/89	89/90
1.05	1.05	1.05	1.05
1.30	1.40	1.40	1.40
1.20	1.20	1.20	1.20
1.10	1.10	1.10	1.10
1.20	1.20	1.20	1.20
1.10	1.10	1.20	1.20
1.10	1.15	1.15	1.15

SUPUESTOS

TASAS DE CONVERSION

86/87	87/88	88/89	89/90	MONEDAS	PAISES
1.00	1.00	1.00	1.00	US\$	PANAMA, OTROS
1000.00	1000.00	1000.00	1000.00	C.\$	NICARAGUA
3.30	3.60	4.00	5.00	Q.	GUATEMALA
5.30	5.80	6.30	6.50	C.S	SALVADOR
60.00	66.00	73.00	73.00	C.T	COSTA RICA
3.20	3.50	4.00	4.00	L.PS	HONDURAS
130.00	130.00	130.00	140.00	SUCRES	ECUADOR

F1= INCREMENTO INGRESOS

86/87	87/88	88/89	89/90	MONEDAS
1.00	1.00	1.00	1.00	US\$
1.20	1.20	1.20	1.20	C.\$
1.12	1.12	1.12	1.15	Q.
1.08	1.08	1.08	1.08	C.S
1.12	1.12	1.12	1.15	C.T
1.08	1.10	1.08	1.15	L.PS
1.08	1.10	1.08	1.15	SUCRES

F2= INCREMENTO EGRESOS

86/87	87/88	88/89	89/90	MONEDAS
1.05	1.05	1.05	1.05	US\$
1.25	1.25	1.25	1.25	C.\$
1.15	1.15	1.15	1.15	Q.
1.10	1.10	1.10	1.08	C.S
1.15	1.15	1.15	1.15	C.T
1.10	1.10	1.10	1.15	L.PS
1.10	1.10	1.10	1.15	SUCRES

TABLE 10

ESCI. 72/10/85

 * INCAE *
 * CONSOLIDADO *

ESTADO DE
 RESULTADO
 DEL
 1º SET. 31 AÑO DE 19...
 MONEDAS

	PPTO 85/86	PESIMISTA				'PROBABLE				OPTIMISTA			
		86/87	87/88	88/89	89/90	86/87	87/88	88/89	89/90	86/87	87/88	88/89	89/90
INGRESOS	7737	7437	7003	7035	7030	7811	7440	7132	7108	7910	7636	7352	7421
EGRESOS	7570	7565	7128	7107	7078	7795	7420	7102	7078	7830	7536	7252	7291
CONTRIBUCION USA	167	-128	-125	-72	-48	16	20	30	30	80	100	100	130
USA	-222	-58	-25	8	41	-74	-52	-29	-8	-230	-196	-163	-188
C.S	-24708	-97938	-93132	-93132	-93132	-56150	-74641	-74641	-74641	-38895	-38895	-38895	-38895
B.	394	389	362	355	265	412	400	400	400	435	435	435	453
C.S	167	68	68	44	44	129	129	129	129	162	162	162	180
C.F	2764	-16406	-19462	-16406	-16406	-11961	-11961	-11961	-11961	-1405	-1405	-1405	3177
L.FS	354	369	350	360	360	375	375	391	391	375	388	375	406
SUMES	11413	10665	11236	11236	11236	12555	11895	11895	11895	12063	12555	12063	13126
REFERENCIA FONDO PATRIMONIAL		0.0	0.0	0.0	0.0	16.0	27.0	37.0	48.0	172.0	171.0	171.0	229.0

ESTO 22/10 /85

TABLE 11

 * INCAE *
 * CIERRE DE NICARAGUA *
 * EN 86/87, PAGO DEUDA AID ROCAP *

ESTADO DE
 RESULTADO
 DEL
 SERVICIO PUBLICO 19..
 QUINCUENALES

	PPTO 85/86
INGRESOS	7737
EGRESOS	7570
CONTRIBUCION US\$	167
RES	-222
CL\$	-24708
Q.	394
CL\$	167
CLT	2764
LPS	754
RESER	11413

TRANSFERENCIA FONDO PATRIMONIAL

PESIMISTA				
86/87	87/88	88/89	89/90	
6910	6473	6499	6522	
7182	6531	6506	6494	
-302	-72	-16	16	
-247	16	49	82	
-37293	-37172	-37172	-37172	
370	370	370	370	
91	91	66	66	
-15613	-18629	-15613	-15613	
374	354	365	365	
5665	5997	5997	5997	
0	0	0	0	

PROBABLE			
86/87	87/88	88/89	89/90
7127	6826	6545	6534
7285	6806	6515	6504
-158	20	30	30
-247	-57	-31	-10
-31597	-34385	-34385	-34385
392	380	380	380
150	150	150	150
-11250	-11250	-11250	-11250
380	380	396	396
7317	6657	6657	6657
0	73	80	92

OPTIMISTA			
86/87	87/88	88/89	89/90
7215	6944	6666	6736
7185	6844	6566	6605
30	100	100	130
-257	-172	-139	-165
-30001	-30001	-30001	-30001
413	413	413	430
183	183	183	202
-856	-856	-856	3667
380	393	380	411
6920	7317	6920	7650
10	188	188	247

or the endowment fund. Only under the strategy of closing the Nicaragua campus and the most pessimistic economic scenario would budgeted contingencies be insufficient to cover the budgeted deficit, and even there, the shortfall would only be two thousand dollars.

3. INCAE's Administrative Accounting System

As previously mentioned, INCAE has two central offices: one in Nicaragua and the other in Costa Rica. INCAE International (Costa Rica) centralizes all financial information, houses accounting offices, and manages the data base used to produce statistical reports. In order to perform its functions, the Financial Department is organized as shown in Figure 1.

The central office of Nicaragua sends processed diskettes (this services is contracted outside of INCAE) to Costa Rica, where the information is consolidated by IBM 36 and PC computation equipment. The data submitted for accounting purposes are processed into the eight different currencies used to buy INCAE's services. They are then consolidated into U.S. dollars by an INCAE budget rate of exchange.

The following financial/accounting reports are issued

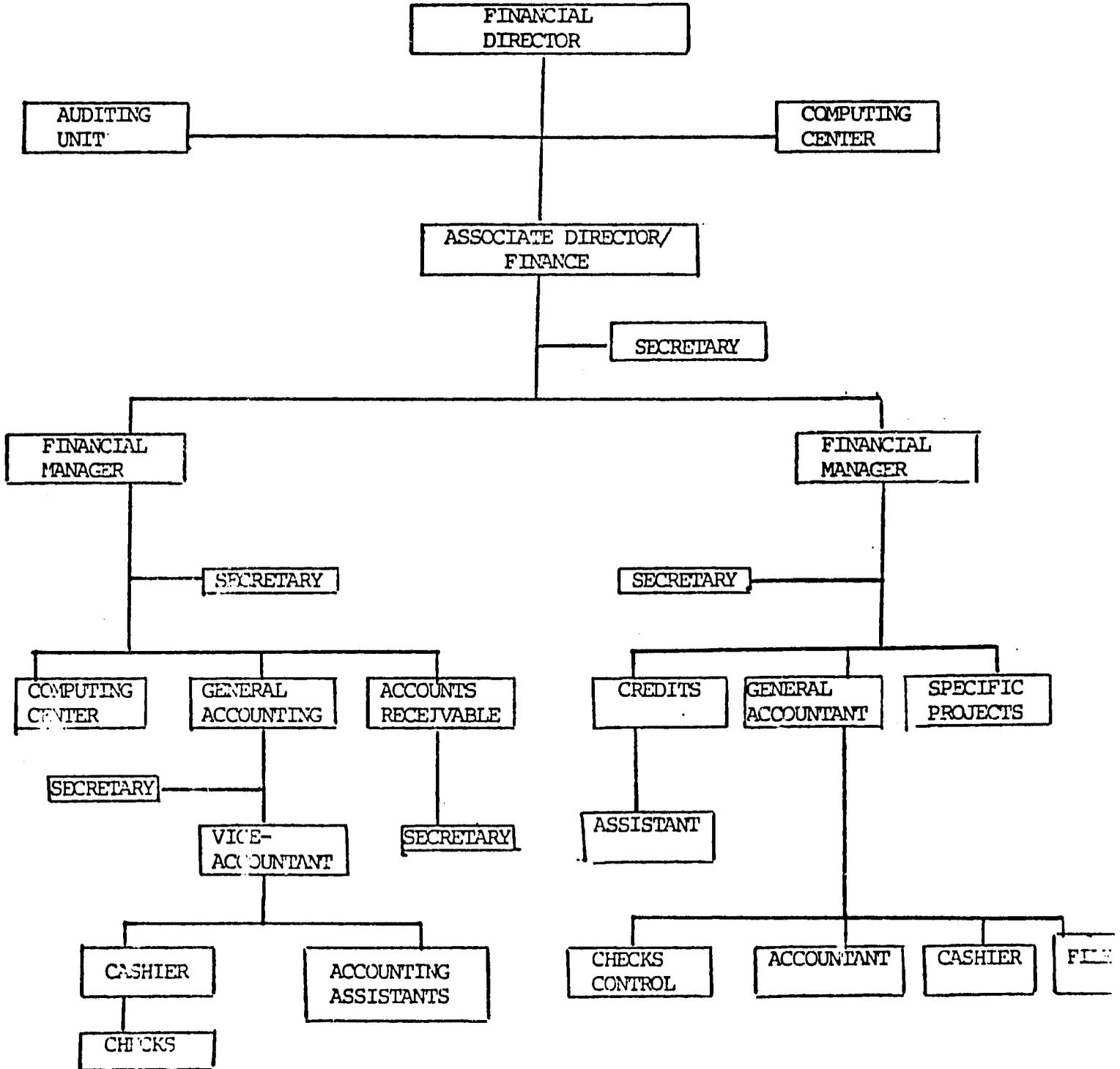
- . Journal
- . Ledger
- . Inventories
- . Trial Balance of all Debits and Credits
- . Trial Balance of all Account Balances
- . Statements of Earnings per Event
- . Projected Budget vs. Actual Budget
- . Projected Cash Flow
- . Bank Reconciliations
- . Available supply (cash + banks)
- . Accounts payable
- . Financial Statement of Capital Funds
- . Financial Statement of Agreements
- . Details of Investments
- . Portfolio of Loans, and any other specific report required.

The information is filled in two ways:

- a. It is recorded in the computer while processing the documents; and
- b. Original data are filed correlatively and by month.

FIGURE 1

ORGANIZATIONAL STRUCTURE



4. INCAE's Internal Control System

INCAE is annually audited by an independent and external American accounting firm. The past auditor's report includes suggestions for improving financial and managerial procedures, drills and accounting controls.

Given the increase of activities accompanying this new program, implementing an Internal Audit Unit is a recommended prerequisite. Included as a condition precedent is a requirement that INCAE hire an internal auditor to head up this unit.

5. External Audits and Assessments

The project's budget provides \$2,000.00 per year to finance external audits. This sum covers the cost of incremental work and involves a separate report on the fulfillment of clauses and conditions according to "AID Requirements for External Audits." In addition, the success of the project's objectives will be monitored. Funding for evaluations are budgeted for the half-way point and the termination of the project.

6. Contracting and Purchasing Procedures

INCAE has well-established procedures and regulations for the contracting of services and the purchasing of goods. Hiring requirements, for example, differ between domestic and international candidates and also within administrative personnel and faculty positions. Similarly, there are criteria that determine the direct purchase or committee approval of equipment and construction. The amount of transactions or "trámites" is determined by cost and long-term benefits to the institution. Both the flexibility and regulatory functions of this infrastructure assure the healthy development of this project.

7. Project Replicability

It is expected that the combination of the Export Management Training and Policy Center Programs will provide new income to the institution of more than \$100,000-\$150,000 per year upon completion of the project. The Central American Teacher's Program would terminate and the Economics Program will break even. The combination of new income generated in addition to the viable long term financial structure of the institution will leave the institution equipped to provide a

strong, financially viable contribution to the region beyond 1990. A breakdown of INCAE's ability to continue project activities beyond the projected five-year LOP is described below by component.

a) Export Management Training

The exports group will be retained with a Program Director (PH.D.), three part time PH.D. level professors for the Masters Programs and two investigators. It will continue to provide 90 seminar days for each country and its investigators will write ten new cases per year. The cost structure will permit a new contribution to other INCAE programs of \$80,000 after the coverage of fixed costs (see Annex IX, Exhibit 1 for details of costs in 1991).

b. CATP Program

This program will only be continued should grant funding be available from other donors to provide scholarships to Central American University Professors. At least 38 scholarships of \$5,400 each would be needed for program continuance. It is not believed that given current levels of salaries for existing Central American university professors that such a program can be supported by professors paying their own way. However, by 1990, more than 250 professors would have been trained and the specific need of upgrading the quality of the region's universities would have been fulfilled. (See Exhibit 2, Annex IX for details of costs in 1991).

c. The Center for Applied Economics and Policy Studies

The Center would be expected to continue to provide valuable services to Central America and Panama after the ROCAP subsidy period was completed. The Center would continue to perform studies and run seminars on issues of major importance to the region. The group would maintain a PH.D. level Director and one senior PH.D. level faculty member as well as a Masters

level investigator and a secretary. As exhibit 3 of Annex IX shows, it will be running 5 three-day seminars, five one-day seminars, completing 13 studies as well as maintaining its journal during the year. At this level of activity, the Center will cover its fixed costs and leave a \$52,000 annual contribution to other INCAE programs (see Annex IX, Exhibit 3). These contribution levels are well within the limits of experience by INCAE with its other programs like Banking and Finance of Public Management which generate contribution levels of between \$50-100,000 without subsidies.

d. Masters Program in Business and Economics

The economics program will be expected to cover its marginal costs after the economies of scale gained by use of the masters program courses. The program is expected to be a break even program in 1991. The program would retain its Director (PH.D.) and professors and a secretary. It would be expected to have 50 students paying \$6,857 per year for two years. The costs structure of the program for 1991 is explained in Annex IX, Exhibit 4.

e. All Other ROCAP Activities

All other activities such as scholarships and construction will be terminated by 1990.

8. Methods of Implementation and Financing

<u>Methods of Implementation</u>	<u>Method of Finance</u>	<u>(US\$000) Amount</u>
TA Regional Institution (University)	Direct Pay (Advances)	5.728
Construction - Bldg (Profit Making Contractor)	Direct L/Com or Direct Pay	100
Evaluations (Mission Contracted Firm)	Direct Pay	210
Liaison Officer (INCAE Contracted PSC)	Direct Pay	80
Inflation and Contigencies		<u>682</u>
		6,800 =====

E. Social Feasibility

1. Introduction

The worldwide recession which began in the late 1970s placed the CA/P region's economies in severe jeopardy. Decreases in the real prices for key agricultural commodities, sharp increases in the cost of energy, increases in the cost of non-petroleum imports, foreign indebtedness, and record high interest rates combined to drive the CA/P countries into deep recession.

The countries of the region were left with burdensome debt service obligations, negative real growth, and much of their industrial capacity unused. The nature of this recession was unique in that it soon became clear that the solution would not be found in a cyclical rebound in commodity prices nor in a normalization of the regional market for industrial goods. Quota restrictions and other major long-term changes in the various commodity markets, combined with limited growth potential for industrial sales within the CACM and foreign debt, had altered conditions within the CACM and had made traditional CACM economic policies unworkable.

The social impact of these events was devastating. Unemployment and underemployment reached all time highs (ranging from 25-40%) and evidence of related ills soon began to appear in the other social indices.

2. Relationship to the Project

Non-traditional exports require highly skilled managers trained in the more rigorous requirements of the international market. By helping to improve regional management training and by introducing greater rigor into the management process at the firm level, the project will contribute to the transfer of new management "technologies" to the region which should benefit everyone.

Expansion of non-traditional export sector will help alleviate the unemployment and low income problems in the CA/P countries and will generate badly needed foreign exchange. Critical to this expansion will be the creation within the CA/P region of a cadre of managers trained in the more demanding exigencies of the international market.

3. Social Soundness Analysis

The analysis of social soundness of this project includes three main components:

- o Identification of the direct beneficiaries and their relationship to key structural constraints to economic growth;
- o Identification of diffusion effects, leading to indirect benefit distribution; and
- o Distribution of overall benefits, both indirect and direct.

a. Direct Beneficiaries of the Project

The direct beneficiaries of this project will be the faculty, staff, and students/trainees at INCAE and the other regional institutions of business administration that receive direct assistance from the project.

Non-traditional export firms whose managers and executives participate in the training seminars and workshops provided by the project will also be direct beneficiaries. Two to three thousand executives and managers will receive training in non-traditional export management through the seminars and workshops offered by this project. It is precisely these individuals who can effect the kinds of change necessary to stimulate export-led economic growth in the CA/P countries. It is important, therefore, to provide training to these individuals in order to reorient their thinking and improve their skills so as to make them successful in the export of non-traditional products. Significantly, it will be these same firms who will employ the graduates of regional business schools and who will benefit from the improved policy environment that the project will help foster.

b. Diffusion of Indirect Benefits

The region as a whole will benefit from an export sector which is able to compete more effectively in the world marketplace. Secular growth in the regional economies assisted by the growth of non-traditional exports should contribute to a decrease in unemployment and to better working conditions for labor. Likewise greater competition for labor should eventually lead to better wages and working conditions. Since many of the non-traditional exports are labor intensive,

the expansion of such production should increase overall employment in the region.

Many of the non-traditional industrial and agricultural products require either labor intensive assembly or extensive sorting and packing of produce. These jobs are often performed by women in Central America and, thus, this project should contribute to greater employment potential for women.

As indicated above, a certain number of both seminar and MBA scholarships will be reserved for women. This mechanism will allow women to have access to the new techniques and management methodologies promoted through this project.

4. Overall Distribution of Benefits

It can be seen that the benefits to the direct participants in the project will soon be diffused throughout the region to hundreds of individual firms and businesses as well as to dozens of schools of business administration in the CA/P region. Society will benefit through increased employment opportunities that better management.

The social benefits of the project will derive from the secular economic growth which the project will, in a small way, help to foster. It relies on the logic of creating a "bigger pie" to divide between the residents of the CA/P region. By helping to create a cadre of better managers - both private and public sector - the project will contribute to the improvements in both individual firm productivity and to the creation of a public policy environment conducive to a healthier export sector. This in turn will contribute to the creation of jobs and competition for labor which will lead to better social conditions for all.

VI. IMPLEMENTATION ARRANGEMENTS

A. Administrative Arrangements and Implementation Plan

The project will be implemented through a direct grant agreement with INCAE. INCAE will have the major responsibility for day to day administration of the project. Within ROCAP, the project will be managed by the General Development Office. The project will be coordinated with appropriate bilateral and centrally funded projects and will be take careful cognizance of the CAPS project.

Given the complexity of this project, the project will fund, for three years, the salary of a project liaison person who will coordinate all report preparation and other compliance requirements on behalf of INCAE, as well as maintain liaison with ROCAP and all USAID Misions concerning this project as well as other INCAE/AID activites. This person will be resident in Costa Rica in order to assure adequate contact with the various units within INCAE responsible for project implementation.

The primary implementation mechanism will be the annual work plan. Detailed work plans will be submitted to ROCAP for approval for each component for each year of project activities. ROCAP will carefully examine these plans and monitor project activites accordingly. In certain activities, i.e., the research activites to be undertaken by the Center for Applied Economics and Policy Studies and the low income scholarship selection committee, the ROCAP liaison person will sit on the relevant committees as an ex officio member.

The work plans for each component and sub-component will differ slightly. For the main project activites, they will be designed as follows:

Component I, Export Management Training Program - Prior to the beginning of each academic year, INCAE will present a detailed annual work plan to ROCAP for approval. The work plan will take cognizance of evolving economic trends and training needs in the region and will outline/describe:

- 1) New export related materials to be introduced into the MBA program during the academic year including a description of all research to be undertaken, didactic materials to be prepared, case studies, technical notes and other teaching aids.

2) The AMP program planned for the year and the incorporation of export management content.

3) Country specific export management seminar plans with sequencing and choice of content carefully explained. Also, the scholarship policy for these seminars will be determined at the beginning of each year.

4) A detailed staff utilization plan for research and teaching.

Component II, Assistance to Other Schools of Business Administration - The preliminary diagnostic study and first year plan will be submitted to ROCAP for approval no later than April 30, 1986. The tactical decision on which institutions and individual professors to include will be developed during the diagnostic phase. The final list of activities and the mode and degree of INCAE involvement also will be clearly defined. A similar plan will be developed prior to each year's activities and submitted to ROCAP for approval.

Project activities will be specifically tailored to the needs of the individual countries and institutions. The work plans will be comprehensive and will include the following information:

- 1) The kind of diagnostic work done and the findings for each country.
- 2) The institutions identified for participation in the CATP and the kinds of assistance which will be provided to each.
- 3) A list of both long term and short term staff training needs for each institution.
- 4) The content of the CATP six week module and the numbers and kinds of professors to attend from each institution.
- 5) The nature and intensity of preliminary or followup consulting assistance to be provided each institution.

Component III, Center for Applied Economics and Policy Studies - Prior to the design of each year's activities, a complete diagnostic will be performed for each country and a comprehensive plan developed and submitted to ROCAP for approval. The plan will list research topics, give the approximate dates for each seminar, cost breakdowns, a description of non-ROCAP funding sources, the proposed topic or theme, a list of participating INCAE faculty/staff, and information regarding the kinds of participants most likely to attend. The seminar themes and topics will differ from year to year and will be designed to be most appropriate to the needs of the individual participating countries.

Project Organization and Management

Each of the four components of this project will be placed under the responsibility of a member of INCAE's senior faculty (or administrative staff in the case of component IV) who will be charged with overseeing its implementation and with the preparation of component progress reports. One overall project coordinator will be appointed to coordinate administrative tasks related with the financial management of the project and with the timely delivery of progress reports.

The project is proposed to begin on October 1, 1985 (at the start of INCAE's fiscal year), and to run for a total of five full years. Hiring decisions necessary to provide staff for the various components will be made as soon as project approval is received so as to insure faculty availability as early into the project as possible. (It is expected that some of the existing staff from the Export Management Project will stay on to provide continuity between the two projects). The various seminar series offered by each of the components will begin during the second half of year one (with the exception of the Export Strategy Design seminars, which will be a continuation of the Export Management Seminar series being offered currently under project 596-0113, and which will begin during the first half of the first year). The incorporation of new materials into both the MBA and the AMP curricula is contemplated to occur on a pro-rate basis over the life of the project, as materials become available.

INCAE will be responsible for supplying AID with progress reports on a quarterly basis, with an annual report at the end of each year and a final report at the end of the project. Financial reports will be provided separately, in accordance with established procedures.

IMPLEMENTATION PLAN

The following is a schedule of key project events:

<u>Events</u>	<u>Date</u>
1. CPs to first disbursement	January 1985
2. Project authorized	November 1985
3. Project agreement negotiated and obligated	December 1985
4. Yearly Work Plan for Component I (Export Management Training) submitted for approval	January (each year)
5. Yearly Work Plan for Center for Applied Economics and Policy studies submitted for ROCAP approval	January (each year)
6. Sponsored research opportunities advertised	March (each year)
7. Project Liaison Person Contracted	March 1986
8. Overhead Audit	March 1986
9. First Bi-monthly Newsletter	April 1986
10. CATP diagnostic completed and Yearly Plan submitted	May (each year)
11. Low income scholarship; candidates submitted to ROCAP for approval	June (each year)
12. Research grants awarded	June (each year)
13. CATP long-term training candidates submitted to ROCAP for approval	June (each year)

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| 14. CATP trainees begin training | July (each year) |
| 15. First issue of Quarterly Journal | September 1986 |
| 16. Permanent Director for Center for Applied Economics and Policy Studies contracted | September 1986 |
| 17. First evaluation | October 1986 |
| 18. Mid-project evaluation completed | June 1988 |
| 19. PACD | December 1990 |
| 20. End-of-project evaluation | January 1991 |

B. Financial Management Procedures

Grant funds will be used in two ways to achieve the objectives of the project: reimbursement for costs incurred in research and project management activities and in long-term teaching programs (i.e., the MBA); and full or partial scholarships for attending the various executive training programs. For purposes of the former reimbursement will be based on costs incurred in the execution of the project; in the latter case, reimbursement will be based on the published tuition fee and percentage of scholarship aid offered for the event in question.

The currently established accounting and financial management procedures at INCAE (which have been approved in prior AID projects) will govern the financial management of this grant; yearly audited reports will continue to be requested of the institute's accounting records.

C. Evaluation Plan

There will be three separate evaluations conducted during the life of project. At the end of year one, there will be a modest evaluation conducted to ascertain how well the management systems are working and to suggest ways to improve project implementation and efficiency.

Mid-way through the project there will be an evaluation designed to ascertain the degree to which interim project goals and purposes are being met. This will be a fairly sophisticated effort and will involve outside consultant assistance.

An end-of-project evaluation will be conducted at the close of project activities which will examine to what degree project goals and purposes were met and suggest possible followup activities.

D. Procurement Plan

INCAE will assume the responsibility for procurement and contracting (including consultants) contemplated by the project. The capacity of INCAE to assume this role will reduce the amount of general support services required of ROCAP. All procurement will follow standard INCAE practices but will conform to A.I.D. requirements in sensitive areas such as the use of small business and minority and women owned businesses.

All contracting of professional services contemplated will involve personal services rather than institutional contracts. Candidates for positions will be selected without regard to sex or race and all positions will be competed openly and fairly.

E. Conditions, Covenants, and Negotiating Status

1. Condition Precedent to Disbursement

a. First Disbursement

The standard CP to initial disbursement will apply, including the designation of official INCAE representatives and submission of their authorized signatures.

Prior to disbursement of funds for activities other than for low income scholarships and the hiring of long-term personnel, INCAE will prepare and submit a detailed workplan and budget for all activities to be undertaken during the first year of the project to ROCAP for approval.

b. Disbursements After June 1, 1986

Prior to disbursement of project funds after June 1, 1986, INCAE will submit evidence to ROCAP that it has hired the full time services of an internal auditor.

c. Disbursements for Masters Program in Business and Economics

Prior to disbursement of project funds for the establishment of a Masters Program in Business and Economics, INCAE will submit evidence to ROCAP's satisfaction that adequate demand exists for such a program and that INCAE's long run financial viability will not be impaired as a result of the program's creation.

2. Covenants

a. Work Plans and Budget

INCAE will covenant that prior to undertaking activities each year after the first year of the project, it shall furnish in form and substance satisfactory to AID a consolidated work plan and budget for all project activities for that year.

b. Coordination for Policy Studies and Seminars

INCAE will covenant to coordinate closely with the respective bilateral USAID Mission in each participating country prior to finalizing the selection of research topics for policy studies and seminars to be undertaken in each country.

c. Quarterly Cash Flow Statements

INCAE will covenant to submit quarterly cash flow statements which reflect monthly legal parallel market exchange rates in each participating country during the life of the project.

d. Recurrent Costs for Senior Faculty

INCAE will covenant to finance the costs associated with senior faculty members after the completion of the project from INCAE endowment and/or general income.

e. Project Funded Research

INCAE will covenant to acknowledge AID financing provided for research, case studies and other didactic materials produced under this project and use all reasonable means to insure as wide a distribution of these documents as possible.

f. Continuation of Activities after Project Completion

INCAE will covenant to provide the necessary financial support to continue the project activities of export management training, the Center for Applied Economics and Policy Studies, and the economics program beyond the life of the project.

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DE RUEHZP #2297/01 2972156
ZNR UUUUU ZZH
R 242154Z OCT 85
FM AMEMBASSY PANAMA
TO RUEHGT/AMEMBASSY GUATEMALA 8181
INFO RUEHC/SECSTATE WASHDC 5027
RUEHBE/AMEMBASSY BELIZE 1631
RUEHSJ/AMEMBASSY SAN JOSE 9686
RUEHSN/AMEMBASSY SAN SALVADOR 7595
RUEHTG/AMEMBASSY TEGUCIGALPA 7721
BT
UNCLAS PANAMA 12297

24-OCT-85
TOR: 21:59
CN: 47056
CHRG: ROCP
DIST: ROCP

ACTION: GENERAL DEV
INFO: PDO

AIDAC

AID/W FOR LAC/DR/EST
GUATEMALA FOR ROCAP

E.O. 12356: N/A
SUBJECT: ROCAP REGIONAL EXPORT MANAGEMENT TRAINING
PROJECT (596-0123) DRAFT PID

REF: (A) GUATEMALA 08978, (B) GUATEMALA 09484

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1. MISSION GENERALLY SUPPORTS CONTINUED ROCAP SUPPORT FOR INCAE. IN ADDITION, THE AREA OF EXPORT PROMOTION/MANAGEMENT IS OF HIGH PRIORITY IN USAID/PANAMA'S COUNTRY DEVELOPMENT STRATEGY. MISSION HAS FOLLOWING COMMENTS ON SUBJECT PID.

2. COMPONENT 1 - MODEL EXPORT MANAGEMENT TRAINING PROGRAM: MISSION SUGGESTS THAT PROGRAMS RELATED TO EXPORT MANAGEMENT SUCH AS PRODUCTIVITY IMPROVEMENT, INCREASED COMPETITIVENESS AND STRATEGY DEFINITION BE INTEGRATED INTO THE GENERAL MBA PROGRAM RATHER THAN TREATED AS A DISTINCT EXPORT MANAGEMENT OPTION. THIS COULD BE DONE BY EXISTING FACULTY RATHER THAN EXPANDING THE EXPORT MANAGEMENT FACULTY. REVISED COURSES ON HOW FIRMS CAN LOCATE EXPORT MARKETS, PRODUCE AND DELIVER FOR EXPORT MARKETS AND EXPAND EXPORT PRODUCTION SHOULD HAVE A HIGHLY PRACTICAL ORIENTATION USING THE EXPERIENCE OF EXISTING CENTRAL AMERICAN EXPORTERS. MISSION SUPPORTS REGION-WIDE MANAGEMENT OUTREACH ACTIVITY BUT STRONGLY SUGGESTS THAT INCAE DELIVER PROGRAMS TAILORED TO COUNTRY DIFFERENCES AND TO THE NEEDS OF DIFFERENT TARGET GROUPS WITHIN EACH COUNTRY. TOO OFTEN, INCAE HAS TRIED TO REPEAT PROGRAMS IN PANAMA WHICH WERE DEVELOPED FOR A DIFFERENT TARGET GROUP FROM ANOTHER COUNTRY. MISSION STRONGLY SUPPORTS STUDENT INTERNSHIP PROGRAM AS A WAY OF INTRODUCING MORE PRACTICAL ORIENTATION INTO INCAE PROGRAM.

3. COMPONENT 2 - SUPPORT FOR SCHOOLS OF BUSINESS ADMINISTRATION: USAID/PANAMA CONCURS THAT LOCAL

SCHOOLS OF BUSINESS REQUIRE OUTSIDE ASSISTANCE TO IMPROVE THE QUALITY OF THEIR PROGRAMS. INCAE HOWEVER MUST BE WILLING TO MAKE FAIRLY EXTENSIVE FOLLOW-UP COMMITMENTS TO THESE SCHOOLS IF REAL CHANGES ARE TO BE INTRODUCED. IN THE PAST, INCAE HAS ONLY PROVIDED TRAINING BUT HAS DONE LITTLE IN THE WAY OF DELIVERING ON-SITE SERVICES SUCH AS CURRICULUM DEVELOPMENT, STRENGTHENING OF ADMINISTRATION AND COURSE DELIVERY. PROPOSED PROJECT FUNDS FOR THIS ACTIVITY DO NOT SEEM ADEQUATE TO DELIVER THE REQUIRED SERVICES TO MAKE APPROPRIATE IMPROVEMENTS IN BUSINESS SCHOOLS. THE PROPOSED PROJECT SHOULD ALSO PERMIT INCAE TO DELIVER REFERENCE BOOKS AND STUDY MATERIALS TOGETHER WITH TRAINING AND TECHNICAL ASSISTANCE TO BUSINESS SCHOOLS. FINALLY, THE LOCAL BUSINESS COMMUNITY SHOULD BE ENCOURAGED TO PARTICIPATE IN THE PLANNING AND FOLLOW-UP OF INCAE SUPPORT FOR SCHOOLS OF BUSINESS ADMINISTRATION TO ASSURE LASTING EFFECTS FROM PROJECT.

4. COMPONENT 3 - CENTER FOR APPLIED ECONOMICS AND POLICY STUDIES: WHILE MISSION RECOGNIZES THE IMPORTANCE OF POLICY CONSTRAINTS TO INCREASING NON-TRADITIONAL EXPORTS FROM THE REGION, WE ASK ROCAP TO EXERCISE GREAT CAUTION IN OUTLINING THE DEVELOPMENT OF THIS CENTER. EACH MISSION IS ALREADY UNDERTAKING A SERIES OF STUDIES AND POLICY DIALOGUES WITH HOST COUNTRIES TO ADDRESS POLICY CONSTRAINTS. PANAMA HAS ITS DEVELOPMENT POLICY STUDIES PROJECT (525-0250) WHICH CARRIES OUT ACTIVITIES SIMILAR TO THOSE ASSIGNED TO THE PROPOSED CENTER. THERE IS THEREFORE A POTENTIAL FOR OVERLAPPING FUNCTIONS AND RESULTING CONFUSION IF ROCAP IS NOT CAREFUL IN THE PROJECT DESIGN. EVEN MORE CARE MUST BE GIVEN TO THE DEVELOPMENT OF THE MASTERS IN BUSINESS AND ECONOMICS PROGRAM. THE REAL NEED FOR THIS PROGRAM IS NOT DISCUSSED IN THE PID NOR IS THERE AN ANALYSIS OF THE DEMAND FOR SUCH GRADUATES IN CENTRAL AMERICA. ALSO, THE FEASIBILITY OF FINANCING STUDENTS IN THE PROGRAM MUST BE ANALYZED EVEN IF ADEQUATE JUSTIFICATION FOR INITIATING THE PROGRAM IS PRESENTED. VISITS TO COUNTRIES WITHIN THE REGION SHOULD BE MADE TO TEST FEASIBILITY OF DEVELOPING THIS NEW PROGRAM. MISSION HAS NO OBJECTION TO NEWSLETTER CONCEPT AND SUPPORTS POLICY RESEARCH GRANTS FOR GRADUATE STUDENTS FOR PREPARING DISSERTATIONS.
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5. COMMENT 4 - GENERAL INSTITUTIONAL SUPPORT:
MISSION CONCURS WITH PROPOSED ASSISTANCE IN THIS
CATEGORY.

6. WHILE MISSION RECOGNIZES IMPORTANCE OF TRAINING
CURRENT AND FUTURE MANAGERS IN EXPORT MANAGEMENT, THIS
IS ONLY ONE COMPONENT OF MISSION'S OVERALL EXPORT
PROMOTION EFFORT. OTHER USAID PROJECTS SUPPORT POLICY
CHANGE, PRODUCTIVITY IMPROVEMENT AND EXPORT PROMOTION.
MISSION BELIEVES IT WOULD BE USEFUL FOR ROCAP TO TAKE
THESE PROJECTS INTO CONSIDERATION WHILE DEVELOPING
PROJECT PAPER SO THAT INCAE EFFORTS SUPPORT AND
COMPLEMENT MISSION EXPORT PROMOTION ACTIVITIES.

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ACTION AID INFO AMB DGM ROCAP/ECON CHRON/5

VZCZCGT0710
RR RUEHGT
DE RUEHSN #2578 2702243
ZNR UUUUU ZZH
R 272243Z SEP 85
FM AMEMBASSY SAN SALVADOR
TO AMEMBASSY GUATEMALA 6212
BT
UNCLAS SAN SALVADOR 12578

ACTION: GENERAL DEV
INFO: PDO

27-SEP-85
TOR: 22:44
CN: 41607
CHRG: AID
DIST: AID

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E.O.12356: N/A
SUBJECT: REGIONAL EXPORT MANAGEMENT TRAINING PROJECT

REF: GUATEMALA 8978, B) GUATEMALA 9484

1. USAID/EL SALVADOR SUPPORTS DEVELOPMENT OF SUBJECT PROJECT, AS IT PROVIDES A MECHANISM FOR DEVELOPING GREATER EXPERTISE IN EXPORT MANAGEMENT, PARTICULARLY FOR THE NON-TRADITIONAL SECTOR; AND FOR STIMULATING A MORE FAVORABLE POLICY ENVIRONMENT. WE FIND THE PROPOSED TRAINING AND INSTITUTIONAL DEVELOPMENT ACTIVITIES TO BE POTENTIALLY VERY VALUABLE IN PROMOTING AND REINFORCING ECONOMIC GROWTH THROUGH MAXIMUM UTILIZATION OF THE HUMAN RESOURCES IN THE EXPORT SECTOR.

2. USAID'S OFFICE OF EDUCATION AND TRAINING WILL BE PLEASED TO PROCESS SALVADORAN PARTICIPANTS TO ATTEND COURSES TO BE FINANCED THROUGH THIS ROCAP PROJECT.

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ACTION ROCP INFO AMB DCM AID ECON CHRON/5

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RR RUEHGT
DE RUEHSJ #8327 2632051
ZNR UUUUU ZZH
R 202051Z SEP 85
FM AMEMBASSY SAN JOSE
TO RUEHGT/AMEMBASSY GUATEMALA 1753
INFO RUEHC/SECSTATE WASHDC 3690

20-SEP-85
TOR: 21:16
CN: 40017
CHRG: ROCP
DIST: ROCP

BT
UNCLAS SAN JOSE 08327

ACTION: GENERAL DEV
INFO: PDO PROGRAM

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FOR ROCAP

E.O. 12356: N/A
SUBJECT: ROCAP REGIONAL EXPORT MANAGEMENT
- TRAINING PROJECT (596-0123) DRAFT PID

REF: GUATEMALA 8978

1. MISSION HAS CAREFULLY REVIEWED SUBJECT DRAFT PID, AND WE STRONGLY SUPPORT THE PROPOSAL TO ASSIST INCAE IN EXPORT ORIENTED MANAGEMENT TRAINING. THE PROJECT HAS CLEAR OPPORTUNITIES TO COMPLEMENT MISSION'S ACTIVITIES TO PROMOTE EXPANSION OF NON-TRADITIONAL EXPORTS FROM COSTA RICA. THE PROPOSED REGIONAL CENTER FOR APPLIED ECONOMICS AND POLICY STUDIES IS ALSO OF CONSIDERABLE INTEREST TO THIS MISSION. WE SHARE ROCAP'S HOPE THAT EDUCATING MANAGERS AND PUBLIC POLICY MAKERS ON THE IMPACT OF PUBLIC ECONOMIC POLICY ON THE PRIVATE SECTOR WILL EVENTUALLY CREATE AN IMPROVEMENT IN THE ECONOMIC POLICIES OF THE MAJORITY OF THE CENTRAL AMERICAN COUNTRIES.

2. MISSION BELIEVES THE PID IDENTIFIES A NUMBER OF IMPORT ISSUES THAT WILL BE ADDRESSED AS PP IS DEVELOPED. AMONG THESE IS THE QUESTION OF ADDITIONALITY AND INCAE'S FINANCIAL SURVIVAL. THIS RAISES THE QUESTION OF AID POLICY IN TERMS OF SUPPORT TO INCAE AND WHAT THE LONG-TERM FINANCIAL IMPLICATIONS ARE FOR THE INSTITUTION. THIS PROJECT, AND PARTICULARLY THE SUPPORT TO THE EXPORT MANAGEMENT MBA AND THE NEW CENTER FOR APPLIED ECONOMICS AND POLICY STUDIES, WILL HAVE CONTINUING COST REQUIREMENTS FOR INCAE WHICH SHOULD BE ADDRESSED. AS ROCAP IS AWARE, USAID/CR HAS PROVIDED INCAE WITH SOME LOCAL CURRENCY SUPPORT OVER THE PAST COUPLE OF YEARS. WE WOULD LIKE TO DISCUSS THIS SUPPORT WITH DESIGN TEAM BECAUSE IT MAY HAVE AN IMPACT ON THE PROPOSED PROJECT BUDGET AS WELL AS A STRATEGY FOR ADDRESSING INCAE'S LONG-TERM FINANCIAL STABILITY.

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3. AS NOTED ABOVE, WE ARE INTERESTED IN THE PROPOSED NEW CENTER AND LOOK FORWARD TO A MORE COMPLETE DISCUSSION IN THE PP ON ITS FUNCTIONS, RELATIONSHIPS TO THE REMAINDER OF INCAE'S PROGRAM, ETC.

4. AS WITH ANY PROJECT THAT HAS A TRAINING ORIENTATION, A NUMBER OF TRAINING RELATED QUESTIONS ARE ALWAYS PRESENT. ROCAP MAY FIND IT USEFUL TO REVIEW USAID/CR'S TRAINING FOR PRIVATE SECTOR DEVELOPMENT PP FOR EXAMPLES OF THESE ISSUES AND HOW THEY WERE TREATED.

5. MISSION CONGRATULATES ROCAP ON A WELL PREPARED PID. WE RECOGNIZE PP DEVELOPMENT SCHEDULE IS TIGHT, BUT WOULD APPRECIATE AN OPPORTUNITY TO DISCUSS IN MORE DETAIL TOPICS IDENTIFIED ABOVE AS DESIGN MOVES FORWARD. PLEASE ADVISE. TAMBS

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FM AMEMBASSY TEGUCIGALPA

TO RUEHHC/AMEMBASSY GUATEMALA PRIORITY 2934

INFO RUEHHC/SECSTATE WASHDC 4103

RUEHSJ/AMEMBASSY SAN JOSE 0234

RUEHZA/AMEMBASSY PANAMA 0364

RUEHSN/AMEMBASSY SAN SALVADOR 1453

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06-SEP-85
TOR: 15:36
CN: 36762
CHRG: ROCP
DIST: ROCP

ACTION: PDO
INFO: PROGRAM

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E.O. 12356: N/A

SUBJECT: REGIONAL EXPORT MANAGEMENT TRAINING PID

1. FOLLOWING ARE USAID/HONDURAS' COMMENTS ON SUBJECT PID:

A. PROJECT FOCUS:

INCAE IS AN ACADEMIC INSTITUTION AND A VERY GOOD ONEJM THE ACADEMIC PREPARATION FOR EXPORT MANAGEMENT CAN BE VERY USEFUL. HOWEVER, STIMULATING NON-TRADITIONAL EXPORTS IS NOT AN ACADEMIC EXERCISE.

ON PAGE 5 OF THE PID, ONE REASON FOR EXPORT FAILURES WAS THAT QUOTE PRODUCT DESIGN AND QUALITY STANDARDS, PACKAGING, DELIVERY, AND SERVICE ATTRIBUTES WERE NOT DESIGNED WITH REGARD TO NEW MARKET REQUIREMENTS AND COSTS WERE NOT HELD TO COMPETITIVE LEVELS UNQUOTE. EXPORTERS FAIL NOT BECAUSE THEY LACK A DEGREE IN EXPORT MANAGEMENT, BUT BECAUSE THEY FAIL TO DEVELOP FIRST-HAND EXPERIENCE WITH PRODUCTION AND MARKETING PROCESSES IN THE EXPORT MARKETS. THEY NEED TO KNOW HOW SUCCESSFUL PRODUCERS ESTABLISH PRODUCTION AND QUALITY CONTROL STANDARDS, AND THE PRODUCTION TECHNIQUES AND PROCESSES THAT ENABLE THEM TO MEET THESE STANDARDS AND PRODUCE COMPETITIVELY. THESE ARE BASICALLY TECHNICAL AND ENGINEERING CONCERNS.

SUCCESSFUL EXPORTERS NEED TO KNOW PRODUCT DESIGN, FROM THE ENGINEERING AS WELL AS FROM THE COST EFFICIENCY ASPECTS, AND WITH REGARD TO MARKET DEMAND. THEY NEED TO KNOW COST ESTIMATING AND FINANCIAL CONTROLS. THEY NEED TO KNOW THE SPECIFIC MARKETING STRUCTURE OF THEIR INDUSTRY IN EACH MARKET.

THESE ARE NEEDS THEY CAN SATISFY ONLY BY PERSONAL EXPOSURE IN THESE MARKETS, BY VISITS TO PLANTS, IMPORTERS, DISTRIBUTORS, RETAIL OUTLETS; GETTING TECHNOLOGY AND/OR MARKET INFORMATION THROUGH LICENSING OR FRANCHISE ARRANGEMENTS; OR CONTRACTING (HIRING)

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EXPERTISE.

GRADUATES OF INCAE PROGRAMS WILL NOT HAVE THIS KNOWLEDGE. THEY WILL STILL HAVE TO GET IT. BUT THEY WILL HAVE A MINDSET WHICH WILL GIVE THEM A BETTER UNDERSTANDING OF WHAT THEY HAVE TO DO TO BE SUCCESSFUL EXPORTERS.

THE EFFECTIVENESS OF THE PROGRAM MIGHT BE INCREASED IF IT INCLUDED INDUSTRY SPECIALIZATION (WOOD FURNITURE, APPAREL, PROCESSED FOOD) AND IF IT INCLUDED TWO-THREE WEEK OR LONGER VISITS TO THE U.S. TO STUDY PRODUCTION TECHNIQUES AND PROCESSES, MANAGEMENT SYSTEMS AND PROCEDURES, AND MARKETING APPROACHES AND STRUCTURES IN REAL LIFE SITUATIONS.

B. EVALUATION OF PAST ACTIVITIES:

HAVE SHORT-TERM MANAGEMENT SEMINARS AND NEW COURSES INTRODUCED INTO THE MBA PROGRAM UNDER THE QUOTE NON-TRADITIONAL EXPORT MANAGEMENT UNQUOTE COMPONENT OF THE ROCAP/INCAE EXPANSION PROJECT PROVEN TO BE OF PRACTICAL USE? WE SHOULD SEE THOSE RESULTS BEFORE EMBARKING ON A GRAND-SCALE PROJECT.

C. POLICY DIALOGUE

THE POLICY DIALOGUE SEMINARS ARE POTENTIALLY USEFUL. WE THINK THESE WOULD BE SIMILAR TO SEMINARS CALLED MOTORES DE DESARROLLO GIVEN IN HONDURAS IN 1984. THE ACADEMIC AS OPPOSED TO PRACTICAL NATURE OF THESE SHOULD BE MADE CLEAR FROM THE OUTSET TO AVOID FALSE EXPECTATIONS.

INCAE IS SUPPOSED TO FUNCTION AS A NEUTRAL BROKER BRINGING PRIVATE SECTOR TOGETHER WITH PUBLIC. WHY SHOULD ANYONE HEED INCAE'S INVITATION TO DIALOGUE, AND HOW WILL ALL ASSURE THAT THE SEMINARS NOT LEAD TO RESULTS PREJUDICING OUR OWN POLICY DIALOGUE AND PRIORITIES?

D. CENTER FOR APPLIED ECONOMICS AND POLICY:

AGAIN, WE THINK THE CENTER COULD BE VERY USEFUL.
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HOWEVER, MORE STUDY IS REQUIRED ON THE QUOTE ECONOMIC UNQUOTE OF THE CENTER AND WE SHOULD CONSIDER WHETHER THE POLICY PART WILL DUPLICATE WHAT FIDE, FUSADES, CINDE TYPE ORGANIZATIONS ARE DOING, I.E. STUDY OF POLICY CONSTRAINTS WHICH DISCOURAGE OR INHIBIT NON-TRADITIONAL EXPORTS. FIDE AND MEMBER ORGANIZATIONS ACT ON RESULTS OF RESEARCH (LOBBYING, FOR EXAMPLE) WHILE INCAE WILL PUBLISH FINDINGS-- A RATHER PASSIVE USE OF RESEARCH.

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ACTION ROCP INFO AMB DCM AID ECON CHERCN/5

VZCZCGT0162
RR RUEHGT
DE RUEHBE #3314 2622025
ZNR UUUUU ZZH
R 252020Z SEP 85
FM AMEMBASSY BELIZE
TO AMEMBASSY GUATEMALA 3351
BT
UNCLAS BELIZE 3314

ACTION: PDO
INFO: PROGRAM
GENERAL DEV

25-SEP-85
TOR: 22:10
CN: 41265
CHRG: ROCP
DIST: ROCP

AIDAC
FOR ROCAP
E.O. 12356: N/A
TAGS: N/A

SUBJECT: REGIONAL EXPORT MANAGEMENT TRAINING PROJECT (596-0124)
REF: GUATEMALA 09484

1. USAID/BELIZE BELIEVES SUBJECT PID TO BE WELL THOUGHT-OUT AND APPROPRIATE TO REGION S NEEDS. PROJECT IS CONSISTENT WITH BELIZE S GCAL OF INCREASED EXPORTS.
2. USAID/BELIZE COULD PARTICIPATE IN SUBJECT PROJECT. SPECIFICALLY, BELIZE MIGHT TAP INTO THE CENTRAL AMERICAN TEACHERS PROGRAM (CATP) AND CONSULTING ASSISTANCE UNDER COMPONENT II AND THE INTERSECTIONAL POLICY DIALOGUE SEMINARS OF COMPONENT III. UNDER OUR RECENTLY INITIATED TRAINING FOR EMPLOYMENT AND PRODUCTIVITY PROJECT 505-0020 PRIVATE SECTOR MANAGERS AND GOB OFFICIALS WILL BE TRAINED IN EXPORT AND TCURISM DEVELOPMENT THROUGH SEMINARS AND WORKSHOPS. ROCAP S PROJECT COULD BE A SOURCE OF TRAINING FOR BELIZEAN TRAINERS OR COULD PROVIDE ASSISTANCE FOR DEVELOPING CURRICULUM AND COURSE DESIGN. ALSO BELIZEANS COULD ATTEND INCAE SEMINARS.
3. WE ASSUME THAT CONSULTING ASSISTANCE PROVIDED BY INCAE IN BELIZE WOULD BE IN ENGLISH. ALTHOUGH MANY BELIZEANS SPEAK SPANISH, IT MAY BE HELPFUL TO CONDUCT SEMINARS AT INCAE IN ENGLISH, ON A LIMITED BASIS.

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ACTION ROCP INFO AMB DCM AID ECON CHRON/5

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RR R ERGT
DE RUEEBE #4000 3261450
ZNR UUUUU ZZH
R 221445Z NOV 85
FM AMEMBASSY BELIZE
TO AMEMBASSY GUATEMALA 3402
BT
UNCLAS BELIZE 4000

22-NOV-85
TOR: 17:02
CN: 53405
CHRG: ROCP
DIST: ROCP

ACTION: PDO

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FOI: ROCAP
E.O. 12356: N/A
TAGS: N/A

SUBJECT: REGIONAL EXPORT MANAGEMENT TRAINING PID, 596-3024
1. USAID/BELIZE HAS REVIEWED FINAL SUBJECT PID AND IS PLEASED WITH THE RESULT.

2. MISSION HAS INFORMED GAO DURING RECENT VISIT THAT BELIZE SHOULD DEFINITELY BE INCLUDED IN ANY REGIONAL EXPORT MANAGEMENT TRAINING EFFORT, AND THE GAO CONCURRED. THUS, WE APPRECIATE BELIZE BEING LISTED AS AN ISSUE DESERVING FURTHER STUDY IN THE PP DESIGN. WE HOPE THAT WE WILL RECEIVE FULL CONSIDERATION.

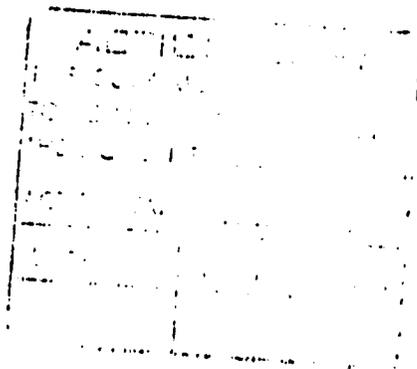
3. SUBJECT PROJECT SHOULD ALSO TIE IN NICELY WITH MISSION S EXPORT AND INVESTMENT PROMOTION 595-0027, AND TRAINING FOR EMPLOYMENT AND PRODUCTIVITY 595-0020, PROJECTS.

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PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 85 to FY 90
Total U.S. Funding \$ 6.0 million

OBJECTIVE SUMMARY

Goal

To stimulate export-led growth in the Central America and Panama Region by helping to improve export management training and encouraging policy reform with particular reference to non-traditional exports.

OBJECTIVELY VERIFIABLE INDICATORS

Measures of goal achievement

- A. Increase non-traditional exports as percentage of G.N.P.
- B. Greater number of Central American managers trained in the specifics of managing non-traditional exports to a world market.
- C. The existence of government policies favorable to non-traditional exports for sale to world markets.
- D. General rejection by regional governments of protectionism and policies which discourage the development of efficient, competitive export oriented businesses.

MEANS OF VERIFICATION

Means of Verification

- A. Research conducted under INCAE Expansion Project (596-0113).
- B. Published reports/critiques of CBI.
- C. Information generated by RBCAP/INCAE Policy Dialogue Seminars.

IMPORTANT ASSUMPTIONS

Assumptions for achieving goal targets

- A. That export management can be improved through training of executives and line managers.
- B. That the policy environment for exports can be improved through a better understanding of policy constraints and through constructive intersectoral dialogue.

NARRATIVE SUMMARY

Purpose

To strengthen INCAE's capabilities in the areas of: export management training; assistance to other schools of business management in the region; and inter-sectoral policy dialogue.

OBJECTIVELY VERIFIABLE INDICATORS

Conditions that will indicate purpose has been achieved: (End of project status)

1. High rate of placement of INCAE graduate with both theoretical and practical training in export management in CA/P export enterprises.
2. INCAE graduates contributing effectively to increased exports within firms employing them and occupying key positions in these firms.
3. 80 students graduated/year from reoriented MBA program.
4. 1000 graduates/year from executive seminar program.
5. Strengthened curricula and course offerings at Central American schools of business management identified through diagnostic/needs assessment. More specific conditions to be developed upon completion of assessment.
6. A comprehensive, self-supporting executive seminar program established at INCAE.
7. More effective public sector policies adopted by CA/P governments in non-traditional export areas.

MEANS OF VERIFICATION

Means of Verification

Close project management tracking by RDCAP and formal evaluations.

RDCAP staff attendance at seminars and close management and evaluation.

Monitoring of Center activities quarterly reports, and formal evaluation.

IMPORTANT ASSUMPTIONS TRANSPORTATION COST COMPETITIVE.

Assumptions for achieving purpose

INCAE is the standard of excellence in the region and will be able to stimulate/motivate other business management schools to improve their export management programs.

The demand for training in export management exists in the public and private sector and governments and firms will be willing to pay for it over the long term.

A physical entity is needed to stimulate the dialogue regarding export policy and applied economics and to act as a permanent residence for research generated throughout the region on policy issues.

PROJECT OUTPUTS

A. INCAE MBA program improved and reoriented to provide INCAE graduates both theoretical and practical training in export management.

B. Executive export management seminar program (seminars and advanced management training) established to provide training to regional businessmen.

C. Faculty from other Central American schools of management/business trained in export management and teaching methods.

D. Faculty and graduates of other management/business schools given scholarships to attend INCAE MBA or Masters in Business and Economics program.

MAGNITUDE OF OUTPUTS

A. 1. 90 new export management case studies developed and introduced into MBA, 30 to 50 INCAE student participants in summer work/study internships.

2. New professors hired and others given in-service training and orientation toward new emphasis on export management.

3. New courses developed in economics and incorporated into MBA curriculum.

B. 5000 participants in INCAE executive and line manager export/import management seminars.

C. 150 professors from other CA/P schools of Business/Management trained at INCAE in CATP program.

D. 40 to 60 professors and students from other business schools in Central America graduated from INCAE MBA program with the help of scholarship assistance.

MEANS OF VERIFICATION

Conscientious project management, quarterly reports, computer-based project tracking system, reports of INCAE/BOCAC/work group meetings.

ASSUMPTIONS FOR ACHIEVING OUTPUTS

A. INCAE internally strong and able to effect needed reorientation while monitoring its institutional integrity.

B. Other business schools in the region will seek and accept INCAE counsel.

C. Center for Applied Economics and Policy Studies will quickly achieve credibility sufficient to allow it to influence regional export policy.

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E. INCAE professors trained at PH.D. level in disciplines relevant to export management training.

E. Four to eight INCAE professors trained at PH.D. level and six to twelve senior professors given refresher training in fields relevant to export management project.

F. The economics program at INCAE strengthened.

F. Two new professors of Economics hired and 10 new courses developed.

G. Consulting assistance in curricula and course development provided to other schools of management/business in the region.

G. Ten to fifteen schools of management/business in the region assisted through consultations in the development of export related curricula and courses.

H. Formal mechanisms established for dissemination of applied economics and policy research.

H. An applied economics and policy newsletter distributed every two months and a journal of applied economics and policy studies published four times per year.

I. Library facilities at INCAE enlarged and upgraded.

I. Over 5,000 volumes added to library book and periodical collection.

J. Additional office space and student study rooms added to INCAE campus.

J. 100 sq. ft. of additional office space and study rooms.

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INPUTS

IMPLEMENTATION TARGETS
(Type and Quantity in \$000)

MEANS OF VERIFICATION

IMPORTANT ASSUMPTIONS

A. Salaries and Wages	1,023
B. Administrative Services	107
C. Supplies and Services	393
D. Transportation and Communications	363
E. Public Relations	15
F. Scholarships	3,027
G. Construction	100
H. Evaluation	210
I. Inflation	401
J. Contingencies	201
TOTAL	6,800

Review of TMC&E and
ROCAP financial records.

1. All funds available on a timely basis.
2. No unexpected delays in meeting conditions and covenants set forth in agreements.

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 ESP.

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

A. GENERAL CRITERIA FOR PROJECT1. FY 1982 Appropriation Act Sec. 523; FAA Sec. 634A; Sec. 653(b).

(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)?

a) Congressional Notification Process.

b) Yes. The project is included in the FY1986 Congressional Presentation, pg. 170.

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

- (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?
- a) Yes
b) 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.

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.

Project is a regional effort.

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.

- a) Yes
- b) Yes
- c) Yes
- d) Yes
- e) Yes
- e) No

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).

By improving export management training and assisting the policy reform process associated with export-led growth, joint ventures with U.S. firms for both trade and investment opportunities will be enhanced. U.S. technical assistance will be utilized and commodities will be purchased from U.S. private enterprise.

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. INCAE will be required to cover
 an increasing share of project costs
 over the life of project either
 through tapping its endowment
 fund, raising new funds or passing
 on costs to students/participants.
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.

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

N.A.

14. FAA 121(d). If a Sabal 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

i. 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

a) The project includes funding for low income scholarships for MBA training at INCAE. Project will also contribute to long-term employment prospects and help encourage strategies of development that will offer a more equitable distribution of benefits.

b) training opportunities will be extended to coop leadership and managers of private sector firms and institutions.

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?

- c) Support for policy dialogue will contribute to self help efforts of CA/P countries.
- d) The project will provide training for women as well as men.
- e) The Grantee is an institution which fosters regional understanding.

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)?

N.A.

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)?

N.A. Assistance is to a regional organization.

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.

No.

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

The project is designed to respond to concrete training needs of the CA/P population at both the graduate level in business administration and the managerial level for short courses. INCAE will help strengthen the capacities of university level education in business administration throughout the region.

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

The emphasis on intersectoral
dialogue will result in a better
understanding of business needs
by government decision-makers.

2. Development Assistance Project
Criteria (Loans Only)

N.A.

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?

N.A.

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)?

N.A.

3. Economic Support Fund
Project Criteria

N.A.

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? N.A.

- c. FAA Sec. 534. Will ESP 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? N.A.

- 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? N.A.

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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? Yes.

4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be N.A.

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(a). Will construction or engineering services be procured from firms of countries otherwise ineligible under Code 941, but which have attained a competitive capability in international markets in one or these areas? No.
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? No.
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.

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

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services to be used? No. Small size of construction activities make use of a U.S. firm highly unlikely.
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? Yes.

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)? N.A.

C. Other Restrictions N.A.

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 administered by an international 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:
- a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525: (1) To pay for performance of abortions as a method of family Yes.

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,
arrearages or dues? Yes.

b. 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. Will
assistance be provided
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? Such assistance will not be
provided.

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

INCAE

Dicember 2, 1985

R-421-85

Mrs. Nadine Plaster
Mission Director
Regional Office for Central America
and Panama (ROCAP)
AGENCY FOR INTERNATIONAL DEVELOPMENT
c/o American Embassy
Guatemala - Guatemala

Dear Mrs. Plaster,

INCAE has committed itself to aiding Central America and Panama to adopt and implement export led economic growth strategies. Such strategies will require both an economic policy environment which is more favorable to exports, and a more efficient private sector.

INCAE has developed a set of activities designed to address these needs, and requests the assistance of the Agency for International Development in order to implement them.

1. Export Management Training

Due in part to a long history of tariff protection, many Central American firms are unable to compete in international markets due to their high costs, low quality and poor service. Major efforts must be made to increase non-traditional exports via management training programs to help managers to become more competitive. In order to both generate export oriented training materials and to develop and present export oriented management training activities, we request \$1,824,313 in grant funds over a five year period.

2. Assistance to other business schools

As the need for export oriented managers grows, INCAE is called upon to help its sister institutions to develop their own management training capabilities. In order to respond to these requests, INCAE requests \$1,504,980 in grant funds to develop and present five six week training programs for professors of business administration from the region, to provide scholarship aid to current

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Sede Nicaragua

Telex 2360 Apartado 2485
Teléfono 58446/8 Managua, Nicaragua

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Mrs. Nadine Plaster
December 2, 1985
Page 2

and future business school professors to attend INCAE's MBA program and to provide additional training and advisory services to the region's other business schools.

3. Center for Policy Studies

The region's economic policy environment constitutes a major barrier to export growth, and can only be modified as a result of informed policy dialogue among the various sectors within each economy. To meet this need, INCAE requests \$1,025,482 in grant funds to sponsor policy research at INCAE, inter-sectoral dialogue seminars in each country, and a policy newsletter and journal of applied economics.

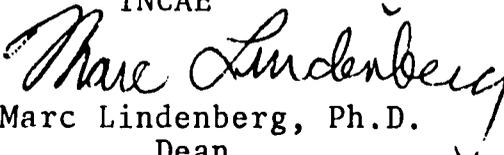
4. Institutional Support

The additional demands placed upon INCAE by the above three sets of new activities will create a need for INCAE to strengthen its institutional base. INCAE therefore, requests \$1,552,914 in grant funds for library support, a modest expansion of office space, scholarship aid for low income students in the MBA program, INCAE faculty training, strengthening of the economics program, and administrative liaison with AID. Finally, INCAE requests \$892,311 in grant funds as an inflation and contingency allowance over the five year project, as well as to finance project evaluations.

INCAE will commit itself to generating \$2,831,664 in counterpart financing out of its general revenues to complement the total of \$6,800,000 of grant funds requested from A.I.D. over the next five year period.

We feel that these activities will have a major impact on improving Central America's exports by improving both management training and policy design and implementation within the region. In this way, INCAE will be able to continue to carry out its role as a force for development in Central America.

Very truly yours,
INCAE


Marc Lindenberg, Ph.D.
Dean

INITIAL ENVIRONMENTAL EXAMINATION

PROJECT LOCATION: Central America

PROJECT TITLE: Regional Export Management
Training Project

PROJECT NUMBER: 596-0124

FY 1986 CP REFERENCE Pg. 170

APPROPRIATE CATEGORY: Education and Human
Resources Development and
Special Development
Activities

LIFE OF PROJECT FUNDING: \$ 7,500,000

IEE PREPARED BY: Frank Zadroga, REMS
Michael Deal, PDO

RECOMMENDED THRESHOLD DECISION Negative threshold
decision



John R. Eyre
Acting Director

9/17/85
Date

I. PROJECT DESCRIPTION

The goal of this five year \$ 7.5 million project will be to improve export management training and the overall policy environment in the region with particular reference to non-traditional exports. The purpose will be to establish a model export management program at INCAE and, through INCAE, to provide assistance to other business schools in Central America in the area of export management training. An ancillary purpose of the project will be to develop, at INCAE, a regional center for applied economics and policy studies.

The project will be implemented through a grant agreement with INCAE and will consist of four components: (1) Model Export Management Training Program; (2) Support for Schools of Business Administration; (3) Center for Applied Economics and Policy Studies; and (4) General Institutional Support.

The model export management program, in addition to strengthening INCAE's instructional capabilities in export management, will include an extensive outreach effort designed to provide remedial short-term training for 5,000 public and private sector managers and executives.

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Assistance to other business schools in the region will allow the project to have a positive short-term impact while multiplying the benefit of INCAE's past experience in the export sector. This component will be designed to help other business schools in the region upgrade their instructional programs especially as related to the teaching of export management. during the five-year life of project, 150 teachers of business administration from throughout the region will receive refresher training in export management and instruction in the latest and most effective means of teaching this important subject.

The Center for Applied Economics and Policy Studies at INCAE will provide support for the study and analysis of economic and public policy which affect exports from Central America. The Center will serve as a regional focus for these kinds of activities by hosting intersectoral dialogue seminars and through the sponsorship of policy related research. The Center will disseminate relevant research findings via a series of newsletters and a new journal of applied economics and policy studies. Also, the Center will assume a lead role in the improvement of the economics program at INCAE and will contribute, in general, to the strengthening of applied economics in the region.

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Finally, the project will fund some general institutional support activities which will include support for the library, monies to build additional faculty offices and student study rooms, faculty training, and a one-million dollar low-income student scholarship fund.

To meet these needs for additional space at the San José Campus, INCAE proposes to expand its faculty office building to provide faculty offices, a secretarial area and student study rooms. The expansion would consist of approximately 200 m² of space on the ground floor of this office building.

Construction will be carried out using expansion plan blueprints which were made when the original building was constructed. The INCAE Expansion Project (AID Grant 596-0113) which funded the original construction was environmentally assessed and assigned a negative determination (See LAC/IEE-82-29) in July 1982.

II. IDENTIFICATION OF POTENTIAL IMPACT

Construction is to be carried out in the form of expansion of an existing facility on a development site. Drainage, water, sewage and all other services required by the expansion were

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planned for and provided for in the original facility. Esthetic and visual impacts have been analyzed and are not of concern. No additional environmentally significant impacts have been identified beyond those already assessed in the INCAE expansion Project (596-0113) IEE. The expansion activity is considered to be environmentally sound and there is no need for further assessment.

DETAILED COST ESTIMATES

COMPONENTE: I: MODEL EXPORT MANAGEMENT TRAINING PROGRAM.
 SUB-COMPONENTE: I-A: RESEARCH, CASE DEVELOPMENT AND CURRICULUM RENOVATION,
 I-B: SCHOLARSHIPS FOR SEMINAPS TRAINING, I-C: STUDENT SUMMER INTER-PROGRAM.

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL												
11. SALARIOS Y JORNALES																			
	1. FACULTAD	107250	42000	149250	157250	42000	199250	157250	42000	199250	146000	42000	188000	146000	42000	188000	713750	210000	923750
	2. PERSONAL ADMON	14300	0	14300	14300	0	14300	14300	0	14300	14300	0	14300	14300	0	14300	71500	0	71500
	SUB-TOTAL	121550	42000	163550	171550	42000	213550	171550	42000	213550	160300	42000	202300	160300	42000	202300	785250	210000	995250
12. SERVICIOS ADMON																			
	1. HON. PROF. VIS.	10000	0	10000	2000	0	2000	2000	0	2000	2000	0	2000	2000	0	2000	18000	0	18000
	2. INTERP. Y TRADUC.	413	0	413	413	0	413	413	0	413	413	0	413	413	0	413	2063	0	2063
	SUB-TOTAL	10413	0	10413	2413	0	2413	2413	0	2413	2413	0	2413	2413	0	2413	20063	0	20063
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	7110	0	7110	8610	0	8610	8610	0	8610	8360	0	8360	8360	0	8360	41050	0	41050
	2. REPRODUCCION	53	0	53	53	0	53	53	0	53	53	0	53	53	0	53	263	0	263
	3. FOTOCOPIAS	2700	0	2700	3267	0	3267	3267	0	3267	3173	0	3173	3173	0	3173	15579	0	15579
	4. CAFETERIA	0	0	0	70	0	70	70	0	70	70	0	70	70	0	70	280	0	280
	5. ALDIAJIENTO	0	0	0	420	0	420	420	0	420	420	0	420	420	0	420	1680	0	1680
	6. LIBROS, REV. Y SUSCRIP.	1015	0	1015	1015	0	1015	1015	0	1015	1015	0	1015	1015	0	1015	5075	0	5075
	SUBTOTAL	10878	0	10878	13435	0	13435	13435	0	13435	13090	0	13090	13090	0	13090	63927	0	63927
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	13140	0	13140	15520	0	15520	15520	0	15520	14330	0	14330	13140	0	13140	71650	0	71650
	2. VIAT. Y GTS DE VIAJES	27375	0	27375	29375	0	29375	29375	0	29375	28375	0	28375	27375	0	27375	141875	0	141875
	3. TRASLADOS	16500	0	16500	0	0	0	0	0	0	0	0	0	0	0	0	16500	0	16500
	4. TELEF. Y CORREO	135	0	135	135	0	135	135	0	135	135	0	135	135	0	135	673	0	673
	5. TELEFONO	493	0	493	493	0	493	493	0	493	493	0	493	493	0	493	2466	0	2466
	SUBTOTAL	57643	0	57643	45523	0	45523	45523	0	45523	43333	0	43333	41143	0	41143	233164	0	233164
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	382	0	382	382	0	382	382	0	382	382	0	382	382	0	382	1909	0	1909
16. EQUIPO Y CAPITAL																			
	1. EQUIPO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17. BECAS																			
	1. PART. SEMINARIOS	135000	135000	270000	225000	225000	450000	135000	335000	470000	112500	327500	440000	112500	327500	440000	720000	1350000	2070000
	2. PROGRAMA MASTER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	3. FACULTAD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	SUBTOTAL	135000	135000	270000	225000	225000	450000	135000	335000	470000	112500	327500	440000	112500	327500	440000	720000	1350000	2070000
18. CONSTRUCCION																			
	1. CONSTRUCCION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19. EVALUACION																			
	1. EVALUACION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10. CONTINGENCIAS																			
	1. CONTINGENCIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL		335865	177000	512865	458302	267000	725302	368302	377000	745302	332017	369500	701517	329827	369500	699327	1824312	1560000	3384313

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DETAILED COST ESTIMATES

COMPONENTE: I: MODEL EXPORT MANAGEMENT TRAINING PROGRAM
 SUB-COMPONENTE: I-A: RESEARCH, CASE DEVELOPMENT AND CURRICULUM RENOVATION.

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL												
11. SALARIOS Y JORNALES																			
	1. FACULTAD	107250	42000	149250	157250	42000	199250	157250	42000	199250	146000	42000	188000	146000	42000	188000	713750	210000	923750
	2. PERSONAL ADMON	8100		8100	8100		8100	8100		8100	8100		8100	8100		8100	40500	0	40500
	SUB-TOTAL	115350	42000	157350	165350	42000	207350	165350	42000	207350	154100	42000	196100	154100	42000	196100	754250	210000	964250
12. SERVICIOS ADMON																			
	1. HON. PROF. VIS.	10000		10000	2000		2000	2000		2000			2000			2000	16000	0	18000
	2. INTERP. Y TRADUC.	413		413	413		413	413		413			413			413	2063	0	2063
	SUB-TOTAL	10413	0	10413	2413	0	2413	2413	0	2413	2413	0	2413	2413	0	2413	20063	0	20063
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	6750		6750	8250		8250	8250		8250	8000		8000	8000		8000	39250	0	39250
	2. REPRODUCCION	53		53	53		53	53		53	53		53	53		53	263	0	263
	3. FOTOCOPIAS	2525		2525	3092		3092	3092		3092	2997		2997	2997		2997	14702	0	14702
	4. CAFETERIA	0		0	70		70	70		70	70		70	70		70	280	0	280
	5. ALOJAMIENTO	0		0	420		420	420		420	420		420	420		420	1680	0	1680
	6. LIBROS, REV. Y SUSCRIP.	1015		1015	1015		1015	1015		1015	1015		1015	1015		1015	5075	0	5075
	SUBTOTAL	10342	0	10342	12899	0	12899	12899	0	12899	12555	0	12555	12555	0	12555	61249	0	61249
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	8140		8140	10520		10520	10520		10520	9330		9330	8140		8140	46650	0	46650
	2. VIAT. Y GROS DE VIAJES	6375		6375	8375		8375	8375		8375	7375		7375	6375		6375	36875	0	36875
	3. TRASLADOS	16500		16500	0		0	0		0	0		0	0		0	16500	0	16500
	4. TELEX Y CORREO	103		103	103		103	103		103	103		103	103		103	513	0	513
	5. TELEFONO	329		329	329		329	329		329	329		329	329		329	1644	0	1644
	SUBTOTAL	31446	0	31446	19326	0	19326	19326	0	19326	17136	0	17136	14946	0	14946	162182	0	162182
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	382		382	382		382	382		382	382		382	382		382	1909	0	1909
16. EQUIPO Y CAPITAL																			
	1. EQUIPO	0		0	0		0	0		0	0		0	0		0	0	0	0
17. BECAS																			
	1. PART. SEMINARIOS	0		0	0		0	0		0	0		0	0		0	0	0	0
	2. PROGRAMA MASTER	0		0	0		0	0		0	0		0	0		0	0	0	0
	3. FACULTAD	0		0	0		0	0		0	0		0	0		0	0	0	0
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18. CONSTRUCCION																			
	1. CONSTRUCCION	0		0	0		0	0		0	0		0	0		0	0	0	0
19. EVALUACION																			
	1. EVALUACION	0		0	0		0	0		0	0		0	0		0	0	0	0
110. CONTINGENCIAS																			
	1. CONTINGENCIA	0		0	0		0	0		0	0		0	0		0	0	0	0
TOTAL		147933	42000	209933	200370	42000	242370	200370	42000	242370	184585	42000	228585	184395	42000	226395	939653	210000	1149653

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DETAILED COST ESTIMATES

COMPONENTE: I: MODEL EXPORT MANAGEMENT TRAINING PROGRAM
 SUB-COMPONENTE: I-9: SCHOLARSHIPS FOR SEMINARS TRAINING

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL												
11. SALARIOS Y JORNALES																			
	1. FACULTAD	0		0	0		0		0		0		0		0		0	0	0
	2. PERSONAL ADMON	0		0	0		0		0		0		0		0		0	0	0
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12. SERVICIOS ADMON																			
	1. MON. PROF. VIS.	0		0	0		0		0		0		0		0		0	0	0
	2. INTERP. Y TRADUC.	0		0	0		0		0		0		0		0		0	0	0
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	0		0	0		0		0		0		0		0		0	0	0
	2. REPRODUCCION	0		0	0		0		0		0		0		0		0	0	0
	3. FOTOCOPIAS	0		0	0		0		0		0		0		0		0	0	0
	4. CAFETERIA	0		0	0		0		0		0		0		0		0	0	0
	5. ALDAMIENTO	0		0	0		0		0		0		0		0		0	0	0
	6. LIBROS, REV. Y SUSCRIP.	0		0	0		0		0		0		0		0		0	0	0
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	0		0	0		0		0		0		0		0		0	0	0
	2. VIAT. Y GROS DE VIAJES	0		0	0		0		0		0		0		0		0	0	0
	3. TRASLADOS	0		0	0		0		0		0		0		0		0	0	0
	4. TELEX Y CORRED	0		0	0		0		0		0		0		0		0	0	0
	5. TELEFONO	0		0	0		0		0		0		0		0		0	0	0
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	0		0	0		0		0		0		0		0		0	0	0
16. EQUIPO Y CAPITAL																			
	1. EQUIPO	0		0	0		0		0		0		0		0		0	0	0
17. BECAS																			
	1. PART. SEMINARIOS	135000	135000	270000	225000	225000	450000	135000	335000	470000	112500	327500	440000	112500	327500	440000	720000	1350000	2070000
	2. PROGRAMA MASTER	0		0	0		0		0		0		0		0		0	0	0
	3. FACULTAD	0		0	0		0		0		0		0		0		0	0	0
	SUBTOTAL	135000	135000	270000	225000	225000	450000	135000	335000	470000	112500	327500	440000	112500	327500	440000	720000	1350000	2070000
18. CONSTRUCCION																			
	1. CONSTRUCCION	0		0	0		0		0		0		0		0		0	0	0
19. EVALUACION																			
	1. EVALUACION	0		0	0		0		0		0		0		0		0	0	0
10. CONTINGENCIAS																			
	1. CONTINGENCIA	0		0	0		0		0		0		0		0		0	0	0
TOTAL		135000	135000	270000	225000	225000	450000	135000	335000	470000	112500	327500	440000	112500	327500	440000	720000	1350000	2070000

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DETAILED COST ESTIMATES

COMPONENTE: I: MODEL EXPORT MANAGEMENT TRAINING PROGRAM
 SUB-COMPONENTE: I-C: STUDENT SUMMER INTER-PROGRAM.

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL												
11.	SALARIOS Y JORNALES																		
	1. FACULTAD	0		0	0		0	0		0		0		0		0		0	0
	2. PERSONAL ADMON	6200		6200	6200		6200	6200		6200		6200		6200		6200		31000	0
	SUB-TOTAL	6200	0	6200	6200	0	6200	6200	0	6200	6200	0	6200	6200	0	6200	31000	0	31000
12.	SERVICIOS ADMON																		
	1. HON. PROF VIS.	0		0	0		0	0		0		0		0		0		0	0
	2. INTERP. Y TRADUC.	0		0	0		0	0		0		0		0		0		0	0
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13.	SUM. Y SERVICIOS																		
	1. SUMINISTROS	360		360	360		360	360		360		360		360		360		1800	0
	2. REPRODUCCION	0		0	0		0	0		0		0		0		0		0	0
	3. FOTOCOPIAS	176		176	176		176	176		176		176		176		176		878	0
	4. CAFETERIA	0		0	0		0	0		0		0		0		0		0	0
	5. ALOJAMIENTO	0		0	0		0	0		0		0		0		0		0	0
	6. LIBROS, REV. Y SUSCRIP.	0		0	0		0	0		0		0		0		0		0	0
	SUBTOTAL	536	0	536	536	0	536	536	0	536	536	0	536	536	0	536	2678	0	2678
14.	TRANSP. Y COMUNICACIONES																		
	1. BOLETOS	5000		5000	5000		5000	5000		5000		5000		5000		5000		25000	0
	2. VIAT. Y GDS DE VIAJES	21000		21000	21000		21000	21000		21000		21000		21000		21000		105000	0
	3. TRASLADOS	0		0	0		0	0		0		0		0		0		0	0
	4. TELEX Y CORRED	32		32	32		32	32		32		32		32		32		160	0
	5. TELEFONO	164		164	164		164	164		164		164		164		164		822	0
	SUBTOTAL	26196	0	26196	26196	0	26196	26196	0	26196	26196	0	26196	26196	0	26196	130982	0	130982
15.	RELACIONES PUBLICAS																		
	1. MEDIOS Y MATERIAL PUB.	0		0	0		0	0		0		0		0		0		0	0
16.	EQUIPO Y CAPITAL																		
	1. EQUIPO	0		0	0		0	0		0		0		0		0		0	0
17.	BECAS																		
	1. PART. SEMINARIOS	0		0	0		0	0		0		0		0		0		0	0
	2. PROGRAMA MASTER	0		0	0		0	0		0		0		0		0		0	0
	3. FACULTAD	0		0	0		0	0		0		0		0		0		0	0
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.	CONSTRUCCION																		
	1. CONSTRUCCION	0		0	0		0	0		0		0		0		0		0	0
19.	EVALUACION																		
	1. EVALUACION	0		0	0		0	0		0		0		0		0		0	0
110.	CONTINGENCIAS																		
	1. CONTINGENCIA	0		0	0		0	0		0		0		0		0		0	0
TOTAL		32932	0	32932	32932	0	32932	32932	0	32932	32932	0	32932	32932	0	32932	164660	0	164660

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DETAILED COST ESTIMATES

COMPONENTE: II: SUPPORT FOR REGIONAL SCHOOLS OF BUSINESS ADMINISTRATION
 SUB-COMPONENTE: II-A. CENTRAL AMERICAN TEACHERS PROGRAM, II-B. CONSULTING ASSISTANCE, II-C. SCHOLARSHIPS ASSISTANCE FOR FACULTY TRAINING AT INCAE.

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			ROCAP	OTROS	TOTAL
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL			
11. SALARIOS Y JORNALES																			
	1. FACULTAD	20000	50000	70000	10000	50000	60000	0	50000	50000	0	35000	35000	0	35000	35000	30000	220000	250000
	2. PERSONAL ADMON	0	19400	19400	0	19400	19400	0	19400	19400	0	9700	9700	0	9700	9700	0	77600	77600
	SUB-TOTAL	20000	69400	89400	10000	69400	79400	0	69400	69400	0	44700	44700	0	44700	44700	30000	297600	327600
12. SERVICIOS ADMON																			
	1. HON. PROF VIS.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2. INTERP. Y TRADUC.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	1000	2720	3720	500	2720	3220	0	2720	2720	0	1720	1720	0	1720	1720	1500	11600	13100
	2. REPRODUCCION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	3. FOTOCOPIAS	378	1366	1744	189	1366	1555	0	1366	1366	0	988	988	0	988	988	567	6074	6641
	4. CAFETERIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	5. ALDAMIENTO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	6. LIBROS, REV. Y SUSCRIP.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	SUBTOTAL	1378	4086	5464	689	4086	4775	0	4086	4086	0	2708	2708	0	2708	2708	2067	17674	19741
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	2380	0	2380	2380	0	2380	0	0	0	0	0	0	0	0	0	4760	0	4760
	2. VIAT. Y GROS DE VIAJES	2550	0	2550	2550	0	2550	0	0	0	0	0	0	0	0	0	5100	0	5100
	3. TRASLADOS	3000	0	3000	0	0	0	0	0	0	0	0	0	0	0	0	3000	0	3000
	4. TELEX Y CORRED	51	0	51	25	0	25	0	0	0	0	0	0	0	0	0	76	0	76
	5. TELEFONO	132	0	132	66	0	66	0	0	0	0	0	0	0	0	0	197	0	197
	SUBTOTAL	8112	0	8112	5021	0	5021	0	0	0	0	0	0	0	0	0	13133	0	13133
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16. EQUIPO Y CAPITAL																			
	1. EQUIPO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17. BECAS																			
	1. PART. SEMINARIOS	320000	0	320000	316000	54000	370000	212000	108000	320000	72900	197100	270000	38880	231120	270000	959780	590220	1550000
	2. PROGRAMA MASTER	162500	0	162500	97500	0	97500	97500	0	97500	97500	0	97500	45000	0	45000	500000	0	500000
	3. FACULTAD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	SUBTOTAL	482500	0	482500	413500	54000	467500	309500	108000	417500	170400	197100	367500	83880	231120	315000	1459780	590220	2050000
18. CONSTRUCCION																			
	1. CONSTRUCCION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19. EVALUACION																			
	1. EVALUACION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10. CONTINGENCIAS																			
	1. CONTINGENCIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL		511990	73486	585476	429210	127486	556696	309500	181486	490986	170400	244508	414908	83880	278528	362408	1504980	905494	2410474

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DETAILED COST ESTIMATES

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COMPONENTE: II: SUPPORT FOR REGIONAL SCHOOLS OF BUSINESS ADMINISTRATION
 SUB-COMPONENTE: II-A. CENTRAL AMERICAN TEACHERS PROGRAM

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL
11. SALARIOS Y JORNALES																			
	1. FACULTAD	0	35000	35000	0	35000	35000	0	35000	35000	0	35000	35000	0	35000	35000	0	175000	175000
	2. PERSONAL ADMON	0	9700	9700	0	9700	9700	0	9700	9700	0	9700	9700	0	9700	9700	0	48500	48500
	SUB-TOTAL	0	44700	44700	0	44700	44700	0	44700	44700	0	44700	44700	0	44700	44700	0	223500	223500
12. SERVICIOS ADMON																			
	1. HON. PROF. VIS.	0		0	0		0	0		0	0		0	0		0	0	0	0
	2. INTERP. Y TRADUC.	0		0	0		0	0		0	0		0	0		0	0	0	0
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	0	1720	1720	0	1720	1720	0	1720	1720	0	1720	1720	0	1720	1720	0	8600	8600
	2. REPRODUCCION	0		0	0		0	0		0	0		0	0		0	0	0	0
	3. FOTOCOPIAS	0	988	988	0	988	988	0	988	988	0	988	988	0	988	988	0	4940	4940
	4. CAFETERIA	0		0	0		0	0		0	0		0	0		0	0	0	0
	5. ALOJAMIENTO	0		0	0		0	0		0	0		0	0		0	0	0	0
	6. LIBROS, REV. Y SUSCRIP.	0		0	0		0	0		0	0		0	0		0	0	0	0
	SUBTOTAL	0	2708	2708	0	2708	2708	0	2708	2708	0	2708	2708	0	2708	2708	0	13540	13540
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	0		0	0		0	0		0	0		0	0		0	0	0	0
	2. VIAT. Y Gtos DE VIAJES	0		0	0		0	0		0	0		0	0		0	0	0	0
	3. TRASLADOS	0		0	0		0	0		0	0		0	0		0	0	0	0
	4. TELEX Y CORREO	0		0	0		0	0		0	0		0	0		0	0	0	0
	5. TELEFONO	0		0	0		0	0		0	0		0	0		0	0	0	0
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL P.B.	0		0	0		0	0		0	0		0	0		0	0	0	0
16. EQUIPO Y CAPITAL																			
	1. EQUIPO	0		0	0		0	0		0	0		0	0		0	0	0	0
17. BECAS																			
	1. PART. SEMINARIOS	270000		270000	216000	54000	270000	162000	108000	270000	72900	197100	270000	38880	231120	270000	759780	590220	1350000
	2. PROGRAMA MASTER	0		0	0		0	0		0	0		0	0		0	0	0	0
	3. FACULTAD	0		0	0		0	0		0	0		0	0		0	0	0	0
	SUBTOTAL	270000	0	270000	216000	54000	270000	162000	108000	270000	72900	197100	270000	38880	231120	270000	759780	590220	1350000
18. CONSTRUCCION																			
	1. CONSTRUCCION	0		0	0		0	0		0	0		0	0		0	0	0	0
19. EVALUACION																			
	1. EVALUACION	0		0	0		0	0		0	0		0	0		0	0	0	0
110. CONTINGENCIAS																			
	1. CONTINGENCIA	0		0	0		0	0		0	0		0	0		0	0	0	0
TOTAL		270000	47408	317408	216000	101408	317408	162000	155408	317408	72900	244508	317408	38880	278528	317408	759780	827260	1587040

DETAILED COST ESTIMATES

COMPONENTE:
SUB-COMPONENTE:

II: SUPPORT FOR REGIONAL SCHOOLS OF BUSINESS ADMINISTRATION
II-9: CONSULTING ASSISTANTS

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			ROCAP	OTROS	TOTAL
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL			
11. SALARIOS Y JORNALES																			
1. FACULTAD		20000	15000	35000	10000	15000	25000	0	15000	15000	0	0	0	0	0	30000	45000	75000	
2. PERSONAL ADMON		0	9700	9700	0	9700	9700	0	9700	9700	0	0	0	0	0	0	29100	29100	
SUB-TOTAL		20000	24700	44700	10000	24700	34700	0	24700	24700	0	0	0	0	0	30000	74100	104100	
12. SERVICIOS ADMON																			
1. HON. PROF. VIS.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2. INTERP. Y TRADUC.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUB-TOTAL		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13. SUM. Y SERVICIOS																			
1. SUMINISTROS		1000	1000	2000	500	1000	1500	0	1000	1000	0	0	0	0	0	1500	3000	4500	
2. REPRODUCCION		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3. FOTOCOPIAS		378	378	756	189	378	567	0	378	378	0	0	0	0	0	567	1134	1701	
4. CAFETERIA		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5. ALOJAMIENTO		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6. LIBROS, REV. Y SUSCRIP.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUBTOTAL		1378	1378	2756	689	1378	2067	0	1378	1378	0	0	0	0	0	2067	4134	6201	
14. TRANSP. Y COMUNICACIONES																			
1. BOLETOS		2380	0	2380	2380	0	2380	0	0	0	0	0	0	0	0	4760	0	4760	
2. VIAT. Y GDS DE VIAJES		2550	0	2550	2550	0	2550	0	0	0	0	0	0	0	0	5100	0	5100	
3. TRASLADOS		3000	0	3000	0	0	0	0	0	0	0	0	0	0	0	3000	0	3000	
4. TELEX Y CORRED		51	0	51	25	0	25	0	0	0	0	0	0	0	0	76	0	76	
5. TELEFONO		132	0	132	66	0	66	0	0	0	0	0	0	0	0	197	0	197	
SUBTOTAL		8112	0	8112	5021	0	5021	0	0	0	0	0	0	0	0	13133	0	13133	
15. RELACIONES PUBLICAS																			
1. MEDIOS Y MATERIAL PUB.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16. EQUIPO Y CAPITAL																			
1. EQUIPO		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17. BECAS																			
1. PART. SEMINARIOS		50000	0	50000	100000	0	100000	50000	0	50000	0	0	0	0	0	200000	0	200000	
2. PROGRAMA MASTER		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3. FACULTAD		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUBTOTAL		50000	0	50000	100000	0	100000	50000	0	50000	0	0	0	0	0	200000	0	200000	
18. CONSTRUCCION																			
1. CONSTRUCCION		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
19. EVALUACION																			
1. EVALUACION		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10. CONTINGENCIAS																			
1. CONTINGENCIA		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL		79490	26078	105568	115710	26078	141788	50000	26078	76078	0	0	0	0	0	245200	78234	323434	

PPTD

DETAILED COST ESTIMATES

COMPONENTE:
SUB-COMPONENTE:II: SUPPORT FOR REGIONAL SCHOOLS OF BUSINESS ADMINISTRATION
II-C. SCHOLARSHIPS ASSISTANCE FOR FACULTY TRAINING AT INCAE

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			RUCAP	OTROS	TOTAL
		RUCAP	OTROS	TOTAL	RUCAP	OTROS	TOTAL	RUCAP	OTROS	TOTAL	RUCAP	OTROS	TOTAL	RUCAP	OTROS	TOTAL			
11.	SALARIOS Y JORNALES																		
	1. FACULTAD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	2. PERSONAL ADMON	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12.	SERVICIOS ADMON																		
	1. HON. PROF. VIS.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	2. INTERP. Y TRAMIC.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13.	SUR. Y SERVICIOS																		
	1. SUMINISTROS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	2. REPRODUCCION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	3. FOTOCOPIAS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	4. CAFETERIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	5. ALOJAMIENTO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	6. LIBROS, REV. Y SUSCRIP.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14.	TRANSP. Y COMUNICACIONES																		
	1. BOLETOS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	2. VIAT. Y OTOS DE VIAJES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	3. TRASLADOS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	4. TELEX Y CORREO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	5. TELEFONO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15.	RELACIONES PUBLICAS																		
	1. MEDIOS Y MATERIAL PUB.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16.	EQUIPO Y CAPITAL																		
	1. EQUIPO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17.	BECAS																		
	1. PART. SEMINARIOS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	2. PROGRAMA MASTER	162500	0	162500	97500	0	97500	97500	0	97500	97500	0	97500	45000	0	45000	500000	0	
	3. FACULTAD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	SUBTOTAL	162500	0	162500	97500	0	97500	97500	0	97500	97500	0	97500	45000	0	45000	500000	0	
18.	CONSTRUCCION																		
	1. CONSTRUCCION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
19.	EVALUACION																		
	1. EVALUACION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
110.	CONTINGENCIAS																		
	1. CONTINGENCIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL		162500	0	162500	97500	0	97500	97500	0	97500	97500	0	97500	45000	0	45000	500000	0	

DETAILED COST ESTIMATES

COMPONENTE: III-CENTER FOR APPLIED ECONOMICS AND POLICY STUDIES
 SUB-COMPONENTE: III-A.STAFF SUPPORT, III-B.INTERSECTORIAL POLICY DIALOGUE SEMINARS,
 III-C.POLICY NEWSLETTER AND JOURNAL, III-D.SPONSORED POLICY RESEARCH

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL			
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL													
11.SALARIOS Y JORNALES																				
	1.FACULTAD	64500	30000	94500	113000	30000	143000	113000	30000	143000	113000	30000	143000	94500	30000	124500	498000	150000	648000	
	2.PERSONAL ADMON	5400	2700	8100	10800	2700	13500	10800	2700	13500	10800	2700	13500	10800	2700	13500	48600	13500	62100	
	SUB-TOTAL	69900	32700	102600	123800	32700	156500	123800	32700	156500	123800	32700	156500	105300	32700	138000	546600	163500	710100	
12.SERVICIOS ADMON																				
	1.HON.PROF VIS.	32000		32000	32000		32000	32000		32000			32000		16000		16000	144000	0	144000
	2.INTERP.Y TRADUC.	660		660	660		660	660		660		660	660	660		660	3300	0	3300	
	SUB-TOTAL	32660	0	32660	32660	0	32660	32660	0	32660	32660	0	32660	16660	0	16660	147300	0	147300	
13.SUM. Y SERVICIOS																				
	1.SUMINISTROS	3040	1030	4070	5780	1030	6810	5780	1030	6810	5780	1030	6810	3880	1030	4910	24260	5150	29410	
	2.REPRODUCCION	0		0	24480		24480	24480		24480		24480	24480		24480		97920	0	97920	
	3.FOTOCOPIAS	1328	299	1627	2543	299	2842	2543	299	2842	2543	299	2842	1825	299	2124	10794	1493	12277	
	4.CAFETERIA	600		600	600		600	600		600		600	600	300		300	2700	0	2700	
	5.ALOJAMIENTO	1800		1800	1800		1800	1800		1800		1800	900		900	8100	0	8100		
	6.LIBROS,REV.Y SUSCRIP.	270	180	450	270	180	450	270	180	450	270	180	450	270	180	450	1350	900	2250	
	SUBTOTAL	7038	1509	8547	35473	1509	36982	35473	1509	36982	35473	1509	36982	31655	1509	33164	145114	7543	152657	
14.TRANSP.Y COMUNICACIONES																				
	1.BOLETOS	10000	4760	14760	9000	4760	13760	9000	4760	13760	8000	4760	12760	8000	4760	12760	44000	23800	67800	
	2.VIAT.Y GTO DE VIAJES	750	4080	4830	375	4080	4455	375	4080	4455	0	4080	4080	0	4080	4080	1500	20400	21900	
	3.TRASLADOS	9000		9000	0		0	0		0		0	0		0	9000	0	9000		
	4.TELEF Y CORREO	34	54	88	3794	54	3848	3794	54	3848	3794	54	3848	3794	54	3848	15209	269	15478	
	5.TELEFONO	543	132	674	543	132	674	543	132	674	543	132	674	543	132	674	2713	658	3370	
	SUBTOTAL	20326	9025	29352	13711	9025	22737	13711	9025	22737	12336	9025	21362	12336	9025	21362	72422	45126	117548	
15.RELACIONES PUBLICAS																				
	1.MEDIOS Y MATERIAL PUB.	1545		1545	0		0	0		0		0	0		0	1545	0	1545		
16.EQUIPO Y CAPITAL																				
	1.EQUIPO	0		0	0		0	0		0		0	0		0	0	0	0		
17.BECAS																				
	1.PART.SEMINARIOS	25000		25000	25000	0	25000	25000	0	25000	25000	0	25000	12500	0	12500	112500	0	112500	
	2.PROGRAMA MASTER	0		0	0		0	0		0		0	0		0	0	0	0		
	3.FACULTAD	0		0	0		0	0		0		0	0		0	0	0	0		
	SUBTOTAL	25000	0	25000	25000	0	25000	25000	0	25000	25000	0	25000	12500	0	12500	112500	0	112500	
18.CONSTRUCCION																				
	1.CONSTRUCCION	0		0	0		0	0		0		0	0		0	0	0	0		
19.EVALUACION																				
	1.EVALUACION	0		0	0		0	0		0		0	0		0	0	0	0		
10.CONTINGENCIAS																				
	1.CONTINGENCIA	0		0	0		0	0		0		0	0		0	0	0	0		
TOTAL		156470	43234	199704	230645	43234	273879	230645	43234	273879	229270	43234	272504	178452	43234	221685	1025481	216170	1241650	

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DETAILED COST ESTIMATES

COMPONENTE: III: CENTER FOR APPLIED ECONOMICS AND POLICY STUDIES
 SUB-COMPONENTE: III-A. STAFF SUPPORT

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL
11. SALARIOS Y JORNALES																			
	1. FACULTAD	48500		48500	97000		97000	97000		97000		97000	78500		78500		418000	0	418000
	2. PERSONAL ADMON	2700		2700	5400		5400	5400		5400		5400	5400		5400		24300	0	24300
	SUB-TOTAL	51200	0	51200	102400	0	102400	102400	0	102400	102400	0	102400	83900	0	83900	442300	0	442300
12. SERVICIOS ADMON																			
	1. HON. PROF VIS.	0		0	0		0	0		0		0	0		0		0	0	0
	2. INTERP. Y TRADUC.	0		0	0		0	0		0		0	0		0		0	0	0
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	1620		1620	4240		4240	4240		4240		4240	2740		2740		17080	0	17080
	2. REPRODUCCION	0		0	0		0	0		0		0	0		0		0	0	0
	3. FOTOCOPIAS	702		702	1782		1782	1782		1782		1782	1215		1215		7263	0	7263
	4. CAFETERIA	0		0	0		0	0		0		0	0		0		0	0	0
	5. ALOJAMIENTO	0		0	0		0	0		0		0	0		0		0	0	0
	6. LIBROS, REV. Y SUSCRIP.	270		270	270		270	270		270		270	270		270		1350	0	1350
	SUBTOTAL	2592	0	2592	6292	0	6292	6292	0	6292	6292	0	6292	4225	0	4225	25693	0	25693
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	2000		2000	1000		1000	1000		1000		0	0		0		4000	0	4000
	2. VIAT. Y GROS DE VIAJES	750		750	375		375	375		375		0	0		0		1500	0	1500
	3. TRASLADOS	9000		9000	0		0	0		0		0	0		0		9000	0	9000
	4. TELEX Y CORREO	23		23	23		23	23		23		23	23		23		113	0	113
	5. TELEFONO	526		526	526		526	526		526		526	526		526		2630	0	2630
	SUBTOTAL	12299	0	12299	1924	0	1924	1924	0	1924	549	0	549	549	0	549	17243	0	17243
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	0		0	0		0	0		0		0	0		0		0	0	0
16. EQUIPO Y CAPITAL																			
	1. EQUIPO	0		0	0		0	0		0		0	0		0		0	0	0
17. BECAS																			
	1. PART. SEMINARIOS	0		0	0		0	0		0		0	0		0		0	0	0
	2. PROGRAMA MASTER	0		0	0		0	0		0		0	0		0		0	0	0
	3. FACULTAD	0		0	0		0	0		0		0	0		0		0	0	0
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18. CONSTRUCCION																			
	1. CONSTRUCCION	0		0	0		0	0		0		0	0		0		0	0	0
19. EVALUACION																			
	1. EVALUACION	0		0	0		0	0		0		0	0		0		0	0	0
110. CONTINGENCIAS																			
	1. CONTINGENCIA	0		0	0		0	0		0		0	0		0		0	0	0
	TOTAL	66091	0	66091	110616	0	110616	110616	0	110616	109241	0	109241	88674	0	88674	485236	0	485236

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DETAILED COST ESTIMATES

COMPONENTE: III: CENTER FOR APPLIED ECONOMICS AND POLICY STUDIES
 SUB-COMPONENTE: III-B. INTERSECTORIAL POLICY DIALOGUE SEMINARS

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL												
11. SALARIOS Y JORNALES																			
	1. FACULTAD	0	30000	30000	0	30000	30000	0	30000	30000	0	30000	30000	0	30000	30000	0	150000	150000
	2. PERSONAL ADMON	0	2700	2700	0	2700	2700	0	2700	2700	0	2700	2700	0	2700	2700	0	13500	13500
	SUB-TOTAL	0	32700	32700	0	32700	32700	0	32700	32700	0	32700	32700	0	32700	32700	0	163500	163500
12. SERVICIOS ADMON																			
	1. HON. PROF VIS.	0		0	0		0	0		0	0		0	0		0	0	0	0
	2. INTERP. Y TRABUC.	0		0	0		0	0		0	0		0	0		0	0	0	0
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	0	1030	1030	0	1030	1030	0	1030	1030	0	1030	1030	0	1030	1030	0	5150	5150
	2. REPRODUCCION	0		0	0		0	0		0	0		0	0		0	0	0	0
	3. FOTOCOPIAS	0	299	299	0	299	299	0	299	299	0	299	299	0	299	299	0	1493	1493
	4. CAFETERIA	0		0	0		0	0		0	0		0	0		0	0	0	0
	5. ALOJAMIENTO	0		0	0		0	0		0	0		0	0		0	0	0	0
	6. LIBROS, REV. Y SUSCRIP.	0	180	180	0	180	180	0	180	180	0	180	180	0	180	180	0	900	900
	SUBTOTAL	0	1509	1509	0	1509	1509	0	1509	1509	0	1509	1509	0	1509	1509	0	7543	7543
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	0	4760	4760	0	4760	4760	0	4760	4760	0	4760	4760	0	4760	4760	0	23800	23800
	2. VIAT. Y ETOS DE VIAJES	0	4080	4080	0	4080	4080	0	4080	4080	0	4080	4080	0	4080	4080	0	20400	20400
	3. TRASLADOS	0		0	0		0	0		0	0		0	0		0	0	0	0
	4. TELEX Y CORREO	0	54	54	0	54	54	0	54	54	0	54	54	0	54	54	0	269	269
	5. TELEFONO	0	132	132	0	132	132	0	132	132	0	132	132	0	132	132	0	658	658
	SUBTOTAL	0	9025	9025	0	9025	9025	0	9025	9025	0	9025	9025	0	9025	9025	0	45126	45126
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	0		0	0		0	0		0	0		0	0		0	0	0	0
16. EQUIPOS Y CAPITAL																			
	1. EQUIPO	0		0	0		0	0		0	0		0	0		0	0	0	0
17. BECAS																			
	1. PART. SEMINARIOS	25000		25000	25000		25000	25000		25000	25000		25000	12500		12500	112500		112500
	2. PROGRAMA MASTER	0		0	0		0	0		0	0		0	0		0	0	0	0
	3. FACULTAD	0		0	0		0	0		0	0		0	0		0	0	0	0
	SUBTOTAL	25000	0	25000	25000	0	25000	25000	0	25000	25000	0	25000	12500	0	12500	112500	0	112500
18. CONSTRUCCION																			
	1. CONSTRUCCION	0		0	0		0	0		0	0		0	0		0	0	0	0
19. EVALUACION																			
	1. EVALUACION	0		0	0		0	0		0	0		0	0		0	0	0	0
10. CONTINGENCIAS																			
	1. CONTINGENCIA	0		0	0		0	0		0	0		0	0		0	0	0	0
	TOTAL	25000	43234	68234	25000	43234	68234	25000	43234	68234	25000	43234	68234	12500	43234	55734	112500	216170	328670

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DETAILED COST ESTIMATES

COMPONENTE: III-CENTER FOR APPLIED ECONOMICS AND POLICY STUDIES
 SUB-COMPONENTE: III-C.POLICY NEWSLETTER AND JOURNAL

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990		
		ROCAP	OTROS	TOTAL												
11.SALARIOS Y JORNALES																
	1.FACULTAD	16000		16000	16000		16000	16000		16000		16000	16000		16000	
	2.PERSONAL ADMON	2700		2700	5400		5400	5400		5400		5400	5400		5400	
	SUB-TOTAL	18700	0	18700	21400	0	21400	21400	0	21400	0	21400	21400	0	21400	104300
12.SERVICIOS ADMON																
	1.HON.PROF VIS.	0		0	0		0	0		0		0	0		0	
	2.INTERP.Y TRADUC.	660		660	660		660	660		660		660	660		660	
	SUB-TOTAL	660	0	660	660	0	660	660	0	660	0	660	660	0	660	3300
13.SUM. Y SERVICIOS																
	1.SUMINISTROS	620		620	740		740	740		740		740	740		740	3580
	2.REPRODUCCION	0		0	24480		24480	24480		24480		24480	24480		24480	97920
	3.FOTOCOPIAS	324		324	459		459	459		459		459	459		459	2160
	4.CAFETERIA	0		0	0		0	0		0		0	0		0	0
	5.ALDEJAMIENTOS	0		0	0		0	0		0		0	0		0	0
	6.LIBROS,REV.Y SUSCRIP.	0		0	0		0	0		0		0	0		0	0
	SUBTOTAL	944	0	944	25679	0	25679	25679	0	25679	0	25679	25679	0	25679	103660
14.TRASP.Y COMUNICACIONES																
	1.BOLETOS	0		0	0		0	0		0		0	0		0	0
	2.VIAT.Y GROS DE VIAJES	0		0	0		0	0		0		0	0		0	0
	3.TRASLADOS	0		0	0		0	0		0		0	0		0	0
	4.TELEX Y CORRED	0		0	3760		3760	3760		3760		3760	3760		3760	15040
	5.TELEFONO	0		0	0		0	0		0		0	0		0	0
	SUBTOTAL	0	0	0	3760	0	3760	3760	0	3760	0	3760	3760	0	3760	15040
15.RELACIONES PUBLICAS																
	1.MEDIOS Y MATERIAL PUB.	1545		1545	0		0	0		0		0	0		1545	0
16.EQUIPO Y CAPITAL																
	1.EQUIPO	0		0	0		0	0		0		0	0		0	0
17.BECAS																
	1.PART.SEMINARIOS	0		0	0		0	0		0		0	0		0	0
	2.PROGRAMA MASTER	0		0	0		0	0		0		0	0		0	0
	3.FACULTAD	0		0	0		0	0		0		0	0		0	0
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.CONSTRUCCION																
	1.CONSTRUCCION	0		0	0		0	0		0		0	0		0	0
19.EVALUACION																
	1.EVALUACION	0		0	0		0	0		0		0	0		0	0
110.CONTINGENCIAS																
	1.CONTINGENCIA	0		0	0		0	0		0		0	0		0	0
TOTAL		21849	0	21849	51499	0	51499	51499	0	51499	0	51499	51499	0	51499	227845

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PPTD

DETAILED COST ESTIMATES

COMPONENTE: III: CENTER FOR APPLIED ECONOMICS AND POLICY STUDIES
 SUB-COMPONENTE: III-D. SPONSORED POLICY RESEARCH

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL												
11. SALARIOS Y JORNALES																			
	1. FACULTAD	0		0	0		0	0		0		0		0		0		0	0
	2. PERSONAL ADMON	0		0	0		0	0		0		0		0		0		0	0
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12. SERVICIOS ADMON																			
	1. HON. PROF VIS.	32000		32000	32000		32000	32000		32000		32000		16000		16000		144000	0
	2. INTERP. Y TRADUC.	0		0	0		0	0		0		0		0		0		0	0
	SUB-TOTAL	32000	0	32000	32000	0	32000	32000	0	32000	32000	0	32000	16000	0	16000	144000	0	144000
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	800		800	800		800	800		800		800		400		400		3600	0
	2. REPRODUCCION	0		0	0		0	0		0		0		0		0		0	0
	3. FOTOCOPIAS	302		302	302		302	302		302		302		151		151		1361	0
	4. CAFETERIA	600		600	600		600	600		600		600		300		300		2700	0
	5. ALQUILAMIENTO	1800		1800	1800		1800	1800		1800		1800		900		900		8100	0
	6. LIBROS, REV. Y SUSCRIP.	0		0	0		0	0		0		0		0		0		0	0
	SUBTOTAL	3502	0	3502	3502	0	3502	3502	0	3502	3502	0	3502	1751	0	1751	15761	0	15761
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	8000		8000	8000		8000	8000		8000		8000		8000		8000		40000	0
	2. VIAT. Y GTO. DE VIAJES	0		0	0		0	0		0		0		0		0		0	0
	3. TRASLADOS	0		0	0		0	0		0		0		0		0		0	0
	4. TELEX Y CORREO	11		11	11		11	11		11		11		11		11		56	0
	5. TELEFONO	16		16	16		16	16		16		16		16		16		82	0
	SUBTOTAL	8028	0	8028	8028	0	8028	8028	0	8028	8028	0	8028	8028	0	8028	40139	0	40139
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	0		0	0		0	0		0		0		0		0		0	0
16. EQUIPO Y CAPITAL																			
	1. EQUIPO	0		0	0		0	0		0		0		0		0		0	0
17. BECAS																			
	1. PART. SEMINARIOS	0		0	0		0	0		0		0		0		0		0	0
	2. PROGRAMA MASTER	0		0	0		0	0		0		0		0		0		0	0
	3. FACULTAD	0		0	0		0	0		0		0		0		0		0	0
	SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18. CONSTRUCCION																			
	1. CONSTRUCCION	0		0	0		0	0		0		0		0		0		0	0
19. EVALUACION																			
	1. EVALUACION	0		0	0		0	0		0		0		0		0		0	0
110. CONTINGENCIAS																			
	1. CONTINGENCIA	0		0	0		0	0		0		0		0		0		0	0
	TOTAL	43530	0	43530	43530	0	43530	43530	0	43530	43530	0	43530	25779	0	25779	199899	0	199899

DETAILED COST ESTIMATES

COMPONENTE: IV: INSTITUCIONAL SUPPORT
 SUB-COMPONENTE: IV-A. LIBRARY SUPPORT, IV-B. CONSTRUCCION, IV-C. LOW INCOME STUDENT SCHOLARSHIPS
 IV-D. FACULTY TRAINING, IV-E. ROCAP LIASON, IV-F. STRENGTHENING ECONOMY PROGRAM

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			ROCAP	OTROS	TOTAL
		ROCAP	OTROS	TOTAL															
11. SALARIOS Y JORNALES																			
	1. FACULTAD	30000	0	30000	100000	0	100000	100000	0	100000	100000	0	100000	50000	0	50000	380000	0	380000
	2. PERSONAL ADMON	15200	0	15200	30400	0	30400	30400	0	30400	5400	0	5400	0	0	0	81400	0	81400
	SUB-TOTAL	45200	0	45200	130400	0	130400	130400	0	130400	105400	0	105400	50000	0	50000	461400	0	461400
12. SERVICIOS ADMON																			
	1. HON. PROF VIS.	6800	0	6800	6800	0	6800	0	0	0	0	0	0	0	0	0	13600	0	13600
	2. INTERP. Y TRADUC.	2750	0	2750	2750	0	2750	0	0	0	0	0	0	0	0	0	5500	0	5500
	SUB-TOTAL	9550	0	9550	9550	0	9550	0	0	0	0	0	0	0	0	0	19100	0	19100
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	1660	0	1660	3960	0	3960	3960	0	3960	3720	0	3720	1370	0	1370	14670	0	14670
	2. REPRODUCCION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	3. FOTOCOPIAS	891	0	891	1755	0	1755	1755	0	1755	1485	0	1485	608	0	608	6494	0	6494
	4. CAFETERIA	250	0	250	250	0	250	0	0	0	0	0	0	0	0	0	500	0	500
	5. ALMOJAMIENTO	225	0	225	225	0	225	0	0	0	0	0	0	0	0	0	450	0	450
	6. LIBROS, REV. Y SUSCRIP.	32000	0	32000	32000	0	32000	32000	0	32000	32000	0	32000	32000	0	32000	160000	0	160000
	SUBTOTAL	35026	0	35026	38190	0	38190	37715	0	37715	37205	0	37205	33978	0	33978	182114	0	182114
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	9380	0	9380	9380	0	9380	4380	0	4380	1190	0	1190	1190	0	1190	25520	0	25520
	2. VIAT. Y GTO. DE VIAJES	2990	0	2990	2990	0	2990	2990	0	2990	765	0	765	765	0	765	10500	0	10500
	3. TRASLADOS	6000	0	6000	0	0	0	0	0	0	0	0	0	0	0	0	6000	0	6000
	4. TELEX Y CORREO	280	0	280	280	0	280	280	0	280	280	0	280	280	0	280	1402	0	1402
	5. TELEFONO	82	0	82	82	0	82	82	0	82	82	0	82	82	0	82	411	0	411
	SUBTOTAL	18733	0	18733	12733	0	12733	7733	0	7733	2318	0	2318	2318	0	2318	43833	0	43833
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	11570	0	11570	0	0	0	0	0	0	0	0	0	0	0	0	11570	0	11570
16. EQUIPO Y CAPITAL																			
	1. EQUIPO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17. BECAS																			
	1. PART. SEMINARIOS	0	0	0	0	75000	75000	0	150000	150000	0	150000	150000	0	150000	150000	0	525000	525000
	2. PROGRAMA MASTER	162500	0	162500	97500	0	97500	97500	0	97500	97500	0	97500	45000	0	45000	500000	0	500000
	3. FACULTAD	162498	142500	304998	56249	96300	152549	6249	6300	12549	9900	9900	19800	0	0	0	234896	255000	489896
	SUBTOTAL	324998	142500	467498	153749	171300	325049	103749	156300	260049	107400	159900	267300	45000	150000	195000	734896	780000	1514896
18. CONSTRUCCION																			
	1. CONSTRUCCION	100000	0	100000	0	0	0	0	0	0	0	0	0	0	0	0	100000	0	100000
19. EVALUACION																			
	1. EVALUACION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10. CONTINGENCIAS																			
	1. CONTINGENCIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL		545077	142500	687577	344622	171300	515922	279597	156300	435897	252323	159900	412223	131295	150000	281295	1552912	780000	2332912

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DETAILED COST ESTIMATES

COMPONENTE: IV: INSTITUCIONAL SUPPORT
 SUB-COMPONENTE: IV-A. LIBRARY SUPPORT, IV-B. CONSTRUCCION, IV-C. LOW INCOME STUDENT SCHOLARSHIPS
 IV-D. FACULTY TRAINING, IV-E. ROCAP LIASGM

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL	ROCAP	OTROS	TOTAL
11. SALARIOS Y JORNALES																			
	1. FACULTAD	0		0	0		0	0		0		0		0		0		0	0
	2. PERSONAL ADMON	12500		12500	25000		25000	25000		25000		0		0		0		0	0
	SUB-TOTAL	12500	0	12500	25000	0	25000	25000	0	25000	0	0	0	0	0	62500	0	62500	0
12. SERVICIOS ADMON																			
	1. HON. PROF VIS.	0		0	0		0	0		0		0		0		0		0	0
	2. INTERP. Y TRADUC.	0		0	0		0	0		0		0		0		0		0	0
	SUB-TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13. SUM. Y SERVICIOS																			
	1. SUMINISTROS	120		120	240		240	240		240		0		0		0		600	0
	2. REPRODUCCION	0		0	0		0	0		0		0		0		0		0	0
	3. FOTOCOPIAS	135		135	270		270	270		270		0		0		0		675	0
	4. CAFETERIA	0		0	0		0	0		0		0		0		0		0	0
	5. ALOJAMIENTO	0		0	0		0	0		0		0		0		0		0	0
	6. LIBROS, REV. Y SUSCRIP.	32000		32000	32000		32000	32000		32000		32000		32000		32000		160000	0
	SUBTOTAL	32255	0	32255	32510	0	32510	32510	0	32510	32000	0	32000	32000	0	32000	0	161275	0
14. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	3190		3190	3190		3190	3190		3190		0		0		0		9570	0
	2. VIAT. Y GTO. DE VIAJES	2225		2225	2225		2225	2225		2225		0		0		0		6675	0
	3. TRASLADOS	0		0	0		0	0		0		0		0		0		0	0
	4. TELEX Y CORREO	34		34	34		34	34		34		34		34		34		169	0
	5. TELEFONO	16		16	16		16	16		16		16		16		16		82	0
	SUBTOTAL	5465	0	5465	5465	0	5465	5465	0	5465	50	0	50	50	0	50	0	16496	0
15. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	0		0	0		0	0		0		0		0		0		0	0
16. EQUIPO Y CAPITAL																			
	1. EQUIPO	0		0	0		0	0		0		0		0		0		0	0
17. BECAS																			
	1. PART. SEMINARIOS	0		0	0		0	0		0		0		0		0		0	0
	2. PROGRAMA MASTER	162500		162500	97500		97500	97500		97500		97500		45000		45000		500000	0
	3. FACULTAD	162498	142500	304998	56249	96300	152549	6249	6300	12549	9900	9900	9900	19800	0	0	234896	255000	489896
	SUBTOTAL	324998	142500	467498	153749	96300	250049	103749	6300	110049	107400	9900	117300	45000	0	45000	734896	255000	989896
18. CONSTRUCCION																			
	1. CONSTRUCCION	100000		100000	0		0	0		0		0		0		0		100000	0
19. EVALUACION																			
	1. EVALUACION	0		0	0		0	0		0		0		0		0		0	0
20. CONTINGENCIAS																			
	1. CONTINGENCIA	0		0	0		0	0		0		0		0		0		0	0
TOTAL		475218	142500	617718	216724	96300	313024	166724	6300	173024	139451	9900	149351	77050	0	77050	1075167	255000	1330167

DETAILED COST ESTIMATES

COMPONENTE: IV: INSTITUTIONAL SUPPORT
 SUB-COMPONENTE: IV-F. STRENGTHENING ECONOMY PROGRAM.

CATEGORIA	RUBRO	1985/1986			1986/1987			1987/1988			1988/1989			1989/1990			TOTAL		
		RCCAP	OTROS	TOTAL	RCCAP	OTROS	TOTAL	RCCAP	OTROS	TOTAL	RCCAP	OTROS	TOTAL	RCCAP	OTROS	TOTAL	RCCAP	OTROS	TOTAL
1. SALARIOS Y JORNALES																			
	1. FACULTAD	30000		30000	100000		100000	100000		100000		100000	50000		50000		380000	0	380000
	2. PERSONAL ADMN	2700		2700	5400		5400	5400		5400		5400	0		0		18900	0	18900
	SUB-TOTAL	32700	0	32700	105400	0	105400	105400	0	105400	105400	0	105400	50000	0	50000	398900	0	398900
2. SERVICIOS ADMN																			
	1. MON. PROF VIS.	6800		6800	6800		6800	0		0		0	0		0		13600	0	13600
	2. INTERP. Y TRADUC.	2750		2750	2750		2750	0		0		0	0		0		5500	0	5500
	SUB-TOTAL	9550	0	9550	9550	0	9550	0	0	0	0	0	0	0	0	0	19100	0	19100
3. SUM. Y SERVICIOS																			
	1. SUMINISTROS	1540		1540	3720		3720	3720		3720		3720	1370		1370		14070	0	14070
	2. REPRODUCCION	0		0	0		0	0		0		0	0		0		0	0	0
	3. FOTOCOPIAS	756		756	1485		1485	1485		1485		1485	608		608		5819	0	5819
	4. CAFETERIA	250		250	250		250	0		0		0	0		0		500	0	500
	5. ALDAMIENTO	225		225	225		225	0		0		0	0		0		450	0	450
	6. LIBROS, REV. Y SUSCRIP.	0		0	0		0	0		0		0	0		0		0	0	0
	SUBTOTAL	2771	0	2771	5680	0	5680	5205	0	5205	5205	0	5205	1978	0	1978	20839	0	20839
4. TRANSP. Y COMUNICACIONES																			
	1. BOLETOS	6190		6190	6190		6190	1190		1190		1190	1190		1190		15950	0	15950
	2. VIAT. Y GROS DE VIAJES	765		765	765		765	765		765		765	765		765		3825	0	3825
	3. TRASLADOS	6000		6000	0		0	0		0		0	0		0		6000	0	6000
	4. TELEX Y CORRED	247		247	247		247	247		247		247	247		247		1233	0	1233
	5. TELEFONO	66		66	66		66	66		66		66	66		66		329	0	329
	SUBTOTAL	13267	0	13267	7267	0	7267	2267	0	2267	2267	0	2267	2267	0	2267	27336	0	27336
5. RELACIONES PUBLICAS																			
	1. MEDIOS Y MATERIAL PUB.	11570		11570	0		0	0		0		0	0		0		11570	0	11570
6. EQUIPO Y CAPITAL																			
	1. EQUIPO	0		0	0		0	0		0		0	0		0		0	0	0
7. BECAS																			
	1. PART. SEMINARIOS	0		0	0	75000	75000	0	150000	150000	0	150000	150000	0	150000	150000	0	525000	525000
	2. PROGRAMA MASTER	0		0	0		0	0		0		0	0		0		0	0	0
	3. FACULTAD	0		0	0		0	0		0		0	0		0		0	0	0
	SUBTOTAL	0	0	0	0	75000	75000	0	150000	150000	0	150000	150000	0	150000	150000	0	525000	525000
8. CONSTRUCCION																			
	1. CONSTRUCCION	0		0	0		0	0		0		0	0		0		0	0	0
9. EVALUACION																			
	1. EVALUACION	0		0	0		0	0		0		0	0		0		0	0	0
10. CONTINGENCIAS																			
	1. CONTINGENCIA	0		0	0		0	0		0		0	0		0		0	0	0
	TOTAL	69858	0	69858	127897	75000	202897	112872	150000	262872	112872	150000	262872	54245	150000	204245	477745	525000	1002745

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Project Staffing Pattern

Component No. I - Model Export Management Training Program

<u>Title</u>	<u>ROCAP</u>					<u>INCAE/OTHER</u>				
	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Sub-Component A										
	(Person Yrs FTE)					(Person Yrs FTE)				
Director						1.00	1.00	1.00	1.00	1.00
Prof. Production	.25	.50	.50	.50	.50					
Prof. Organization	-	.50	.50	.50	.50					
Prof. Control	.25	.50	.50	.50	.50					
Prof. Finance	.25	.25	.25	-	-					
Investigator	1.00	1.00	1.00	1.00	1.00					
Investigator	1.00	1.00	1.00	1.00	1.00					
Investigator	.75	1.00	1.00	1.00	1.00					
Investigator	.75	1.00	1.00	1.00	1.00					
Ph.D. Advisor	.25	.05	.05	.05	.05					
Bilingual Sec.	.50	.50	.50	.50	.50					
Secretary	1.00	1.00	1.00	1.00	1.00					

Sub-Component B - No Staff Requirements

Sub-Component C

MBA Assistant	.25	.25	.25	.25	.25
Bilingual Sec.	.50	.50	.50	.50	.50

Component II - Assistance to Other Schools of Business

Title	ROCAP					INCAE				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5

(Person Years FTE)

Sub-Component A

Director	.33	.33	.33	.33	.33					
Secretary	.50	.50	1.00	1.00	1.00					
Investigator	.50	.50	.50	.50	.50					
Administrator	.50	.50	.50	.50	.50					

Sub-Component B

Director		.33	.33	.33	-	-				
Secretary		.50	.50	.50	-	-				
Investigator	1.00	.50								

Component III - Center for Applied Econ and Policy Studies

Sub-Component - A

Director	.50	1.00	1.00	1.00	1.00					
Ph.D.	.50	1.00	1.00	1.00	.50					
Invest.	.50	1.00	1.00	1.00	1.00					
Invest.	-	1.00	1.00	1.00	1.00					
Secretary	.50	1.00	1.00	1.00	1.00					

Sub-Component - C

Director	.50	.50	.50	.50	.50					
Biling. Sec.	.50	1.00	1.00	1.00	1.00					

Component IV - Institutional Support

Subcomponent - E

ROCAP Liaison	.50	1.00	1.00	-	-					
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Sub-Component - F

Title	ROCAP					INCAE				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Director	.50	1.00	1.00	1.00	.50					
Ph.D. Econ.	-	1.00	1.00	1.00	.75					
Investigator	.50	1.00	1.00	1.00	-					

(FTE)

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Construction Costs Estimates

Execution of this sub-component is proposed to be based on a lump-sum contract with adjustments due to inflation. It is proposed that equipment be purchased directly from suppliers. An organization similar to the one for the INCAE Expansion project for the Costa Rican campus is recommended to consist of:

- A Construction Committee
- A Project Manager
- Consultants (design and inspection)
- Building Contractor

The estimated time for carrying out this sub-component is:

- Planning:	2 weeks
- Bids and Contracting:	4 weeks
- Construction	<u>12 weeks</u>
TOTAL	18 weeks

Planning will begin in mid-May and construction will be completed during July, 1986. The total cost of this sub-component, allowing for inflation, is estimated at \$100,000. Costs will be broken down as follows:

Sub-Component IV-C: Construction Budget

a) Construction of 200 m2 at \$350.00	\$70,000
b) Exterior Work	\$ 4,000
c) Architecture and Engineering	\$ 4,000
d) Equipment	
d-1 5 faculty offices at \$1000 each	5,000
d-2 2 secretarial areas at 1,500 each	3,000
d-3 6 study rooms at \$1000 each	6,000
d-4 lobby	<u>1,000</u>
	15,000
Sub-total	\$93,000
e) Inflation 5%	5,000
f) Administration 2%	<u>2,000</u>
TOTAL	\$100,000

REPLICABILITY ANALYSIS
Exhibit 1 - Export Management Training
1990/1991

<u>CATEGORY</u>	<u>LINE ITEM</u>	<u>1990/1991</u>	
0. <u>INCOME:</u>			
	1. Income and events	551.939.0	*90 Seminar days
	2. Variable Costs	275.969.5	*50% of Income
	<u>Net Contribution</u>	<u>275.969.5</u>	
1. <u>SALARIES:</u>			
	1. Faculty	150.000.0	
	2. Adm. Personnel	5.400.0	
	<u>Sub-Total</u>	<u>155.400.0</u>	
2. <u>ADMINISTRATIVE SERVICES:</u>			
	1. Prof. Personnel	0.0	
	2. Translations	319.0	
	<u>Sub-Total</u>	<u>319.0</u>	
3. <u>SUPPLIES AND SERVICES:</u>			
	1. Supplies 4.740.0		
	2. Reproduction	0.0	
	3. Photocopies	1.971.0	
	4. Cafeteria	0.0	
	5. Lodging	0.0	
	6. Books, Magaz. & Suscrip.	225.0	
	<u>Sub-Total</u>	<u>6.936.0</u>	
4. <u>TRANSPORT & COMMUNICATIONS:</u>			
	1. Tickets	2.380.0	
	2. Per diem 2.040.0		
	3. Transportation	0.0	
	4. Télex & Mail	123.3	
	5. Telephone	271.3	
	<u>Sub-Total</u>	<u>4.814.5</u>	
5. <u>FACULTY DEVELOPMENT:</u>	22.500.0		
6. <u>INDIRECT CHARGES</u>		6.000.0	
	<u>TOTAL CHARGES</u>	<u>195.969.0</u>	
		=====	

REPLICABILITY ANALYSIS
Exhibit 2 - CATP Program
1990/1991

<u>CATEGORY</u>	<u>LINE ITEM</u>	<u>1990/1991</u>	
0. <u>INCOME:</u>			
	1. Income and events	203.674.8	Other scholarships
	2. Variable Costs	<u>101.837.4</u>	(38 persons)
	<u>Net Contribution</u>	<u>101.837.4</u>	*50% of Income
1. <u>SALARIES:</u>			
	1. Faculty	65.000.0	
	2. Adm. Personnel	5.400.0	
	<u>Sub-Total</u>	<u>70.400.0</u>	
2. <u>ADMINISTRATIVE SERVICES:</u>			
	1. Prof. Personnel	4.000.0	
	2. Translations	275.0	
	<u>Sub-Total</u>	<u>4.275.0</u>	
3. <u>SUPPLIES AND SERVICES:</u>			
	1. Supplies 2.240.0		
	2. Reproduction	0.0	
	3. Photocopies	1.026.0	
	4. Cafeteria	0.0	
	5. Lodging	0.0	
	6. Books, Magaz. & Suscrip.	180.0	
	<u>Sub-Total</u>	<u>3.446.0</u>	
4. <u>TRANSPORT & COMMUNICATIONS:</u>			
	1. Tickets	1.190.0	
	2. Per diem 765.0		
	3. Transportation	0.0	
	4. Télex & Mail	97.9	
	5. Telephone	268.5	
	<u>Sub-Total</u>	<u>2.321.4</u>	
5. <u>PUBLIC RELATIONS:</u>			
	1. Advertising	8.645.0	

Exhibit 2 (cont'd)

<u>CATEGORY</u>	<u>LINE ITEM</u>	<u>1990/1991</u>
6. <u>FACILITY DEVELOPMENT:</u>	9.750.0	
7. <u>INDIRECT CHARGES</u>		<u>3.000.0</u>
8. <u>CONTIGENCIES:</u>		
	1. Contingencies	<u>0.0</u>
	<u>TOTAL</u>	<u>101.837.4</u>
		=====
	<u>CONTRIBUTION</u>	<u>0</u>

REPLICABILITY ANALYSIS
Exhibit 3

CENTER FOR APPLIED ECONOMICS AND POLICY
STUDIES AFTER FIVE YEARS

1.	VARJABLE INCOME	
	(5) Seminars 3 day	\$ 77,000
	(5) Seminars 1 day	36,250
	Studies (13)	214,760
	Publications (Journal and Newsletter)	15,000
	TOTAL	\$ <u>343,010</u>
2.	VARIABLE COSTS	
	(5) Seminars 3 day	\$ 64,085
	(5) Seminars 1 day	22,880
	Studies (13)	26,400
	Publications (Journal and Newsletter)	15,000
	TOTAL	\$ <u>128,365</u>
3.	FIXED COSTS	
	Director	40,000
	Senior Faculty (Ph.D.)	37,000
	Researcher	20,000
	Secretarial Service	10,000
	Professional Service	25,000
	Travel and Per Diem	10,000
	Promotion	5,000
	Faculty Development (15%/Fac)	15,000
	TOTAL	\$ <u>162,000</u>
4.	CONTRIBUTION	52,645

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Exhibit 3 - (cont.)

3-DAYS SEMINARS COST

Professional services (12 x 216)	\$	2,592
Administration (5 x 120)		600
Didactic Material		2,600
Travel		1,200
Perdiem and Other Incidental Costs		800
Room and Board		4,875
Communications		150
TOTAL	\$	<u>12,817</u>

1-DAY SEMINARS COST

Professional services (216 x 6)	\$	1,296
Administration (120 x 3)		360
Didactic Material		720
Travel		600
Perdiem and Other Incidental Costs		600
Room and Board		1,500
Communications		100
TOTAL	\$	<u>4,576</u>

STUDIES COSTS

Professional Services	US\$	9,000.00*	
Travel and Perdiem			US\$ 2,800.00
Indirect Costs	US\$	4,720.00	

*These costs were considered as fixed costs of the center.
(Including US\$1,000 of Travel and Perdiem).

REPLICABILITY ANALYSIS

Exhibit 4 - Masters Program in Business and Economics
1990/1991

<u>CATEGORY</u>	<u>LINE ITEM</u>	<u>1990/1991</u>	
0. <u>INCOME:</u>			
	1. Income and participants	342,850.0	*6857/participants
	2. Variable Costs	157,200.0	*4144/participants
	<u>Net Contribution</u>	<u>185,650.0</u>	
1. <u>SALARIES:</u>			
	1. Faculty	131,133.3	*1 Director
	2. Adm. Personnel	16,200.0	3 Teachers
	<u>Sub-Total</u>	<u>147,333.3</u>	
2. <u>ADMINISTRATIVE SERVICES:</u>			
	1. Prof. Personnel	0.0	
	2. Translations	401.5	
	<u>Sub-Total</u>	<u>401.5</u>	
3. <u>SUPPLIES AND SERVICES:</u>			
	1. Supplies	3,393.3	
	2. Reproduction	0.0	
	3. Photocopies	1,462.0	
	4. Cafeteria	0.0	
	5. Lodging	0.0	
	6. Books, Magaz. & Suscrip.	180.0	
	<u>Sub-Total</u>	<u>5,035.3</u>	
4. <u>TRANSPORT & COMMUNICATIONS:</u>			
	1. Tickets	1,190.0	
	2. Per diem	765.0	
	3. Transportation	0.0	
	4. Télex & Mail	123.3	
	5. Telephone	268.5	
	<u>Sub-Total</u>	<u>2,346.8</u>	

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Exhibit 4 - (cont'd)
1990/1991

<u>CATEGORY</u>	<u>LINE ITEM</u>	<u>1990/1991</u>
5. <u>PUBLIC RELATIONS:</u>		
1. Advertising		8.875.0
6. <u>FACULTY DEVELOPMENT:</u>		19.658.1
7. <u>INDIRECT CHARGES</u>		<u>2.000.0</u>
	<u>TOTAL</u>	<u>185.650.0</u>
		=====
	<u>CONTRIBUTION</u>	<u>0</u>