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UNCLASSIFIED

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

DOMINICAN REPUBLIC

PROJECT PAPER

RURAL DEVELOPMENT MANAGEMENT

AID/LAC/P-273 (amendment)  
AID/LAC/P-81-6

Project Number:517-0125

UNCLASSIFIED

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number  
4

DOCUMENT CODE  
3

COUNTRY/ENTITY  
Dominican Republic

3. PROJECT NUMBER  
517-0125

4. BUREAU/OFFICE  
LAC 05

5. PROJECT TITLE (maximum 40 characters)  
Rural Development Management

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)  
 MM DD YY  
11 2 31 8 7

7. ESTIMATED DATE OF OBLIGATION  
 (Under 'B:' below, enter 1, 2, 3, or 4)

A. Initial FY 8 3 B. Quarter 3 C. Final FY 8 6

8. COSTS (\$000 OR EQUIVALENT \$1 = RD\$3.00)

A. FUNDING SOURCE	FIRST FY <u>81</u>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	( 250 )	( )	( 250 )	( 1,600 )	( )	( 1,600 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1. AID/W				60		60
2. Dev. Trg. Project				163		163
Host Country					4,290	4,290
Other Donor(s) Kellogg Found.				442	200	642
TOTALS			250	2,265	4,490	6,755

9. SCHEDULE OF AID FUNDING (\$000)

A. APPRO- PRIATION	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) FN	284	059		1,100		500		1,600	
(2)									
(3)									
(4)									
TOTALS				1,100		500		1,600	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

055 029

11. SECONDARY PURPOSE CODE  
280

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

A. Code BR. R/AG TNG  
 B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To establish an in-country institutional capability to provide in-service training opportunities to upgrade management skills of public and private officials working in the area of agriculture and rural development.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
0 6 8 7 1 2 8 7

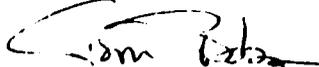
15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

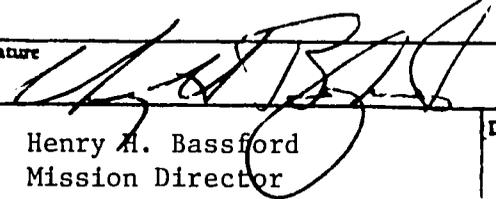
16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

Increase project funding by \$500,000 to expand services to the private sector and consolidate services to the public sector.

Approval of Methods of Implementation/Financing:

  
 Tom G. Bebout, Controller

17. APPROVED BY

Signature  
  
 Title Henry H. Bassford  
 Mission Director

Date Signed MM DD YY  
1 2 3 1 8 5

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

MM DD YY  
 | | | | | |

Project Authorization Amendment No. 1

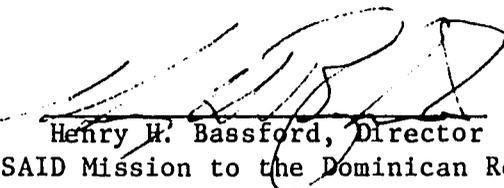
Name of Country: Dominican Republic  
Name of Project: Rural Development Management  
Project No.: 517-0125

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, the Rural Development Management Project was authorized on June 30, 1961. That Authorization is hereby amended as follows:

a. The first paragraph of the Authorization is hereby deleted and substituted therefor by the following:

"1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Rural Development Management Project for the Instituto Superior de Agricultura ("Grantee") involving planned obligations of not to exceed One Million Six Hundred Thousand United States Dollars (US\$1,600,000) in grant funds ("Grant") over a six and a half year period from date of authorization, subject to the availability of funds in accordance with the AID/OYB allotment process, to help in financing foreign exchange and local currency costs for the project."

2. Except as expressly modified or amended hereby, the Authorization cited above remains in full force and effect.

  
Henry H. Bassford, Director  
USAID Mission to the Dominican Republic

DEC 31 1985

Project Paper Supplement  
RURAL DEVELOPMENT MANAGEMENT  
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RURAL DEVELOPMENT MANAGEMENT  
PROJECT PAPER SUPPLEMENT NUMBER TWO

I. Summary and Recommendations

A. Summary

The Rural Development Management project (517-0125) was designed to establish an in-country institutional capability to upgrade the management skills of public and private sector managers working in the area of rural development through policy seminars and management courses utilizing the case study method. Since the signing of this project in 1981, the Center for Rural Development Management Training has surpassed several of the original expected outputs. However, the CADER training and seminar programs have been directed primarily, though not solely, to public sector managers and decision-makers.

While the policy seminars and management training have been highly successful in effecting significant policy changes and in improving the skills of public sector managers, the new emphasis on private sector led market-oriented agricultural diversification will require an intensive effort to upgrade and expand the skills of agribusiness managers. A market survey conducted by CADER demonstrated that not only is there an effective demand for training courses and management consulting/information services from the private sector, but that income generated from these services can improve the financial viability of CADER. Therefore, a project extension has been designed to: (1) increase and extend CADER's services in support of private sector growth in Agriculture and Agribusiness as an educational institution that provides in-service training of managers, consulting and policy seminars for agricultural organizations; (2) enable CADER to provide these services on a sustained basis by supporting its institutional stability, as indicated by a well-trained core faculty with a career commitment to CADER, a pool of instructor-practitioners in the private and public sectors, an Information Center that serves CADER's instructional and consulting programs and clients as well as the agricultural sector in general, increased self-management of CADER as a Division within ISA, and (3) to increase the Center's financial self-sufficiency and stability.

This will require AID support for additional technical assistance, faculty training, and vehicles and equipment, and GODR support for ISA/CADER's operating costs and endowment program.

B. Recommendations

Based on the analysis carried out by the USAID/DR Agricultural and Rural Development Division and Project Development Division, Superior Agricultural Institute-Rural Development Management Center (ISA-CADER) staff, and the

project evaluators, the Project Team recommends that the Rural Development Management project be amended to: (1) increase the amount of LOP grant funding by \$1,100,000 to \$1,600,000; (2) reflect a greater emphasis in providing management training and consulting/information services to the private sector in agriculture; and (3) extend the Project Assistance Completion Date to December 31, 1987.

## II. Background

### A. Project Goal and Purpose

The goal of the project, as authorized on June 30, 1981, is to improve the income, productivity, and quality of life of the Dominican Republic's rural poor. A sub-goal is to increase the administrative capacities of the agricultural agencies to manage financial, human and material resources allocated for rural development.

The project purpose is to establish an in-country institutional capability to provide in-service training opportunities to upgrade the management skills of public and private officials working in the area of rural development.

The project supported the establishment of the Rural Development Management Center (CADER) within the Instituto Superior de Agricultura (ISA). The original PACD of December 31, 1984 was extended to December 31, 1985 to permit completion of dormitory facilities at CADER and the contracting of a senior management advisor.

### B. Activities

The Center was designed to provide management training programs utilizing the case study teaching method in three settings:

1. One-to-three day Policy Seminars - to provide a forum for top-level administrators of the agricultural sector to explore issues, exchange ideas, and discuss strategies for the acceleration of rural development;
2. Five-week Management Development Programs - to augment the administrative capacities of managers in decision-making positions within the agricultural sector and structured to address specific subject areas of interested institutions.
3. A five-month, broad based, diploma program in Agricultural Management and Production (in essence a mini-MBA) - to increase the managerial capabilities of the mid-level agricultural and rural development professional.

Because the utilization of the case study method was adopted as the basic didactic tool in the training programs, the development of the local case studies by the CADER staff was another activity that received considerable emphasis at the Center.

The project has financed:

1. U.S. technical assistance (individuals with MBA and/or public administration experience) to develop case study materials and curriculum, train host country nationals in case study preparation, as well as teach courses in the various training programs.
2. Long-term MBA training for 5 CADER staff at U.S. graduate business schools and INCAE; and short-term management training for 8 persons.
3. Equipment required in the training programs.

PL-480 Title I local currency resources financed the construction of dormitories and the upgrading of the food service facility.

C. Project Implementation - Present Status and Accomplishments

The Instituto Superior de Agricultura (ISA) was chosen as the grantee because of its status as a respected higher level agricultural education and the interest of its Board of Directors in establishing a rural development management training center. The Rural Development Center is an integral part of ISA; the Director of ISA is also the Director of CADER and some of the ISA agricultural science professors participate as trainers in the CADER training programs. The Coordinator of CADER is responsible for the day-to-day operations of the center but reports to the Director who has final authority for all aspects of the CADER operation.

CADER has effectively used project dollar and local currency resources to develop the staff, infrastructure, and case studies/curriculum to carry out its management training programs. The professional staff currently consists of 6 permanent Dominican staff with MBA or graduate management training and 4 U.S. management specialists under technical assistance contracts.

The CADER infrastructure consists of:

- an office building for 16 staff;
- an education building with two 85 seat amphitheaters and 12 small group discussion rooms;
- four dormitories with a total capacity of 88 persons.

The practical, problem-solving orientation of the case study method is now an integral part of CADER management training programs, and is applied in conducting policy-level symposia and seminars, as well as the five week Management Development Program. The CADER Dominican staff has developed their own case studies which were reviewed, approved and now form part of the case study library.

Based on the data and information collected for cases, CADER plans to establish a computerized data base where the information contained in the cases will be available as well as other data such as costs of production, yields, industry structure, agribusiness firms by industry, and credit needs. This activity will be part of the extension, and is discussed in IV-D-3.

As shown in Exhibit 1 below, CADER has dramatically surpassed two of the planned LOP targets, e.g. symposium/seminar sessions, participants and case studies prepared, and has carried out nine of the planned 14 management programs.

### Exhibit 1

#### Project Accomplishments

<u>Activity</u>	<u>LOP Goals (Number)</u>		<u>Cumulative (Number)</u>	
	<u>Sessions</u>	<u>Participants</u>	<u>Sessions</u>	<u>participants</u>
a. Symposia and Seminars	15	590	27	1,648
b. Five week Mgt. Program	14	840	9	350
c. Five month Mgt. Program	4	160	Not developed	-
d. Preparation of Case Studies	118	-	170	-

The Five-Month Diploma Program in Agricultural Management and Production was not implemented because of delays in dormitory construction. However two evaluations of the project suggest that the effective demand for such a program was and continues to be limited and that CADER should not carry out this program. (See Section II-D below.)

Apart from exceeding its quantitative output targets under the project, CADER training programs and seminars have been of consistently high quality in terms of their impact on trainees' performance and in significantly affecting national policy changes. These qualitative accomplishments are discussed in more detail in Annex C.

#### D. Evaluation Findings and Recommendations

An evaluation of the project was conducted in December 1984. The results are summarized below.

## 1. General

The evaluators found that the project had been highly successful from the standpoint of effective utilization of inputs to achieve targeted outputs. CADER's training program was appropriate and effective. The five-week management program was well received by participants who claimed the training has helped them to become more effective in their work. In addition, its seminars and workshops provided a forum for informed debate and national decision-making and policy changes regarding problems of considerable significance to the agricultural sector. They involved participants from a wide range of political, economic and social levels, including small farmers, businessmen, public agency directors, Congressmen, and the President.

The evaluators (and indeed CADER's own staff) were less positive about CADER's planned five month management program. Such a program was neither a full master's level management program nor a short term in-service training program. As a result it would be difficult to find enough candidates interested in this hybrid. They recommended that CADER decide whether it should focus on academic or in-service training and then work to achieve excellence in the selected activity.

## 2. Staff Development and Retention

In terms of institutional development, the evaluators found that ISA/CADER possessed the administrative capability and the professional faculty to implement effectively their present training programs. However, there is a high level of personnel turnover because salary levels and other incentives are not adequate. They feared that CADER would soon suffer from an acute shortage of qualified staff.

The evaluators recommended that:

- Staff salaries be increased.
- More effort be made to incorporate outside consulting opportunities into CADER activities which would benefit the professional staff.
- Sources of endowments be explored, allowing more secure and adequate funding for the faculty.
- Replacement staff be trained, using the AID/W Training Initiatives Project or other sources of funding.
- USAID should provide services of at least two long-term expatriate faculty advisors in the areas of Business Management and Marketing, and Data Base Management/Computers.

### 3. Financial Viability and Self-Sufficiency

CADER should not be expected to become fully self-sufficient financially, even in the medium-term, particularly if it focused solely on the public sector. Without continued outside support the evaluators felt that CADER would have to close. The evaluation recommended that:

- A commitment of PL-480 funding be sought for the next five years to finance operating costs.
- Sources of endowments for CADER staff be actively pursued, including the use of local currency generations.

### 4. Institutional Relationships

CADER's position as part of ISA was considered to be both a strength and weakness by the evaluators. The relationship with ISA anchors CADER firmly with the private sector, provides it with a positive image, and allows it to benefit from a wide set of high level contacts. However, it also hampers progress on internal policy reform, especially on faculty salaries. Operational difficulties were also cited due to the lack of sufficient authority of the CADER Coordinator. The evaluators recommended that internal communications and administrative and expenditure procedures be improved.

## III. Rationale for the Project Extension

### A. Relationship of Project to USAID Strategy

The USAID/DR strategy is to support the expansion of a private sector, market-oriented and diversified production base in agriculture and industry. Only through the recovery and growth of the private sector production and employment generating capacity will the country return to the path of self-sustaining growth and equitable economic development. AID resources are being channeled to promote policy changes and resolve technical production and marketing related constraints that inhibit private sector expansion, especially in export crops. For example in agriculture, the Mission plans to continue pursuing policy changes involving agricultural prices, rural financial markets, and alternative uses for sugar lands. Under the Agribusiness and Investment/Export Promotion projects, export marketing and credit constraints are being addressed to permit the private sector to initiate agribusiness investments in the production, processing, and marketing of agricultural products as well as agricultural input supply ventures.

The success of these programs requires private sector agribusiness managers with new management skills and knowledge in areas such as:

- joint venture financing and organizational arrangements;
- export marketing requirements and procedures;

- investment feasibility analysis and preparation of financing documents;
- farm production, processing and marketing planning and management, including outgrower contract mechanisms; and
- management information systems and analysis.

Public sector managers in institutions such as CEA and IAD which control or supervise lands that can be incorporated into private sector led diversified agricultural production also need exposure to some of these topics, i.e., joint venture and contracting arrangements. They also need a better understanding of private sector operations and viewpoints so that public sector agencies support rather than block private sector investments.

In order to reach consensus among Dominican leaders on policy changes in politically and emotionally charged topics such as sugar diversification, land titling and privatization, they will require forums where issues surrounding these topics can be aired and discussed and necessary changes proposed for laws and procedures.

CADER, through its utilization of project resources, has demonstrated that it can develop effective practical management training programs and policy seminars that have resulted in significant policy changes. However, in order to be more supportive of the private sector led agricultural diversification strategy, CADER will need assistance to: (1) reorient its current management training programs; (2) establish income-generating training and management services for private sector clients, and (3) implement internal administrative improvements which give it more authority to plan and execute its programs. Success in these areas will contribute to the achievement of a greater degree of self-financing capability and institutional stability.

#### B. Unmet Challenges and Opportunities

ISA/CADER has developed to a point that it can make an important contribution to the Mission's strategy. It has the basic ingredients in place -- infrastructure, a body of didactic materials and agricultural sector economic data, a practical results-oriented agribusiness management philosophy, and a small but capable Dominican staff with graduate MBA and public administration training. However, to date CADER has concentrated primarily on the public sector, training many mid-level managers. The course content and training focus have been directed at addressing management problems facing a public sector manager (although many of the management and financial tools utilized have been developed to deal with private sector management issues and problems).

The project evaluation findings and the discussions with ISA/CADER staff during the preparation of the PP supplement have provided CADER with an opportunity to assess its strengths and areas for improvement. CADER and ISA leadership have taken stock of issues identified by the evaluators, such as

CADER's need to choose between academic or in-service training, problems of staff retention, the need to improve internal administrative procedures, ways to assure financial viability and self-sufficiency, and the need to specify future clients for CADER services.

As part of this assessment and planning activity, CADER conducted a market survey of approximately 30 potential agribusiness clients stratified among agriculture banking, input supply, production agricultural, agroindustrial, cooperatives and export enterprises. CADER used the survey to determine the level of interest and characteristics of training courses (i.e., type, duration and effective demand) and other services that CADER might provide to the private sector.

The results of the survey were encouraging and useful to CADER because they demonstrated that:

- a strong demand exists for better trained mid-level agribusiness managers and executives;
- there is a willingness to pay for quality training;
- the training needs are quite specific and in the areas of management strategy, production/inventory management, quality control, international marketing, computerized management data systems, loan negotiations, etc.;
- the training courses should be of relatively short duration, one-to-five days at the most;
- quality short course training could be an entree for additional CADER services including consulting services, such as feasibility studies, and corporate strategy seminars; and
- CADER was not as well known among private sector firms as it had believed, though ISA's reputation was an important positive factor in the expressed interest of the private sector for CADER services.

CADER staff realized that their materials, infrastructure and programs can be modified to provide specific training programs and services required by the private sector. At the same time, they recognized that ISA/CADER will need additional technical assistance and time to develop its new "product lines" for private sector clients. CADER's reorientation and resulting greater contact with the private sector will benefit its continuing policy seminar series and its five-week management program. Its emphasis on marketing services to the private sector is expected to alter the course content of its five-week management program. The proportion of private sector participants in that program potentially can be increased if quality short courses are developed that can attract participants interested in a more

intensive and comprehensive treatment of management topics. CADER found that it can effectively target an in-service, in-country agribusiness management training niche which is not being filled by any other institution. CADER can make a significant contribution to alleviate the human resources constraint that inhibits the success of agricultural diversification in the Dominican Republic.

At the time of the evaluation, problems were identified in the area of ISA's administrative support for CADER, especially as regards budget controls, payments due to staff for expenses related to developing case studies, and on occasion, access to vehicles. The problems have continued. During discussions related to this amendment, ISA management explained that this situation was partly a consequence of delays in obtaining government grants for operating costs and uncertainty about AID's future support for CADER, resulting in a need to maintain tight control over all expenditures, .

While CADER is an integral part of ISA, and dependent on the Institute for many resources and services, the Project Team believes that significant changes in this relationship must occur in order for CADER to be able to meet the other challenges and opportunities that it faces. The proposed extension activities will support this effort and ISA administrators have indicated that they will implement the changes which are described below.

#### IV Revised Project Description

##### A. Project Goal and Purposes

The original goal and purpose --- to improve management capability in the agricultural sector of the Dominican Republic through training courses and seminars, thereby to improve production and productivity of the sector --- remain valid. This extension amendment will build on the needs and opportunities found in the markets study and the unfulfilled part of CADER's mandate, while consolidating the work that has been carried out with the public sector.

##### B. Objectives of the Extension Amendment

The objectives of this amendment are:

1. To increase and extend CADER's services in support of private sector growth in Agriculture and Agribusiness as an educational institution that provides in-service training of managers, consulting and policy seminars for agricultural organizations;
2. To enable CADER to provide these services on a sustained basis by supporting its institutional stability, as indicated by:
  - o A well-trained core faculty of 8 to 10 individuals with a career commitment to CADER;

- o A pool of 30 to 50 instructor-practitioners in the private and public sectors;
  - o An Information Center that serves CADER's instructional and consulting programs and clients as well as the agricultural sector in general;
  - o Increased self-management of CADER as a Division within ISA; and
3. To increase the Center's financial self-sufficiency and stability, with CADER generating 60% of its income from fees and services, and building an endowment fund for the long-term.

### C. Major Components and Outputs

Under the extension, the major components of CADER's program will be (1) continuation of the symposia, with greater attention to private sector participation or initiation; (2) continuation of the five-week management course, also more actively extended to the private sector; (3) initiation of intensive one to five day courses on specific management skills, primarily targeted to the private sector, and (4) initiation of a program of consulting and contract research or studies for both private and public sector organizations.

ISA/CADER will also offer information services on a fee basis, either separately or as part of its consulting package, continue the program of sales of cases (both nationally and internationally), and rent its conference facilities (meeting rooms, dormitories, and cafeteria) to firms, agencies, or international organizations. While case development will continue, it will not receive the strong emphasis of the first four years; rather, CADER will be building on and expanding the usefulness of its body of case material, while solidifying itself as a more self-managed entity within ISA.

Each of these activities is described below, followed by a discussion of the institutional strengthening required to improve CADER's prospects to continue to serve the agricultural sector's needs.

#### 1. Seminars and Symposia

During the extension, CADER will actively survey the private sector, especially firms and individuals involved in non-traditional export crops, regarding their interests in holding structured symposia based on existing or specially prepared cases, to explore topics of interest to them. This might include regulatory issues affecting exports or production of crops, analysis of market opportunities, or new technologies. When it is appropriate, a mix of public and private sector managers may participate. In the latter area, CADER's relationship to ISA will give it a special advantage, as ISA is both a teaching and research institution. CADER's market exploration also showed that individual agribusinesses may wish to have symposia designed for them on specific topics. This possibility will also be explored further during the extension.

CADER plans to conduct five such symposia per year during this concluding extension of the AID project, involving 300 persons per year, for a total of ten such sessions serving 600 participants. CADER will charge participants on a cost plus small fee basis for these sessions. While this may reduce the number of public sector participants during this time of shrinking public sector budgets, CADER hopes to make up the possible loss in public sector participation with private sector involvement, or with symposia supported by international donors on matters relevant to their projects.

## 2. Management Development Course

CADER will continue to present this course, now entirely managed and presented by CADER staff with minimal backup by the resident advisors. The primary audience will continue to be the mid-level manager-technician, as well as students from UCMM, and will probably continue to be largely public sector oriented. The market exploration carried out during late 1985 showed that few firms would release their key people for such a period.

CADER plans to hold three such courses per year on a cost-recovery basis. This may require new arrangements with UCMM, which has been receiving subsidized instruction from CADER (UCMM presently shares only 1/3 of the tuition with CADER). It is likely, however, that this course will continue to offer scholarships for key target groups from agencies or organizations with limited training budgets, such as IAD, cooperatives, or campesino groups, and thus will not be fully self-financing. Three courses per year would be held, with enrollment of 130 each year.

At present, CADER is initiating discussions with the Interamerican Development Bank on a project to provide expanded training for public sector officials in project development and management. If this program is launched in 1987 or 1988, the five week management course would be integrated with that activity, and would be separately funded. As this proposal is in such preliminary stages, this financing is not factored into our projections in IV-F.

## 3. Short Courses in Management Skills

Early in 1986 CADER will introduce a new offering in response to identified interest in the private sector. These sessions will be intensive training events directed at managers in agribusiness firms or commercial farming enterprises, and will be based on case materials and teaching methods already in use at CADER. They are likely to be held in the evenings or on weekends, and focus on such requested topics as strategic planning, personnel selection, quality control, computer applications, and international marketing.

These subjects will be treated in different sessions geared to distinct levels of management. This will include one-day executive level sessions, mid-level management training lasting two to five days, and a basic management introductory course for five days. Approximately 675 managers would receive training in 27 different events.

These courses, once developed, will be offered at a fee that produces a net contribution to CADER's income flow. CADER plans to offer 12 such courses during the first year of the extension, 15 in the second year and into the foreseeable future. Initially the market will be in the Cibao Valley, where ISA is well known (CADER less so at present), there is a concentration of agribusinesses in the Santiago-Moca-LaVega triangle, and trainees are close at hand. Additional clients are expected in this region as diversified agriculture production grows in the zone west of Santiago. Santo Domingo-based firms would be a secondary market once CADER has established a track record with the private sector in the Cibao. Serving this additional market might require the use of rented facilities in the capital in order to attract trainees.

#### 4. Consulting and Contract Research

ISA/CADER has begun bidding on consulting contracts and studies to be carried out by public agencies (often with international funding) such as the Agricultural Studies Unit funded under USAID's Agricultural Policy Analysis Project. CADER would build on this experience, and on the contacts made through symposia and training courses, to seek consulting engagements in the private sector. This might include organizational studies (of firms that are expanding or reaching for export markets), feasibility studies used to seek financing (such as those needed under USAID's Agribusiness Promotion Project), or rapid information assembly efforts, drawing on CADER's existing and planned data base of sectoral and industry-specific information.

CADER hopes to have at least three major consulting contracts during 1986, five in the second year, and seven per year thereafter. This will require a marketing effort, and rigorous quality control over the products of the consultancies. Fees for this service would be set at a level to provide a net contribution of roughly fifty centavos for each peso of sales.

#### 5. Information Services

CADER plans to develop a computerized data base to assemble for quick retrieval much of the information that it has collected about agriculture and agribusiness in the Dominican Republic, agro-economic data, and information about foreign markets. The information base also includes case studies (for which much of the above information was collected), business and agricultural texts, studies and periodicals, and access to materials in the agricultural library of ISA.

This resource will support CADER's instructional program, its consulting and contract research program, and will be a separately marketable resource. Cases and information/data requests would be charged at a profitable rate to all users.

#### 6. Facilities Rental

With the completion of the dormitories, ISA/CADER can provide excellent conference facilities for a maximum of 88 persons in residence, or

160 commuting conferees. This will permit better utilization of the excellent plant, and a way to offset fixed costs of maintaining the buildings. Annual corporate meetings would be a new market, as well as association conferences, and international seminars that have already occurred. CADER would charge competitive market rates for the use of the facilities, housing three such events during the first year, and five each year thereafter.

#### 7. Summary of Outputs

The key outputs under this extension are summarized in Exhibit 2 on the following page.

#### D. Operational and Institutional Strengthening

The requirements for ISA/CADER's sustained service to the improvement of management in the private and public sectors include (1) a core of faculty with appropriate skills and a long-term commitment; (2) a pool of instructor-practitioners to enrich the training program; (3) a well-run information center to support C.5 above; (4) a financial base that reduces the dependence of the institution on special subsidies; and (5) enough self-management to be able to respond quickly to new opportunities, especially in the private sector market.

##### 1. Faculty Development and Stability

Presently there are six faculty members at CADER, in addition to four resident advisor/educators. This faculty has all been trained under the project to varying degrees of expertise in use of case studies for training, and in various management disciplines. Salaries at CADER are well below those available in the private sector. CADER faculty have no formal contract that binds them to the institution and vice versa. Incentives are presently geared to case study production, rather than to offering other kinds of services or marketing CADER as a resource. These conditions must be improved in order to support the objective of a team of faculty that regards itself as permanent, and is fully capable of carrying out the planned program with a minimum of outside advisory assistance.

ISA has recognized the problem, and has begun to develop a new set of incentives to increase staff commitment. These include salary increases, bonuses for attracting business and bonuses for making a fulltime commitment to the Center. ISA has also actively sought professional development opportunities for the staff, supporting their applications for specialized or degree training. Further steps will be taken under the extension.

CADER's objective is to have a permanent core faculty of 8-10 individuals who are on a career ladder from research assistant to a tenured, endowed professorial chair. This objective will be accomplished by a combination of training to upgrade the skills of present staff, and by new hires. The faculty will be working as a team on all of CADER's activities -- teaching, training, and research or consulting. Their salaries (or total compensation package) will not be comparable to those available in many

Exhibit 2Major Components/Projected Outputs

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>Ext. Period</u>	<u>By YEAR 3</u>
			<u>Total</u>	
<b>TRAINING SERVICES</b>				
<u>5 week mgt. course</u>				
No. events	3	3	6	3
No. participants	130	130	260	130
<u>Short courses</u>				
No. events	12	15	27	15
No. participants	300	375	675	375
<u>Seminars</u> (corporate or policy)				
No. events	5	5	10	5
No. participants	300	300	600	300
<b>CONSULTING</b>				
(public & private)				
No. contracts	3	5	8	7
Gross sales(RD\$000)	60	100	160	140
Net contribution (RD\$000)	30	50	80	70
<b>INFORMATION SERVICES</b> (cases, data, library)				
Case sales-gross(RD\$000)	6	7	13	7
Net contrib.(RD\$000)	4	5	9	5
(other services part of consulting services and income)				
<b>FACILITIES RENTAL</b>				
gross sales (RD\$000)	35	50	85	50
net contrib.	10	13	23	13

private sector positions, but will be in the middle range between public or academic and private sector pay. Personnel are expected to be motivated as well by a challenging working environment, varied professional development opportunities, and the satisfaction of building a solid, innovative program.

## 2. Special Instructors

In addition to the core faculty, CADER will begin recruiting a pool of instructor-practitioners, principally to assist with short courses and specific components of the five-week management development course. These will be individuals engaged in business or public management who will bring a real-life flavor to the training sessions, introducing actual situations from their own experience, challenging trainees to seek alternative solutions to problems, accompanying trainees on visits to their own projects or enterprises, and generally complementing the work of the CADER faculty. These special instructors will also be a source of feedback to the CADER faculty on the relevance and effectiveness of their courses, and a way of identifying new opportunities for training or consulting activity.

The selection of these individuals will be based on a number of criteria, primarily geared to their proven success in solving problems and increasing productivity or profitability of their organizations. Their interpersonal and training skills will also be evaluated as key factors in their involvement in CADER activities. Thirty to fifty of such persons would be selected over time, so as to have a breadth of experience and increased availability of personnel for this part of the teaching load. Academic training will be considered, but will be of secondary importance compared to experience and practical success.

## 3. Information Center

CADER now possesses the beginnings of an information center, given the cases that have been prepared, and the background information assembled for those cases (including statistics, financial data, organizational assessments, research studies conducted for other agencies, and so on). What is now required is to store and organize, especially computerize, this information for easy retrieval and analysis, using data base management techniques.

CADER also needs to build up its professional library in management, with a steady flow of business and economics periodicals, current books on management, and teaching or training materials related to the Center's concentration. A data base on markets for Dominican agricultural or agribusiness products will also be an important element of the information center.

The project extension will support CADER's efforts to systematize its information, increasing the Center's computer capacity and utilization.

#### 4. Financial Strengthening

CADER will reduce its dependence on special subsidies and grants by a combination of cost-recovery fees for services (with profitable fees where appropriate); fund-raising for endowments, as well as capitalization of its endowments from its profitable operations; and pursuit of special project income. These grants or contracts may be provided by the central government, international donors (including private foundations) or private firms.

ISA/CADER will seek to move from relying on public grants for 88 percent of its income in 1985 to meeting all of its financial requirements, and showing a surplus for capitalization for the future from fees and earnings on endowments by 1987. (See IV-F, Financial Analysis).

#### 5. CADER Self-Management

During its formative years, CADER has been an integral part of ISA, directed by the ISA Board and Executive Director, relying on the central administrative and financial management services of the Institute, and generally operating according to the regulations, standards, and salaries of an agricultural school. While this mode of operation has generally served CADER well during its times of financial uncertainty and experimentation with a range of activities and services, there have been strains that are likely to become more evident as CADER pursues the program discussed above, and becomes a more self-contained management center.

The ISA board has already taken steps to establish a separate system of compensation for CADER, and to place approximately RD\$70,000 of its earned income in special accounts to be applied to future CADER activities. During the period of the extension, this trend should continue, in order to make CADER (a) more responsive to private sector needs and opportunities, (b) more in control of, and accountable for its resources, (c) more responsible for the performance and stability of its personnel, and (d) more visible as an entity that can provide valuable services. While we do not envision that CADER would become an independent organization, given the many useful linkages that exist between the Center and the Institute, we expect to see such changes as:

- o Upgrading of the CADER Coordinator's position to that of Manager, with increased authority over budgets, financial operations, program activities, and logistics;
- o Formation of an agribusiness advisory board, to advise on program emphasis, course content and fundraising activities; and
- o Implementation of a career development and personnel system for faculty and staff.

These changes are incorporated as conditions precedent to this extension.

## E. Inputs

In order to support the above program, USAID will extend the project's termination date (PACD) for an additional two years, making the project life six and a half years.

The AID-financed inputs will include technical assistance, faculty training, and equipment and vehicles, at a total additional cost of US\$500,000 in grant funds, for a new project total amount of \$1,600,000. Each category is discussed below, in relation to the outputs which each will support.

### 1. Technical Assistance

The extension will support an additional 37 person months of long-term advisory services and ten person-months of short-term assistance at a total cost of \$278,000.

The principal resident advisor at CADER will be a Business Management and Marketing Specialist. During an 18 month residence at CADER, he or she initially will help the faculty to design and deliver the new short courses and other services for the private sector, to market the courses and consulting services, to establish quality controls, and, during the second year, to train the faculty to carry on this work.

The other resident advisor, to be contracted for one year, is the Rural Development Management Specialist. This advisor will help to consolidate the training and consulting services that CADER offers to the public sector.

A Data Base Management/Computer Specialist will be recruited in-country for an intensive effort lasting about seven months to establish the data base and computer utilization system of the Center, and to be available for up to three months of intermittent assistance over the remaining period of the extension. Further specifications regarding the duties and qualifications of these advisor/trainers are provided in Annex D.

Short-term technical assistance needs can be tentatively identified at this time, but will have to be further specified by the resident advisors and the Center Manager. Illustrative areas include specialists in data base management, computer training (for faculty and clients), agribusiness marketing, fund raising, and business specialties such as quality control, futures markets, and financial controls. Most of this short term expertise will be utilized in building up the new fee-earning activities of CADER. This assistance will total 10 person months.

### 2. Faculty Training

Training will be provided in order to assure the mix of skills and long-term commitment needed for the proposed program at CADER. A mix of short-term focused training and longer-term degree training will be provided.

Three participants obtaining Masters in Business Administration will be supported under the Development Training Project that USAID will initiate in 1986. See Annex D for additional details.

Short-term training, also to be funded under the Development Training Project, will include seminars or short courses at INCAE on business skills, and attendance by two faculty members at the Agribusiness Seminar at Harvard University (or a comparable program at another education center). The estimated total cost of all faculty training is \$163,000.

### 3. Vehicles and Equipment

The project extension will finance vehicles to increase the mobility of faculty and trainees, and equipment requirements of the information center, at a total additional cost of \$150,000.

CADER will be provided with a 60 passenger bus to shuttle CADER's trainees to and from Santiago (a distance of 4 miles) or other nearby cities such as Moca and La Vega, to take class groups to project or plant sites for direct contact with businesses and development activities, and to permit outreach to groups desiring weekend or evening classes.

One eight-passenger four wheel drive vehicle will also be purchased so that smaller groups can take field visits, study teams can travel to a variety of sites, and CADER's logistics and research activities can be supported.

CADER's computer capability will be upgraded, so that faculty have personal computers for their own work, including access to the information center, and so that there are sufficient machines and programs for training purposes. Trainees will use the PCs to learn applications in financial planning and controls, inventory control, crop selection, farm management, livestock feed selection, and so forth. The project extension will support the purchase of a total of ten PCs, two of which will be of the latest generation that will be destined primarily for data base management and CADER's other internal uses, while the others are used for training.

The information center will need equipment for the storage of documents and books as well as computerized data. A collection of cabinets and files will be provided. The center also needs a technical and reference library of books on management, agribusiness, and periodicals in economics, business, and public as well as private management, most of which must be purchased outside the country, whether in English or Spanish.

### 4. ISA/CADER Contribution

ISA/CADER's contribution to the project will be in the form of personnel and operating costs, capital investments in plant and equipment (in addition to those funded by AID), and supporting activities such as fund-raising, marketing of its services, and active pursuit of consulting and contract research.

In addition to adding to the teaching faculty, CADER proposes to expand its staff to include two research assistants to support case-writing and other studies, and an administrative assistant to coordinate logistics, keep financial records, and perform other supporting duties.

The financial plan is summarized in Section IV-G.

#### F. Financial Analysis

Based on its own market study, anticipated revenues, its planned fee structure, and expected cost variables, CADER provided the basic material for the following financial analysis.

The purpose of this analysis is to assess the feasibility of significantly decreasing CADER's dependence on special grants, through fee income and a steadily growing endowment.

##### 1. Fee Schedule for Services

ISA/CADER has charged only nominal fees for its courses and programs until now, thereby realizing less than ten percent of its funding requirements. The staff of the Center has reviewed this practice, and has designed a fee structure for the present and planned activities that will contribute an average of approximately RD\$400,000 per annum to the Center's coffers during each of the next four years, with increases in the out years. By 1990, gross fee income will provide 45 percent of funding requirements.

Without going into the details of the specific fees to be charged, there are certain principles that underlie the approach. Services such as training, information (including sales of cases), or seminars primarily involving public sector managers, university students, or other research/educational institutions, will be charged at a cost recovery rate. Scholarships (forgiveness of fees) will also be provided when necessary to fill a management course or to attract a particular target group, such as farmer leaders. Fees that provide a net contribution to CADER's income statement will be charged for training, consulting, and for international symposia that attract private sector participants. Facilities rental will also be charged at a profitable rate. Information services (special data searches, assembly of market information, sales of cases to international or private organizations) will be charged at a higher rate, or costed at the higher rate within research or consulting bids.

##### 2. Cost Structure

The major cost categories for ISA/CADER are personnel costs (approximately 45 percent of the total budget by 1986-87), other direct operating and maintenance costs (approximately 40 percent for the same period), based on actual and estimated costs shown in Table 2 on the following page. In addition, CADER will require allocations for the purchase or replacement of plant and equipment (estimated at 15 percent per year of additional budget once the current plant is completed and equipped). The total of these costs will average about RD\$800,000 per annum for the next four

Table 2

ISA/CADER Income Analysis  
(RD\$000)

<u>Operating Income</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Cases	1	6	7
Seminars	35	75	45
5-week course	9	38	80
Short courses	0	89	100
Consulting	1	60	80
Facilities Rental	0	34	50
Other Services/Events	<u>0</u>	<u>9</u>	<u>10</u>
	46	311	372
 <u>Operating Expenses</u>			
Salaries, Wages, Benefits	132	290	320
Consulting Fees	21	40	45
Per Diem	62	50	55
Photocopying, Printing	33	41	45
Communications and Transportation	44	65	67
Maintenance, repair, supplies	42	70	90
Publicity & Representation	2	15	20
Food and Miscellaneous	<u>18</u>	<u>88</u>	<u>96</u>
	354	659	738
<u>Surplus (Deficit)</u>	<u>(308)</u>	<u>(348)</u>	<u>(366)</u>

Source: CADER Actual data for 1985 and estimates for 1986-1987.  
Includes CADER operations only, exclusive of grants through ISA or ISA costs  
or capital investments.

years. This takes into account expected increases in staff size and compensation and increased operations and maintenance costs for plant and equipment.

### 3. Plan for Self-Financing

With fee income averaging about RD\$400,000 for the next four years, while costs average RD\$800,000, there will be an annual deficit of RD\$400,000 to be financed out of grants. Part of this need will be met by the extension of the AID grant. The portion used for vehicles and equipment will help to meet the deficit, while the remaining AID funds (technical assistance and training) will wash through, and thus make no net contribution to solving the problem. In addition, the vehicles, computers and other equipment provided through the AID funding will add to CADER's operations and maintenance budget. Assuming that CADER's faculty and staff remain at the present size, and that CADER continues its service to public and lower-income clients, the amount of income producing activity, or amount of fee income that can be generated, cannot increase at a rate high enough or fast enough to eliminate the deficit.

Consequently, the project must develop an endowment program that can, when combined with fee income, eliminate the need for government grants as soon as possible. The endowment will be in two parts: (a) funds deposited or invested to finance academic chairs for senior faculty, estimated at RD\$250,000 per chair to pay for salary, benefits, and retirement; and (b) a general operations fund to finance operating and investment costs not covered by fee income. The endowment of chairs will be largely financed by private corporate or individual donations, with one peso from the GODR provided for each two pesos of private money. In order to add to this endowment capital over time, two measures will be taken. ISA/CADER will establish a fund raising program, both domestically and internationally, to raise about RD\$250,000 per year from non-governmental sources through 1991, or until the required endowment income is sufficient to meet costs and provide adequate surpluses for continued growth of the principal.

ISA and USAID will seek agreement with the Dominican Government to allocate local currencies derived from PL 480 and/or ESF financing to provide matching funds for the endowment of chairs and for the initial capitalization of the operating fund. This is estimated to be a total requirement of RD\$2,930,000. With this initial capital (plus an estimated RD\$150,000 operating surplus for CADER in 1985), the Center will be able to meet increasing costs, support its new program direction, and have surpluses approaching RD\$300,000 per year that will be used to increase the endowment fund. Table 3 on the following page illustrates the sources and uses of funds, and the growth of the endowment fund.

Table 3  
ISA/CADER Self-Financing Analysis  
(RD\$ 000)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
<u>Sources of Funds</u>							
1. Fees earned (gross)	45	311	372	409 <sup>3/</sup>	450	495	545
2. Government Grant	1,397	2,930	-	-	-	-	-
3. AID Grants	855	1,035	603	135	-	-	-
4. Endowment Gifts (Private)	-	500	250	250	250	250	250
5. Endowment Income <sup>1/</sup>	<u>          </u>	<u>27</u>	<u>559</u>	<u>607</u>	<u>658</u>	<u>711</u>	<u>764</u>
TOTAL Sources	<u>2,297</u>	<u>4,803</u>	<u>1,784</u>	<u>1,401</u>	<u>1,358</u>	<u>1,456</u>	<u>1,559</u>
<u>Uses of Funds</u>							
6. Operating Expenses	343	623	715	760 <sup>3/</sup>	836	920	1,012
7. Purchase or Replacement of Assets	949 <sup>2/</sup>	631	210	220	230	240	250
8. Technical Assistance	855	504	330	-	-	-	-
9. Faculty Training	<u>          </u>	<u>90</u>	<u>264</u>	<u>135</u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL Uses	<u>2,147</u>	<u>1,848</u>	<u>1,519</u>	<u>1,115</u>	<u>1,066</u>	<u>1,160</u>	<u>1,262</u>
Available for Endowment (Surplus)	<u>150</u>	<u>2,955</u>	<u>265</u>	<u>286</u>	<u>292</u>	<u>296</u>	<u>297</u>
Beginning Balance of Fund	-	150	3,105	3,370	3,656	3,948	4,244
Additional Capital		2,955	265	286	292	296	297
Ending Balance of Fund		<u>3,105</u>	<u>3,370</u>	<u>3,656</u>	<u>3,948</u>	<u>4,244</u>	<u>4,541</u>

1. Income projected at 18% earnings per year on ending balance of preceding year.
2. Completion and furnishing of dormitories.
3. Beginning this year, projected at 10% growth per year.

The local currency grants and gifts (in thousands of pesos) are anticipated as follows under this plan:

	<u>GODR</u>	<u>Private Sector</u>
Operations endowment - initial capital	2,680	-0-
Operations - Annual fund raising		1,250
Faculty endowment - 3 chairs at 250	<u>250</u>	<u>500</u>
TOTALS	2,930	1,750

In order for this plan to work, GODR support will have to be arranged early in the project extension period, and ISA/CADER will have to pursue a vigorous private fund raising program. Our expectation is that both government and private donors will be favorably inclined toward a plan that results in ISA/CADER's removal from the rolls of government-dependent agencies, except as the Center may compete for government-financed contracts or training programs.

This program will require the design of a financial trust arrangement that protects the interests of all parties. One model is for ISA to establish a trust fund in a banking institution that would receive the endowment capital, and invest it in secure but high earning securities (including government bonds) for ISA/CADER's benefit, seeking at least 18 percent earnings per year. The applications of funds earned by the trust will be approved by the GODR and AID, and both would have authority to audit the trust. The capital would be protected from any litigation against ISA or arbitrary action by the GODR.

Presently ISA/CADER has obtained commitments for three endowed chairs, and for part of the government support needed for the endowment. In addition, CADER's market exploration found that private firms were willing to consider financial support in addition to fees for service for CADER if the Center can show results in terms of improving their managers' performance, or assist in improving the firms' performance through consulting services. We expect that the private sector advisory panel to CADER will also assist with fund-raising.

As one of the ISA Board members observed, "Building a center of management excellence is not a matter of four or five years....it takes a sustained commitment that is longer than many realize." The private sector, the GODR, and ISA/CADER must make a shared commitment in order to build the solid financial base that is needed.

We anticipate that additional discussions, planning and negotiations will be required in order to fully establish the endowment program. Accordingly, a condition precedent to continuing disbursements has been included that will assure that the arrangements with the GODR are concluded at an early date in this project extension.

### G. Financial Plan

The grant extension is intended to provide dollar funding only for those items requiring dollar disbursements. Local currency funding will be provided out of central government allocations from budget and PL-480 or ESF generated local currencies. As the preceding financial analysis shows, CADER will also rely on other funds (endowments, contracts, fees, etc.) for many of its operations. Training for CADER faculty, estimated at \$163,000, will be provided through the Development Training Project that is planned to be operational during FY 1986.

The methods of implementation and financing for the goods and services to be procured with AID funds under this project extension are shown in Table 4 below.

TABLE 4

<u>METHOD OF IMPLEMENTATION</u>	<u>METHOD OF FINANCING</u>	<u>APPROVED AMOUNT</u> (US\$ 000)
<u>Technical Assistance</u>		
- Host Country Contracts (PSC)	Direct payment	278
<u>Commodities</u>		
- Host Country Procurement through Purchasing agent	Direct pay	150
<u>Evaluation</u>		
- Direct Contract (PSC or Profit-making Contractor)	Direct pay	30
<u>Inflation/Contingency</u>		<u>42</u>
		500

The detailed uses of AID dollar financing are shown in Table 5.

#### H. Implementation Plan

##### 1. Procurement

ISA/CADER has managed effectively its own procurement of technical assistance services and vehicles and equipment, and will continue to do so under this extension, with the normal reviews and approvals by USAID. This continues the practices that have been successfully used in this project.

##### 2. Non-Federal Audit

ISA is audited annually by Fernández Pellerano and Associates which also has business relationship with the U.S. firm Coopers and Lybrand. A separate general account is used to track CADER financial operations. ISA has established accounting/inventory control procedures. In addition to this and in conjunction with the evaluation scheduled for mid CY 1987, evaluation funds will be utilized to obtain the services of a non-federal auditor to assess ISA-CADER's ability to meet its recurrent costs.

##### 3. Schedule and Phasing of Activities

Shortly after the amendment is signed and conditions precedent are met, formal procurement of technical assistance, vehicles and equipment will be started. By the end of year two (late 1987), the major inputs of AID resources will have been made, except for the remaining period of long term training to be financed separately. Exhibit 3 shows the overall phasing of major activities and of each of these categories of support.

##### 4. Project Management and Relationships

Within USAID, the project management responsibility will continue to be carried out by the Agriculture/Rural Development Division, with participation on the project team of the Private Sector and Human Resources Divisions.

Within ISA/CADER, responsibility for project management will be shared by the ISA Director, with increasing responsibility devolving on the CADER Manager. Elsewhere in this document we have discussed the need to

Table 5  
SUMMARY FINANCIAL PLAN 1/  
 (US\$000)

	<u>Current Budget</u>		<u>Amendment</u>		<u>T O T A L</u>	
	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC<sup>2/</sup></u>	<u>FX</u>	<u>LC</u>
	AID	ISA/CADER	AID	ISA/CAD.	AID	ISA/CAD
<u>Technical Assistance</u>	<u>742</u>		<u>278</u>		<u>1,020</u>	
<b>Long Term Advisors</b>						
1 Marketing/Business Management Advisor/ Trainer (18 months at 75/yr)			113			
1 Public Sector Mgt. Advisor/Trainer 1 year at 35/yr)			35			
1 Data Base Computer Specialist (10 mo at 35/yr)			30			
<b>Short Term T.A.</b>						
10 person-months (Marketing, specialized business topics; short course design) at 10,000 per pm			100			
<u>Faculty Training 3/</u>	<u>230</u>	<u>143</u>			<u>230</u>	<u>143</u>
2 MBA (M.S.) at 50/degree						
1 MBA (INCAE) at 25/degree						
2 Harvard Agrib. Seminar at 4/session						
3 Short Courses Management Development Centers at 5/course						
3 Short Courses - INCAE at 5/course						
<u>Personnel</u>						
Faculty. admin. and logistic support			<u>167</u>			<u>167</u>

Table 5, cont.  
SUMMARY FINANCIAL PLAN 1/  
 (US\$000)

	<u>Current Budget</u>		<u>Amendment</u>		<u>T O T A L</u>	
	<u>FX</u> <u>AID</u>	<u>LC</u> <u>ISA/CAD</u>	<u>FX</u> <u>AID</u>	<u>LC<sup>2/</sup></u> <u>ISA/CAD.</u>	<u>FX</u> <u>AID</u>	<u>LC</u> <u>ISA/CAD</u>
<u>Vehicles and Equipment</u>	<u>110</u>	<u>354</u>	<u>150</u>	<u>-</u>	<u>260</u>	<u>354</u>
1 Bus at 35 each			35			
1 8-passenger at 18 each			18			
Computers						
8 IBM PC X T at 6			48			
2 IBM PC AT at 9			18			
15 Shelves:dust-protected at 1,000			15			
10 File Cabinets (side fed-type) at 1,000			10			
200 books, research materials, periodicals at 30			6			
<u>Direct Costs, Operations and Maintenance</u>		<u>1,876</u>		<u>310</u>		<u>2,186</u>
<u>Capital Investments in Plant and Equipment</u>		<u>1,319</u>		<u>56</u>		<u>1,375</u>
<u>Administration</u>	<u>18</u>		<u>0</u>		<u>18</u>	
<u>Evaluation</u>			<u>30</u>		<u>30</u>	
<u>Inflation &amp; Contingency</u>		<u>65</u>	<u>42</u>		<u>42</u>	<u>65</u>
TOTALS	<u>1,100</u>	<u>3,757</u>	<u>500</u>	<u>533</u>	<u>1,600</u>	<u>4,290</u>

## Notes:

1. This Summary Financial Plan Table includes only the AID grant resources and ISA/CADER counterpart contributions under the Project. Refer to the revised Logical Framework and face-sheet for past other donor, AID/W and proposed USAID/DR Development Training Project funding.

2. LC figures converted to dollars from ISA/CADER peso estimates at 3 pesos to 1 dollar.

3. This training will be funded under the USAID-supported Development Training Project that will be funded in FY 1986. The estimated cost is \$163,000.

Exhibit 3  
Rural Development Management

Schedule of Activities

	<u>YEAR 1</u>	<u>YEAR 2</u>
<b>A. PROJECT ACTIVITIES</b>		
1. Seminars and Symposia	-----	
2. Management Development Courses	-----	
3. Short Management Skills Courses	-----	
4. Consulting and Contract Research	-----	
5. Information Services	-----	
<b>B. INPUTS</b>		
1. Technical Assistance		
<u>Business/Marketing</u>		
Advisor/trainer-long term	=====	
Short-term 6 person-months	_____	_____
<u>Public Sector Program Consolidation</u>		
Advisor/trainer	=====	
Short-term 4 person-months	_____	_____
<u>Data Base/Computer Systems</u>		
Advisor/trainer (local 10 person months)	=====	_____

	<u>YEAR 1</u>	<u>YEAR 2</u>
2. Faculty Training (under separate project)		
3 MBA		----- =====
Short-term (INCAE, Management centers)	-----	-----
3. Equipment, Vehicles		
Hardware/software	-----	
Books, periodicals	-----	-----
4. Endowment Support		
Faculty (3-4 chairs)		-----
General support		-----

decentralize more authority to the head of CADER, while maintaining the Center as a unit within the Institute. This is partly a matter of practicality, and of the mutual benefits that accrue to both. CADER will remain dependent on ISA for financial and administrative support for several years, and therefore cannot be separately established. The facilities used by CADER are legally ISA's property, and their proper use and maintenance is the responsibility of ISA. CADER takes advantage of the economies of scale in ISA's accounting, purchasing, and contracting operations. In the program area, ISA and CADER faculty will continue to play a complementary role in combining their respective skills in agricultural technology and management techniques. Working together, ISA and CADER can be more effective in raising funds and attracting conferences that either would if they operate separately.

At the same time, as CADER begins to offer a wider range of services to more demanding clientele, it will have to be able to respond quickly and effectively. This situation supports steps to decentralize authority to the Center, while maintaining the many close ties with and accountability to ISA.

The relationship might work along the following lines. CADER, much a like a profit center within a corporation, would develop its objectives, working plans and budgets for review by ISA management and board. This would include program objectives, as well as management objectives. Agreements between CADER and ISA need to be reached about overall uses of funds and funds control, as well as plans for staff development, facilities utilization, investment in plant and equipment, and how ISA and CADER staff will work together and be assigned to joint activities.

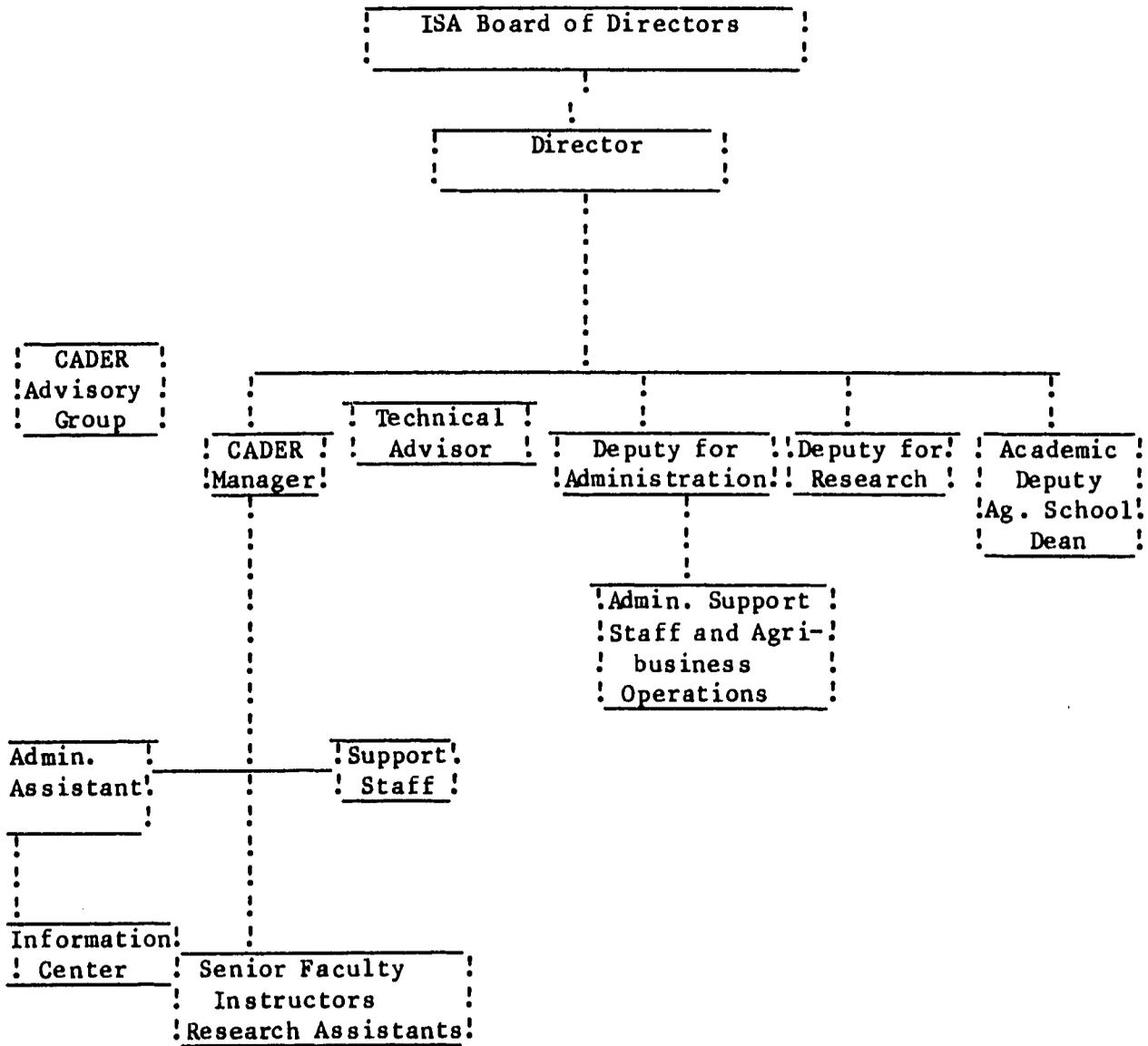
Once these understandings have been reached, with major goals and objectives for a two-year period, and more specific operational plans for quarterly or semi-annual operations, the CADER Manager should have authority to carry out the plan with minimal monitoring by and regular consultation with the ISA Director and drawing on the administrative support services of ISA as agreed. The CADER Manager would be the principal person relating to AID regarding the program, and responsible for supervising the staff, consultants, and special instructors who carry it out. The CADER Manager would be working with the Advisory Council, bringing in the ISA Director on matters of major program strategy direction, reactions to CADER services, etc. In short, the relationship of ISA to CADER becomes one of overall guidance, support, and evaluation of results, rather than daily operating control. Exhibit 4 shows the relationships within ISA.

##### 5. Monitoring and Evaluation

Monitoring will be conducted through periodic visits to ISA/CADER, reviews of plans, and receipt of quarterly progress reports. During the coming year, USAID will conduct operational assessments of CADER's progress in reaching its new markets, the status of the ISA-CADER relationship, and progress in establishing faculty and financial stability.

Two evaluations will be conducted, one after 18 months, and the other at the end of the project extension period. The first evaluation will focus

Exhibit 4  
RURAL DEVELOPMENT MANAGEMENT  
 Organizational Relationships



on the effectiveness of CADER's new program activities, marketing to the private sector, and the impact of CADER's activities on both private and public institutions. This evaluation will also focus on progress within CADER in terms of faculty development, financial management and resource base, and other dimensions of self-management.

The final evaluation will be directed at assessing the impact of CADER on increased agricultural and agribusiness productivity, and the future prospects of the Center.

#### V. Conditions and Covenants

Procurement actions for technical assistance may proceed as soon as the amendment is signed, and a firm budget and work plan for 1986 has been presented to AID and approved.

Disbursement for vehicles, equipment and training will be conditioned on the following policy actions by ISA's Board and Executive Director:

1. A formal action that upgrades the CADER Coordinator's position to that of Manager, with significantly increased authority over budgets, financial operations, program activities, and logistics; and appointment of a qualified individual in that position. The Manager should be made a member of the ISA Board and be designated ISA's representative for the USAID project.
2. Formation of an advisory board for CADER, composed of agribusiness and agricultural development leaders with an active interest in CADER's services, to advise on program emphasis, course content and fundraising activities.
3. Evidence that a career development and personnel administration system has been established and put into practice, including formal employment and training contracts with the fulltime CADER faculty, an adequate scale of compensation, performance standards for each member, and explicit work and financial commitments in return for training opportunities.

In addition, no further disbursements will be made under the project after March 31, 1986, unless ISA provides USAID with evidence that adequate agreements and arrangements have been made to secure GODR commitments for adequate funding and to establish an endowment trust fund.

ISA/CADER will covenant that it will:

1. Actively pursue financing for the faculty and operations endowment in the amount of RD\$1,750,000 by 1991;
2. Dedicate sufficient resources each year to support marketing of CADER's services to non-governmental organizations engaged in agriculture and agribusiness;
3. Develop a planned program of repair, maintenance and replacement of furniture and equipment of all facilities and commodities provided under this project.

LOGICAL FRAMEWORK MATRIX  
(Third Revision)

Summary	Objectively Verifiable Indicators	Important Assumptions																																																																		
<p><b>A.1. Goal:</b> Improve the income, productivity and quality of life of the Dominican Republic's rural poor.</p> <p><b>Subgoal:</b> Increase the administrative capacities of the agricultural agencies to manage financial, human and material resources allocated for rural development.</p>	<p><b>A.2. Measurement of Goal Achievement:</b> Agriculture production and yields increase faster than total rural population; incomes of lower income farm people rise faster than the average. Implementation of more systematic and widely understood procedures for planning, budgeting, execution, monitoring and evaluating agricultural and rural development programs and better interinstitutional coordination.</p>	<p><b>A.3. (As related to Goal):</b> - GODR policies and strategy continue to emphasize the goal. - ISA establishes close working and collaborative relationships with agricultural private agencies, agribusiness, agriculture cooperatives and PVOs. - Project approach and training materials are responsive to operational needs of GODR and above institutions.</p>																																																																		
<p><b>B.1. Purpose:</b> Establish an in-country institutional capability to provide in-service training opportunities to upgrade management skills of public and private officials working in the area of agriculture and rural development.</p>	<p><b>B.2. End of Project Status:</b> A center established and operating which provides practical, relevant in-service management training and management consulting/information services to private sector enterprises and officials representing public and private agricultural sector agencies. By the end of the project the Center will have: - A stable, qualified core faculty. - Increased financial security through endowment program and fee-earning services. - Increased operating authority within ISA to provide training and consulting services. - Established institutional link with key GODR agricultural sector agency (IAD); collaborated with experienced case method institution in development of case materials (LTC); demonstrated consultative capability in rural development management, assisted key GODR agricultural sector agency (IAD) to carry out policy analysis and strengthen institutional capacity.</p>	<p><b>B.3. (As related to Purpose):</b> ISA, the private sector and the GODR are mutually committed to project's goals.</p>																																																																		
<p><b>C.1. Outputs:</b> 1. Seminars and symposia. 2. Management development course. 3. Short courses in management skills. 4. Case study development. 5. Consulting and contract research. 6. Sale of case studies. 7. Facilities rental.</p>	<p><b>C.2. Output Indicators:</b> - 1,000 participants in the symposia. - 740 participants completed Management Development Program. - 675 participants in short courses. - 158 case studies prepared. - 8 consulting contracts. - 450 sales of case studies. - 45 days of facilities rental.</p>	<p><b>C.3.</b> Agricultural sector agencies and the private sector agribusiness, including cooperatives and PVOs, will utilize CADER training and consulting/information services. ISA staff devotes time required to develop training materials.</p>																																																																		
<p><b>D.1. Inputs:</b></p> <ol style="list-style-type: none"> <li>1. Technical Assistance.</li> <li>2. Faculty training</li> <li>3. Personnel</li> <li>4. Vehicles and Equipment</li> <li>5. Direct Costs, Operations &amp; Mainten.</li> <li>6. Capital Invest. in Plant &amp; Equip.</li> <li>7. Administration</li> <li>8. Evaluation</li> <li>9. Inflation &amp; Contingency</li> </ol> <p>Total</p>	<p><b>D.2. Budget Schedule (US\$000):</b></p> <table border="1"> <thead> <tr> <th></th> <th>AID</th> <th>ISA/CADER a/</th> <th>Other Donor</th> <th>AID/N</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td></td> <td>1,020</td> <td>-</td> <td>41</td> <td>40</td> <td>1,102</td> </tr> <tr> <td></td> <td>395</td> <td>143</td> <td>400</td> <td>5</td> <td>941</td> </tr> <tr> <td></td> <td></td> <td>167</td> <td>-</td> <td>-</td> <td>167</td> </tr> <tr> <td></td> <td>260</td> <td>354</td> <td>-</td> <td>-</td> <td>614</td> </tr> <tr> <td></td> <td></td> <td>2,186</td> <td>-</td> <td>-</td> <td>2,186</td> </tr> <tr> <td></td> <td></td> <td>1,375</td> <td>200</td> <td>-</td> <td>1,575</td> </tr> <tr> <td></td> <td>18</td> <td>-</td> <td>-</td> <td>-</td> <td>18</td> </tr> <tr> <td></td> <td>30</td> <td>-</td> <td>-</td> <td>-</td> <td>30</td> </tr> <tr> <td></td> <td>42</td> <td>65</td> <td>-</td> <td>15</td> <td>122</td> </tr> <tr> <td>Total</td> <td>1,765</td> <td>4,290</td> <td>642</td> <td>60</td> <td>6,755</td> </tr> </tbody> </table>		AID	ISA/CADER a/	Other Donor	AID/N	Total		1,020	-	41	40	1,102		395	143	400	5	941			167	-	-	167		260	354	-	-	614			2,186	-	-	2,186			1,375	200	-	1,575		18	-	-	-	18		30	-	-	-	30		42	65	-	15	122	Total	1,765	4,290	642	60	6,755	<p><b>D.3.</b> 1. ISA/CADER successfully raises donations or endowments from the private sector. 2. GODR permits the use of local currency on a continuous basis to establish endowments.</p>
	AID	ISA/CADER a/	Other Donor	AID/N	Total																																																															
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Total	1,765	4,290	642	60	6,755																																																															

a. LC figures converted to dollars from ISA/CADER peso estimates at 3 peso to 1 dollar after January 23, 1985.  
b. Training during the extension will be funded under the USAID-supported Development Training project that will be funded in FY 1986. The estimated cost is \$163,000.



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ANNEX B  
Page 1 of 2

**INSTITUTO SUPERIOR DE AGRICULTURA**

APARTADO 166 SANTIAGO DE LOS CABALLEROS, REPUBLICA DOMINICANA

Santiago  
17 de diciembre de 1985

DEC 17 11 15 AM '85

ACTIONS	
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DATE DUE	12.30-85
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NAN  
b.H.

Señor  
Henry Bassford, Director  
Agencia de los Estados Unidos  
para el Desarrollo Internacional (AID)  
Embajada de los Estados Unidos  
Santo Domingo, D. N.

Estimado Sr. Bassford:

Por este medio deseamos solicitarle, muy cortésmente, una extensión del proyecto No. 517-125 "Centro de Administración para el Desarrollo Rural (CADER) por dos años. De ser aceptada por usted esta solicitud, la fecha final para la terminación del proyecto sería el 31 de diciembre de 1987. El propósito de esta petición es el de apoyar el pleno cumplimiento del objetivo y mandato del proyecto, y específicamente:

DIR	
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CHRON	

Aumentar y extender los servicios del CADER en apoyo del crecimiento del sector privado en las agroempresas, mediante el entrenamiento en servicio de administradores, consultorías y seminarios de política para organizaciones agrícolas.

Permitir al CADER proveer estos servicios sobre una base sostenida, fortaleciendo su estabilidad institucional con un personal docente apropiadamente entrenado, un servicio de información para asuntos de enseñanza y de consultoría, y una mayor flexibilidad ejecutiva para responder con agilidad a las solicitudes de empresas e instituciones del sector privado.

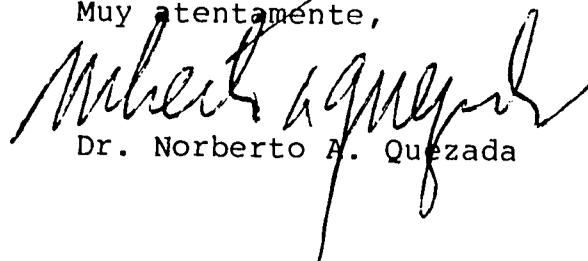
Aumentar la auto-suficiencia financiera del CADER, generando por concepto de cargos a los usuarios una mayor proporción de sus ingresos, y dotarlo de un patrimonio que asegure su existencia en el largo plazo.

Sr. Henry Bassford  
página 2

Deseo, finalmente, añadir que, en mi opinión, el proyecto CADER ha sido un exitoso exponente del espíritu de colaboración y de servicio al público que ha caracterizado las actividades del ISA que han contado con el continuo respaldo moral y económico de la AID.

Quedo, como siempre, de usted,

Muy atentamente,



Dr. Norberto A. Quezada

NAQ/jma

25

Detailed Accomplishments1. Seminars

"Agrarian Reform Settlement Models" (January, 1984): This seminar was attended by Dominican legislators, the Secretary of Agriculture, the Directors of the Institute of Agrarian Reform (IAD), Price Stabilization Institute, and Dominican Cooperatives, as well as campesino leaders. Participants discussed the need for an alternative to the collectivist model of agrarian settlement organization which IAD had pursued. CADER professors prepared case studies for the seminar which highlighted the problems faced by farmers under the collectivist and independent models and led the politically charged debate. As direct result of the seminar, a legislative commission was formed which drafted an amendment to the agrarian reform legislation permitting alternative production organizations. This legislation was passed in 1985.

"Coffee in the 1980s" (May, 1984): For this Seminar, CADER prepared two case studies which showed that coffee producers could capture more of the value added by participating in the processing, marketing and export of coffee. During that year, quotas to producer cooperatives were adjusted upward, resulting in increased rural farm incomes for coffee producers.

"Dominican Agricultural Research System" (November, 1984): The delay between the seminar on agrarian reform and the enactment of legislation convinced CADER staff to organize a policy seminar to focus on proposed legislation for a new agricultural research agency. A case study on the Dominican Agricultural Research System and Agricultural Research Institute (IDIA) was prepared as well as draft legislation for its creation. The result was an agreement among members of opposing political parties on the formation of a legislative committee and the enactment of a law creating IDIA in August 1985. A major piece of legislation reorganizing the Secretariat of Agriculture was passed in a heated pre-election period demonstrating the consensus building impact of CADER's policy seminars. CADER followed up on the passage of the law with a seminar focusing on obstacles and policy decisions required to implement the law.

"Cooperatives in the Dominican Republic" (August 1985): Four cases on cooperatives in different regions of the country were prepared that identified key management problems affecting coops. The seminar was attended by cooperative leaders and public sector decision-makers. CADER is proposing intensive workshops and short courses in accounting, financial control, loan recovery, and impact of inflation on cooperative capital which were identified as the principal problems and training needs of agricultural cooperatives.

2. Five Week Management Development Program

Participants in this intensive program are: mid-level managers from SEA, IAD, Banco Agrícola, and other public sector agencies (accounting for approximately 50% of all participants); graduating seniors from UCMM majoring in agriculture, agribusiness management and business administration (35-40% of the participants); and private sector and cooperative managers (10%).

The course follows the Harvard Business School model utilizing the case study method, study groups, and high levels of student participation. Several graduates have been promoted upon returning to their jobs. One participant that ranked first in his class was immediately promoted by the director of his organization. Another graduate was hired by a mid-career student who participated in the same course.

CADER has established an evaluation and alumni follow-up system. Participants evaluate the course upon completing it, and CADER now interviews participants six months after the course to receive feedback on how to improve the course.

### 3. Case Study Preparation and Utilization

CADER has developed an internal capacity to develop case studies focused on specific Dominican agricultural and rural development management problems. It has a Case Study Review Committee which establishes a quarterly agenda of case priorities, approves new case study projects, screens each case for factual content, and manages the library of over 500 case studies and technical notes (of which 170 have been written internally on Dominican companies, State-owned enterprises or public agencies). Beyond their use in CADER training programs, CADER's cases are in demand by other clients outside the center. For example, INCAE recently requested 10 of CADER's food policy case studies, some of which will be used in the INCAE programs. These were provided free under an exchange agreement between the two institutions (CADER has received over 300 case studies from INCAE). A number of foreign investors and consultants have also requested cases which CADER is now selling for RD\$20 each.

CADER's reputation for producing high quality case studies is spreading and many cases are now being requested and used by the International Service for National Agricultural Research, the graduate schools of business and health at Harvard University, Cornell University, and the National Cooperative Business Association (formerly known as CLUSA).

### 4. Infrastructure and Facilities

CADER's facilities are quickly turning it into a conference center for the Cibao region, and are attracting national and international attention. To date the facilities have been used by, among others:

- A United Nations sponsored Latin American conference on food security;
- Representatives from Caribbean Basin countries involved in developing a Caribbean Rice Research Network; and
- A campesino women's federation for its annual "asamblea general".

Technical Assistance and TrainingLong Term Advisor/Trainers

The principal resident advisor at CADER will be a Business Management and Marketing Specialist. During an 18 month residence at CADER, he or she initially will help the faculty to design and deliver the new short courses and other services for the private sector, to market the courses and consulting services, to establish quality controls, and, during the second year, to train the faculty to carry on this work and to improve their case writing and delivery skills. This specialist will also assist to set up CADER's information center, and advise on internal management, fund-raising, and planning. The individual will share the teaching and case-writing load, especially as related to marketing, in the five-week management course.

The person contracted for this position should hold an MBA from a graduate school that utilizes the case study method. He or she should have at least five years' experience in business management and planning, marketing, management consulting or education, or related fields, preferably in Latin America. Fluent Spanish (at the S-3/R-3 FSI level) is essential, and the individual should have excellent interpersonal and communications skills, and proven ability to work with persons at all levels of management.

The other resident advisor, to be contracted for one year, is the Rural Development Management Specialist. This advisor will help to consolidate the training and consulting services that CADER offers to the public sector. In addition to direct involvement in the courses, seminars, and special events, this advisor will work on the information center's profiles of key agencies and institutions in the agriculture/rural development sector, advise on capturing research and consulting contracts, and train the faculty in case development and utilization.

This specialist should have an MPA or MA in project or program management related to economic development, and at least two years' experience in project design and administration and/ or public policy analysis and formulation. Experience with case study utilization and preparation is essential, as is fluent Spanish.

A Data Base Management/Computer Specialist will be recruited in-country for an intensive effort lasting about seven months to establish the data base and computer utilization system of the Center, and to be available for up to three months of intermittent assistance over the remaining period of the extension. This specialist will set up the data base portion of the information center, train faculty in its use and maintenance, and assess new software that may enhance the Center's system.

This individual will have a background in computer programming and data base systems, preferably with both private and public sector experience totalling five years, and fluency in Spanish as well as English.

Long Term Faculty Training

Two faculty members will be enrolled at U.S. graduate schools using the case study method, and one at INCAE. One of the two U.S. MBAs will emphasize the analytical, quantitative aspects of business management, and the other the organizational development dimensions. The INCAE degree will emphasize agribusiness in the Latin American context.

These trainees will be selected partly based on their intention to pursue a career at CADER, and will make a financial and time commitment to pay back their scholarships, part of the cost of which will be forgiven by the Center. This will permit the Center to strengthen the mutual commitments that support faculty retention, and to build a fund for future faculty development.