

**PROJECT PAPER**

**MANAGEMENT TRAINING**

(Asian Institute of Management)

492-0405

**USAID/MANILA**  
**September 1986**

# MANAGEMENT TRAINING (AIM) PROJECT PAPER

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<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b> <b>PROJECT DATA SHEET</b>	<b>1. TRANSACTION CODE</b> <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete <span style="font-size: 2em; border: 1px solid black; padding: 2px;">A</span>	Amendment Number _____	<b>DOCUMENT CODE</b> 3
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<b>2. COUNTRY/ENTITY</b> Philippines	<b>3. PROJECT NUMBER</b> 492-0405
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<b>4. BUREAU/OFFICE</b> Asia and Near East <span style="float: right;">04</span>	<b>5. PROJECT TITLE (maximum 40 characters)</b> Management Training (AIM)
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<b>6. PROJECT ASSISTANCE COMPLETION DATE (PACD)</b> MM DD YY 09   30   89	<b>7. ESTIMATED DATE OF OBLIGATION</b> (Under 'B' below, enter 1, 2, 3, or 4) A. Initial FY <span style="border: 1px solid black; padding: 0 5px;">86</span> B. Quarter <span style="border: 1px solid black; padding: 0 5px;">4</span> C. Final FY <span style="border: 1px solid black; padding: 0 5px;">86</span>
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8. COSTS (\$000 OR EQUIVALENT \$1 = )						
A. FUNDING SOURCE	FIRST FY <span style="border: 1px solid black; padding: 0 5px;">86</span>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	200		200	200		200
(Grant)	( 200 )		( 200 )	( 200 )		( 200 )
(Loan)						
Other U.S. 1.						
2.						
Host Country		25	25		125	125
Other Donor(s)						
<b>TOTALS</b>	200	25	225		125	325

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	660	690				200		200	
(2)									
(3)									
(4)									
<b>TOTALS</b>						200		200	

<b>10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)</b>	<b>11. SECONDARY PURPOSE CODE</b>
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<b>12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)</b>			
A. Code	BR	BU	TNG
B. Amount		200	

**13. PROJECT PURPOSE (maximum 480 characters)**

To help sustain historic enrollment levels in the Master of Business Management (MBM) program of the Asian Institute of Management (AIM) during the current economic crisis by providing two year scholarships to deserving Filipinos to attend AIM's MBM course.

<b>14. SCHEDULED EVALUATIONS</b> Interim MM YY MM YY Final <span style="border: 1px solid black; padding: 0 5px;">0489</span>	<b>15. SOURCE/ORIGIN OF GOODS AND SERVICES</b> <input 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.)**

<b>17. APPROVED BY</b>	Signature John S. Blackton Title Acting Director	<b>18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION</b> Date Signed MM DD YY <span style="border: 1px solid black; padding: 0 5px;">092286</span>
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## PROJECT AUTHORIZATION

Name of Country: Philippines      Name of Project: Management Training  
(Asian Institute of Management)

Number of Project: 492-0405

1. Pursuant to Section 105 of the Foreign Assistance Act of 1961, as amended (the "FAA"), and in accordance with my authority as conveyed in Redelegation of Authority No. 133.1 dated May 24, 1985, I hereby authorize the Management Training Project (Asian Institute of Management) (the "Project") for the Republic of the Philippines (the "Cooperating Country") involving planned obligations of not to exceed \$200,000 in grant funds over a one 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. The planned life of the Project is three years from the date of initial obligation.
2. The Project will provide scholarships to lower income Filipinos to attend the Asian Institute of Management's two year Master in Business Administration program beginning with the 1986-87 academic year.
3. The Project Agreement, which may be negotiated and executed by the officer(s) 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 major conditions, together with such other terms and conditions that A.I.D. may deem appropriate:

Source and Origin of Commodities and Nationality of Services.

Commodities financed by A.I.D. under the Project shall have their source and origin in the Cooperating Country or in 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 the

Cooperating Country 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 Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

Signature: \_\_\_\_\_



John S. Blackton  
Acting Director  
USAID/Philippines

Date: \_\_\_\_\_

22 Sep 86

Clearances:

	<u>Initial</u>	<u>Date</u>
OCD:Keith E. Brown	<u>KEB</u>	<u>9-16-86</u>
ORAD:James R. Brady	<u>JRB</u>	<u>9/15/86</u>
OPHN:William H. Johnson	<u>WJ</u>	<u>9/15/86</u>
O/FFPVC:Bryant George	<u>BG</u>	<u>9/15/86</u>
PRO:Dominic D. Antonio	<u>DDA</u>	<u>9/19/86</u>
CO:A. Spathopoulos	<u>AS</u>	<u>9/18/86</u>
RLA:Brian M. Miller	<u>BMM</u>	<u>9/19/86</u>
OD:William T. Oliver	<u>WTO</u>	<u>9/20/86</u>
OD/PE:Paul Deuster	<u>PD</u>	<u>9-17-86</u>

Management Training (AIM)  
Project Paper

I. Summary and Recommendations

A. Fiscal Data: Summary fiscal data are provided in the project data sheet. The U.S. share of costs is \$200,000; participants' share is \$125,000. The Project Identification Document (PID) for the proposal was approved on August 21, 1986. The AID/W cable approving the PID is included in Annex A.

B. Purpose: To help sustain normal enrollment in the Masters in Business Management (MBM) program of the Asian Institute of Management (AIM) during the current economic crisis by providing scholarships to enable high potential, deserving Filipinos to attend the two-year MBM program at AIM.

C. Cooperating Country: The cooperating country is the Republic of the Philippines acting through the National Economic and Development Authority (NEDA). The implementing agency will be AID.

D. Summary Project Description: The project will fund a scholarship program for approximately 25 qualified deserving Filipino students to attend the two-year Masters in Business Management (MBM) degree program at AIM starting the 1986-87 school year. The recent political and economic crisis in the Philippines has adversely affected the enrollment at AIM for both Filipino and foreign students.

E. Project Costs:

- Inputs (All years)	
- Scholarship expenses (tuition, books, maintenance, living allowance, etc.)	\$200,000
- Proposed FY 86 Obligation	200,000
- Future Year Obligation	0
Total Cost	200,000

F. Beneficiaries: The immediate beneficiaries will be the approximately 25 students who will be provided scholarships of \$4,000 per year for the two-year MBM program at AIM. Equal opportunity will be given to women. The other important beneficiary will be AIM as an educational institution whose revenues from its academic programs have decreased in real terms as a consequence of the economic crisis in the Philippines. Additional beneficiaries are the business establishments as well as business schools where graduates of the program will be employed as managers, consultants or faculty members. The general public will receive the benefits of growth and added employment resulting from improved management.

G. Summary of Project Analyses: The project is technically, socially and economically feasible. Furthermore, the project conforms with AID participant training policy as presented in Policy Determination No. 8. According to PD-8, "AID policy is to discourage the use of participant training programs as general scholarship funds and to encourage the provision of participant training to meet specific needs and identified in CDSS analyses, sector assessments, institutional profiles, and project design exercises" (p. 4). The proposed project is not a general participant training program, but instead focuses on the specific need to increase the number of students enrolled in management training at AIM. Furthermore, the proposed project will assist with development and preservation of an institution, AIM, an objective which is beyond the scope of PD-8.

H. Waivers: The project will only finance student expenses. No procurement of goods is foreseen. Therefore, no need for waivers regarding source and origin of goods is anticipated.

I. Recommendation: USAID finds the proposed project both feasible and consistent with GOP and AID priorities. USAID recommends therefore that \$200,000 in grant funds be made available during FY 1986 to implement the scholarship program at AIM.

## II. Background and Project Description

### A. Background

The Asian Institute of Management, established in 1968, is a recognized center of excellence in management training in Southeast Asia. Development in the region has benefitted significantly from AIM's management training programs.

AID has a historic association with AIM. In 1968, AID assisted in the establishment of AIM by providing a grant of \$500,000 for its library. Afterwards, AID supported scholarships for participants from ASEAN countries through the Regional Economic Development (RED) project. Since 1970, several USAID missions in Asia, including the Philippines, have funded over one hundred participants for long- and short-term training programs offered by AIM. AID and other donor organizations also have supported development research projects at AIM.

In a letter to the Director of the AID Mission to the Philippines, Mr. Frederick W. Schieck, dated March 1, 1986, the President of AIM, Mr. Gabino A. Mendoza, requested \$1,000,000 in AID funding for a scholarship program for deserving Filipinos at AIM. This proposal was endorsed by Mr. Jaime V. Ongpin, Minister of Finance, in a letter to USAID/Manila dated March 10, 1986. Ms. Solita Collas-Monsod, Minister of Economic Planning and Director General of the National Economic and Development Authority (NEDA), in a letter to the USAID Director dated July 10, 1986, endorsed funding assistance of \$200,000 for the scholarship program.

### B. The Problem

With the recent political and economic crisis in the Philippines, enrollments of both Filipino and foreign students have decreased significantly and created financial problems for AIM. Table 1 shows enrollments in major AIM academic programs for the period 1980-81 to 1986-87.

Table 1: Enrollments in Major AIM Programs

<u>Program:</u>	<u>80-81</u>	<u>81-82</u>	<u>82-83</u>	<u>83-84</u>	<u>84-85</u>	<u>85-86</u>	<u>86-87</u>
Masters in Business Management (MBM)	198	186	210	248	230	171	194
Masters in Management (MM)-1 yr program	76	51	58	69	51	45	40
Non-degree at AIM	665	691	584	462	467	360	na
Non-degree overseas	172	112	214	289	200	283	na

Table 2 shows enrollment data for the incoming MBM class broken down by Filipino and other students.

Table 2: Enrollment Trend  
Incoming MBM Class

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Filipino	90	66	77	94	118	83	70
Foreign	51	41	26	25	31	19	17
TOTAL	141	107	103	119	149	102	87

AIM's overall financial situation results from (i) AIM's academic operations, (ii) contributions of the AIM Scientific Research Foundation and (iii) other sources such as fees for long and short term programs conducted by AIM. Most revenues are derived from fees for students in management seminars and degree programs. However, contributions from the Foundation and other sources appear to represent a growing percentage of AIM's total revenue (see Table 3):

Table 3:  
Contributions from AIM Scientific Research Foundation  
and Other Sources as a Percent of AIM's Total Revenue

<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>
17.8	19.5	15.6	19.2	30.6

Table 4 shows current tuition fees for major AIM programs.

Table 4: Tuition Fees for Major AIM Programs

<u>Program</u>	<u>Tuition (dols. U.S.)</u>
Masters in Business Management (MBM)	2,148
Masters in Management (MM)	2,560
Basic Management Program (BMP)	850
Management Development Program (MDP)	2,000
Top Management Program (TMP)	3,700
Advanced Bank Management Program (ABMP)	1,600

Since 1983-84, AIM's tuition fees have been fixed in dollars. The setting of fees in dollars has been financially advantageous to AIM while the peso has continued to devalue. Devaluation has helped to offset the effect of declining student enrollments in major programs on revenues, and has resulted in increasing (current) peso revenues during the 1981-85 period. However, AIM's inflation-adjusted (constant) total revenues have declined in the 1982-86 period (see Table 5):

Table 5: AIM-Total Revenue in Current and Constant Terms  
(in 000's of pesos)

	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>
Current	18,287	24,775	30,719	31,973
Constant	18,287	19,663	16,516	16,066

Inflation factors used are 1982-83=100, 1983-84=126, 1984-85=186, and 1985-86=199.

C. Project Purpose and Description

The scholarship program will provide to qualified deserving applicants the opportunity to obtain a graduate education in business at AIM. The AID grant will fund partial scholarships for approximately 25 lower income students at a cost of \$200,000. Individual scholarship grants will be \$4,000 per student. The students will attend the AIM two-year Masters in Business Management (MBM) Program. These scholarships will fund tuition, fees, and living allowances. The provision of scholarships to deserving students at this time also would help AIM maintain its enrollment, which we expect to happen during the 1987-1988 academic year.

III. Cost Estimate and Financial Plan

The current annual cost for tuition, other school fees, and living expenses at AIM for the two year MBM program is estimated at \$6,528 for the first year and \$6,811 for the second year. A breakdown of these costs is presented in Annex G. While there has been no increase in the school fees from 1983-1986, as Table 6 shows, AIM plans an increase in school fees next year.

Table 6: Fees - AIM MBM Program

<u>School Year</u>	<u>Total Fees</u>
1981-82	\$1,770
1982-83	1,962
1983-84	2,148
1984-85	2,148
1985-86	2,148
1986-87	2,148
Projection 1987-88	2,460

The AID scholarships at AIM will cover tuition, other school fees, dormitory charges, and a partial food allowance for the two year MBM course. Students who pass their first-year academic studies will automatically be eligible for the continuance of their scholarship support during the second year. Scholarships intended for the second year of study for students who do not pass their first year of studies will be made available to other deserving second year students. The study of AIM mentioned in Section VII (Conditions and Covenants) will be performed at no cost to AID. The joint in house evaluation mentioned in Section XI will not require project funding.

Funding for the Project from A.I.D. sources will total \$200,000 in grant funds as shown in the following table. A.I.D. will issue unilateral PIO/Ps or PILs to authorize funding of participants under the Project. Payments will be made by A.I.D. directly to AIM on a cost reimbursable basis.

Table 7  
Life of Project Funding  
(\$000)

	<u>Counterpart*</u>	<u>Grant</u>
Long-term and Short-term Training	<u>125</u>	<u>200</u>
T o t a l	<u>125</u>	<u>200</u>
Grand Total		<u>325</u>

\* Resources provided by scholarship recipients and from other AIM resources.

The annual cost per student attending AIM is approximately \$6,500. The AID grants will average only \$4,000. Therefore, \$2,500 for every student receiving AID scholarships, or 38% of the total cost of their education, will come from the student's own resources or other resources of AIM. This exceeds AID guidelines for counterpart contribution.

#### IV. Implementation Plan

Implementation of the Management Training project will be the responsibility of AIM. Upon the execution of the project grant agreement with the GOP, AIM will be designated as the implementing agency. AIM will appoint a project officer to implement the activities of the project including publication of the AID scholarship program on a nationwide basis, accepting applications, conducting examinations, making final selection of candidates, etc. The project officer will coordinate with USAID for the timely release of funds for the project and arrange the payment of tuition, academic and other expenses to AIM and to the individual scholars. The project will be coordinated in USAID by the Information and Training Division which is part of the Program Office.

##### A. Applicants for AID Scholarship

All applicants for the AID scholarships at AIM must be citizens of the Republic of the Philippines. Applicants must show evidence of financial need. Applications from lower income families in the rural areas will be given preference in the selection of candidates. Applicants must submit the following to AIM:

- AIM application form
- Transcripts from colleges and universities attended
- Two letters of recommendation, one from a former college professor, and another from current employer

Prospective candidates must have had at least one year of relevant work experience, and must sign a contract to work in the Philippines for a minimum of 4 years following graduation from the MBM program.

##### B. Examination and Selection of Scholars

Scholarship applicants must meet the minimum requirements for admission to AIM as fully matriculated students. They are required to take and pass the standard AIM admission test at AIM, Makati or at any of the AIM regional test centers shown in Annex G.

The admission test for the first group of scholars program will be given in July, 1986. Aside from the citizenship requirements and proof of need for the scholarship, the following will be taken into consideration in making the final selection of the AID sponsored scholars:

- a) academic record
- b) results in the AIM Admission test
- c) leadership qualities
- d) work experience
- e) career plans

A Scholarship Committee to be designated by the President of AIM will make the final selection after screening and interviewing successful candidates. The President of AIM will designate the person filling the position of chairman of the Scholarship Committee. The selection of candidates will take into consideration the financial need of the applicant. Preference will be given to candidates from outside the Metro Manila areas whose annual income is less than ₱50,000 per year. Exceptions may be given for those with income over ₱50,000.

C. Methods of Implementation and Financing

<u>Input</u>	<u>Method of Implementation</u>	<u>Method of Financing</u>	<u>Amount in U.S. Dols</u>
Scholarship expenses	Unilateral PIO/P or PIL	Direct payment to AIM	200,000

D. Audit

Because of the amount of funds involved and the nature of this project, it has been determined that special audit coverage is not warranted. Hence, no funds have been set aside specifically for that purpose. However, the Project Agreement will reserve the usual audit rights for A.I.D.

V. Project Analyses

A. Economic Analysis

Stabilization of Enrollment

The principal economic justification for the proposed project is stabilization of AIM's enrollments over the next two years. The Philippine economic and political crisis has adversely affected AIM through causing declining enrollments of both local Filipino and foreign students. The project will contribute to stabilizing AIM's enrollments at past levels until the expected economic recovery will allow more Filipinos to attend and political stability will encourage more foreign students to come.

The benefits of maintaining this institution's enrollments are difficult to quantify and quite diffused, although believed to be substantial. The benefits will be to future AIM students in particular and to society in general which will gain through better-managed businesses.

Equity Justification

Another important justification for this project is its focus on areas outside of Metro Manila and relatively lower income groups. The economic crisis has increasingly precluded investment in education among the lower income groups and has deprived exceptional but poor individuals of the opportunity to attain their full potential. Most well-trained managers in the Philippines come from relatively wealthy families. Many students who excel in

college and pursue formal post-graduate training in management understandably come from the middle or upper income groups. For this reason, many graduates of advanced management programs are probably employed by their own family businesses. The predominance of family-held enterprises in the Philippines limits the broader social benefits of family or self-financed investment in advanced managerial training. AIM graduates from relatively lower income groups would be in the market for employment with non-family-held corporations and for government service. Their contributions to these organizations and hence to society should far exceed their own private returns. Again, this is an element of diffused benefits.

### Return Analysis

The project is also justified by the expected income and wealth gains in future years of the project's direct beneficiaries. Standard economic rate of return analysis for investment in education shows this. It can be demonstrated by using the social discount rate in the Philippines to determine the required economic impact that would justify the investment in the activity and seeing if that impact would be likely to be achieved. In order to do this, several simplifying assumptions are used: (1) total costs are divided in the following manner: \$162,500 at the end of 1986 and \$156,000 at the end of 1987 (further assuming that \$6,500 of the \$325,000 total cost is accounted for by a four percent annual inflation factor); (2) economic returns over a 20-year period will flow evenly for each dollar invested; (3) no new returns are attributed to the project after its completion; and (4) future income of the beneficiaries is principally a result of their having graduated from AIM. Adjustments for shadow prices are believed not to significantly affect conclusions of this analysis. Hence, they are not undertaken. The economic rate of return analysis is conducted for the total cost of an individual's AIM education.

The total cost of the full two-year MBM course in 1986 price, is around \$13,000, including living expenses. This is actual outlay cost; it does not include income lost by studying rather than working. Using the NEDA-estimated social rate of discount of 15 percent, the project must achieve an annual economic return valued at \$54,778 in 1986 prices beginning in 1988 for twenty years to cover the total cost. This means that the AIM graduates should receive a collective increase in annual income over a twenty-year period of Pesos (P) 1,122,949 (based on an expected average exchange rate of P20.50 = \$1.00 in 1986) over what they would have earned had they not received AIM degrees. Hence, each AIM alumnus, on the average, would have to earn, to make the total investment worthwhile, \$2,191 (P44,916) in 1986 prices more per year for a twenty-year period than he would have earned had he not pursued post-graduate formal education.

Is the above estimated economic return achievable? Based on the quarterly Integrated Surveys of Households (ISH) of the National Census and Statistics Office (NCSO), the average earnings of administrative, executive and managerial workers in the Philippines in 1985 was P53,698. Average earnings of this occupational group exceeded those of clerical and related workers by P36,797. However, the ISH averages are for the Philippines as a whole. Also, the ISH occupational classification is too broad to reflect adequately the implied advantages of a graduate level education, especially from AIM, in the employment market.

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More appropriate is a look at a subset of progressive and relatively financially stable companies in Metro Manila since they are likely to be representative of employers of AIM graduates. Information on compensation levels from such companies is available from a 1985 U.S. Department of State Survey of 24 companies in Metro Manila selected partly because they meet the above-mentioned criteria. Employees of these companies holding primarily managerial positions were earning around ₱75,000 to ₱115,000 per annum. On the other hand, employees with predominantly secretarial/clerical responsibilities were earning around ₱40,000 to ₱65,000 per annum. The difference between the mid points is ₱43,500. Hence, on the basis of the survey findings and since AIM graduates can command top level remuneration in the job market, it appears that the cost of investment in an AIM education is justified.

B. Environmental examination: The project does not have a significant effect on the physical and human environment; thus there is no need for further environmental examination.

C. Given the proven feasibility of implementing the project with an established educational institution, and guidance in Handbook 3 concerning Small Project Assistance, social and administrative analyses have not been prepared.

#### VI. Monitoring Plan

The training staff in the Program Office will monitor the project activities of the scholarship program.

For the school year 1986-1987, AIM will provide AID with a list of the participants who were selected to start the program according to the agreed criteria. Characteristics of the participants, including family income and residence, will be included. AIM also will provide USAID with the class schedule for each semester of the MBM program.

Upon receipt of a letter from AIM providing the names of scholars to be funded under the project, USAID will initiate payments to cover the required expenses for the school year. Subsequent payments to cover tuition and other academic fees of the scholars at AIM will be provided before the start of the school year and upon receipt by USAID of a statement of account and names of scholars approved by the AIM selection committee for funding.

Upon completion of the 2 year MBM program AIM will provide AID with the list of the successful AID scholars who have completed the MBM degree including a brief assessment of their performance and overall ranking in the graduating class.

Informal monitoring activities will be conducted on a day to day basis between the AIM project staff and the USAID Participant Training Office.

### VII. Conditions and Covenants

AIM agrees to conduct during the project's first year a comprehensive analysis of AIM and its future. The study will analyze and make recommendations on the financial status of AIM, its outlook, and its areas of specialization compared to other business schools in the Philippines.

### VIII. Relationship to A.I.D. Country Strategy

The scholarship program will contribute towards the Mission's private sector and institution building strategies, as described below.

A. Private Sector. First, the project will provide vital training for students who have the potential to become private business leaders. This is consistent with AID's policy on private enterprise development, which states that AID should promote and assist in training indigenous entrepreneurs in business-related topics. Second, it will assist an important, local private sector institution that trains future business leaders.

B. Institution Building. The AID scholarship program will enable AIM to increase its enrollment to include qualified students from outside of Metro Manila areas and from relatively lower income families. It will help AIM to maintain its role as one of the leading graduate schools of business in Asia.

### IX. Host Country and Other Donors

One of the thrusts of the Government is to promote the development of private enterprises. Hence, the GOP Minister of Finance requested AID assistance for establishing a scholarship fund at AIM for deserving, low income Filipinos. The AID Regional Economic Development (RED) program located in Bangkok had provided grants to AIM of about \$130,000 since 1975 for foreign student scholarships from ASEAN countries. In 1984, AIM received a grant of \$800,000 to implement a program under the Asean Small and Medium Business Improvement Project. This grant was given to carry out general management training courses related to the special needs of small and medium business, including the preparation of the case studies and other teaching materials which address small and medium business management issues. In addition, AIM has received a number of endowments for faculty chairs and tuition scholarships for students from a number of industrial establishments located in the Philippines and abroad.

### X. Gray Amendment Early Alert

The Mission Review Committee has given full consideration to the potential involvement of small and/or economically and socially disadvantaged enterprises and has determined that because scholarship grants will be for an indigenous institution, satisfaction of the Gray Amendment will not be possible under the project.

XI. Evaluation Arrangements

A joint AIM-AID in-house evaluation will be conducted towards the end of the 1988-89 academic year. This evaluation will be primarily input-oriented, reviewing the selection of students and their progress towards academic objectives. Given the small size of the project, an external evaluation would not be warranted.

UNCLASSIFIED

STATE 262249

//PS//

ACT: AJP-6 INFO: AMB DCM AA ECON ADR AGF CHFON/12

VZCZCN10543  
IR FUFHML  
DE RUEHC #2249 2322040  
ZNF UUUUU ZZH  
I 202039Z AUG 86  
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UNCLAS STATE 262249

LOC: 21 435  
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CN: 23127  
CHRG: AIL  
IIST: AID

**ACTION COPY**

AIDAC

F.O. 12356: N/A  
TAGS: N/A  
SUBJECT: MANAGEMENT TRAINING (492-0405)

Action Taken: \_\_\_\_\_  
No action necessary: \_\_\_\_\_  
Date: \_\_\_\_\_ Inits: \_\_\_\_\_

REF: A. MANILA 24571, B. MANILA 19260

1. AA/ANF APPROVES THE PID FOR THE MAAGEMENT TRAINING  
PROJECT AND MISSION PREPARATION AND AUTHORIZATION OF  
PROJECT PAPER.

. ON WAS SENT TO HILL ON AUGUST 1. THE 15 DAY WAITING  
PERIOD EXPIFED AUGUST 16 AND OBLIGATION CAN PPOCEED.

3. PROJECT COMMITTFE (PC) REVIEW OF PID RAISED NO MAJOR  
ISSUES. ALTHOUGH SOME CONCEPN WAS REGISTERED REGARDING  
WHEN AIM COULD MAINTAIN ENROLLMENTS WITHOUT THIS  
ASSISTANCE, THE PC FELT THAT THE ECONOMIC AND POLITICAL  
TRANSITION WHICH THE PHILIPPINES IS EXPERIENCING MAKES  
IT NECESSARY TO HELP KEEP AIM ENFOLLMENT UP TO MEET  
FUTURE MANPOWER NFEDS. AS THE PHILIPPINES ECONOMY  
STABILIZES, THE COMPREHENSIVE ANALYSIS PLANNE UNDER THE  
PROJECT SHOULD PROVIDE INFORMATION NEEDED TO MAKE A MORE  
INFORMED JUDGEMENT ON THIS POINT. WHITEFEAL

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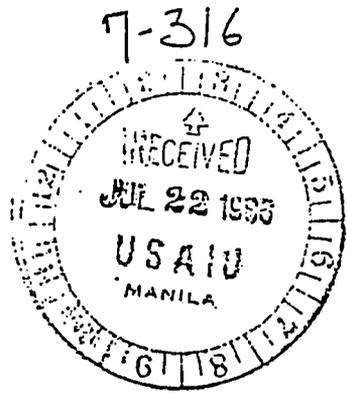
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REPUBLIC OF THE PHILIPPINES  
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

NEDA sa Pasig, Amber Avenue  
Pasig, Metro Manila

Cable Address: NEDAPHIL  
P.O. Box 419, Greenhills  
Tels. 673-50-31 to 50



10 July 1986

Mr. Frederick W. Schieck  
Director, USAID Mission  
Manila

Dear Mr. Schieck,

Subject: Proposed USAID Assistance to Asian Institute of Management (AIM)

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DUE DATE	
7-31-86	

This refers to the request from AIM for USAID funding assistance of US\$200,000 to finance the scholarships of qualified low-income Filipinos to the two-year Masteral Program in Business Management (MBM) of the Institute.

Based on the agreement reached during our meeting last 19 June 1986, we would like to reiterate NEDA's concurrence on the AIM request for USAID funding assistance subject to the guidelines which would be formulated and agreed upon between AIM and NEDA covering the criteria for the selection of grantees and the administration of the proposed funds assistance.

We shall forward copy of the aforementioned NEDA/AIM guidelines as soon as they are finalized and approved by the Government.

Sincerely yours,

SOLITA COLLAS-MONSOD  
Minister of Economic Planning &  
Director-General

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project: 1986 to FY 1989  
 From FY 1986 to FY 1989  
 Total U.S. Funding: \$200,000  
 Date Prepared: July 1986

Project Title & Number: MANAGEMENT TRAINING (AIM) 492-0405

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program or Sector Goal:</b> The broader objective to which this project contributes: (A-1)</p> <p>Private sector development</p> <p>Institution building and maintenance</p>	<p><b>Measures of Goal Achievement:</b> (A-2)</p> <p>Survival of AIM as a quality teaching institution through economic crisis.</p> <p>Employment of graduates in the private sector and in policy-influencing positions of the GOP.</p>	<p>(A-3)</p> <p>Evaluations</p>	<p><b>Assumptions for achieving goal targets:</b> (A-4)</p> <p>GOP and AIM recognize need and importance of program.</p> <p>Political stability and expected economic recovery of the country.</p>
<p><b>Project Purpose:</b> (B-1)</p> <p>To help provide graduate level education in Management at the AIM for deserving Filipinos; and sustain the normal operations of AIM during the current economic crisis.</p>	<p><b>Conditions that will indicate purpose has been achieved:</b> End-of-Project status. (B-2)</p> <p>(a) Successful completion of two year MBM degree by entering students.</p> <p>(b) Employment of students with private firms or GOP.</p> <p>(c) Steps taken by AIM to make the institution more self-sustaining.</p>	<p>(B-3)</p> <p>Evaluations covering student's performance and AIM management reforms.</p>	<p><b>Assumptions for achieving purpose:</b> (B-4)</p> <p>Presence of well trained and qualified academic faculty.</p> <p>Strong commitment and long experience of AIM in implementing academic programs for graduate education in business management.</p>
<p><b>Project Outputs:</b> (C-1)</p> <p>Better Management expertise to be provided by graduates of the two year Masters in Business Management degree at AIM.</p>	<p><b>Magnitude of outputs:</b> (C-2)</p> <p>(a) 25 graduates</p> <p>(b) Report by AIM management regarding steps to make the institution more sustainable.</p>	<p>(C-3)</p> <p>AIM administrative records.</p> <p>USAID project officer monitoring.</p>	<p><b>Assumptions for achieving outputs:</b> (C-4)</p> <p>Effective screening and selection procedures.</p> <p>Excellent dormitory accommodations, school and classroom facilities and well trained and experienced faculty.</p>
<p><b>Project Inputs:</b> (D-1)</p> <p><u>USAID:</u> Cost of scholarship covering expenses for tuition, living and partial food allowance.</p> <p><u>AIM and Beneficiaries:</u> Other costs associated with the AIM program; local support costs.</p>	<p><b>Implementation Target (Type and Quantity)</b> (D-2)</p> <p>(a) \$200,000</p> <p>(b) \$125,000</p>	<p>(D-3)</p> <p>USAID and AIM Controllers' documents.</p>	<p><b>Assumptions for providing inputs:</b> (D-4)</p> <p>AID and counterpart funding available in a timely fashion.</p>

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 loans, and B.3. applies to projects funded from ESF.

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

A. GENERAL CRITERIA FOR PROJECT

- 1. FY 1986 Continuing Resolution Sec. 524; FAA Sec. 634A.

Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project.

Congressional notification submitted on 8/1/86 and expired without objection on 8/16/86 per STATE 262249.

- 2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$500,000, 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?

N.A.

- 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?

No legislative action is required.

4. FAA Sec. 611(b); FY 1986  
Continuing Resolution Sec.  
501. If for water or water-related land resource construction, has project met the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (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. NO
7. FAA Sec. 601(a). Information and conclusions whether projects 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. AIM graduates will enter business or government jobs where they are expected to strengthen management policies, plans, and programs of the institutions where they are employed.

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).

Most of AIM's faculty are graduates of U.S. business schools. Because of this background the graduates of AIM are expected to have exposure to U.S. private trade and investment practices, including use of private enterprise and trade channels.

9. FAA Sec. 612(b), 636(h); FY 1986 Continuing Resolution Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

N.A.

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

N.A.

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 1986 Continuing Resolution Sec. 522. 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 the project or program take into consideration the problem of the destruction of tropical forests?

YES

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

N.A.

15. FY 1986 Continuing Resolution Sec. 533. Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution?

NO

16. ISDCA of 1985 Sec. 310. For development assistance projects, how much of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

Note: since most of the costs for the project will be used for local school expenses.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance  
Project Criteria

- a. FAA Sec. 102(a), 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 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, (e) utilize and encourage regional cooperation by developing countries?

About 25% of the AIM graduates in the two year MBM program are women. The graduates of AIM are expected to make use of their management training when they are employed with public or private concerns that deal with development assistance projects.

- 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)? YES. 38% of the cost of tuition, other school fees and living expenses of scholarship recipients will be provided by the beneficiaries or from other services.
- e. 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?

1. FAA Sec. 281(b). Is the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

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

The project will support a local institution that is managed by Filipinos.

2. Development Assistance Project  
Criteria (Loans Only)

- a. FAA Sec. 122(b). Information an conclusion on capacity of the country to repay the loan, at a reasonable rate of interest. N.A.
- 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.

3. Economic Support Fund Project  
Criteria

- a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of part I of the FAA? N.A.
- b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities? N.A.
- c. ISDCA of 1985 Sec. 207. Will ESF funds be used to finance the construction of, or the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified N.A.

that such country is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty for the Prohibition of Nuclear Weapons in Latin America (the "Treaty of Tlatelolco"), cooperates fully with the IAEA, and pursues nonproliferation policies consistent with those of the United States?

- 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.

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? N.A.
  
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?? N.A.
  
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? N.A.
  
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be 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.) N.A.

5. FAA Sec. 604(q). Will construction or engineering services be procured from firms of countries which receive direct economic assistance under the FAA and which are otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas? Do these countries permit United States firms to compete for construction or engineering services financed from assistance programs of these countries? N.A.
6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? N.A.
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? N.A.

8. International Air Transportation 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? N.A.

9. FY 1986 Continuing Resolution 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? N.A.

B. Construction

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used? N.A.

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? N.A.

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;

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 1986 Continuing Resolution Sec. 526. (1) To pay for performance of abortions as a method of family 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 YES

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. 488. To reimburse persons, in the form of cash payments, whose illicit drug crops are eradicated? YES
- c. FAA Sec. 620(q). To compensate owners for expropriated nationalized property? YES
- d. 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
- e. FAA Sec. 662. For CIA activities? YES
- f. 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

- g. FY 1986 Continuing Resolution, Sec. 503.  
To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel? YES
- h. FY 1986 Continuing Resolution, Sec. 505.  
To pay U.N. assessments arrears or dues? YES
- i. FY 1986 Continuing Resolution, Sec. 506.  
To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending)? YES
- FY 1986 Continuing Resolution, Sec. 510.  
To finance the export of nuclear equipment, fuel or technology? YES
- k. FY 1986 Continuing Resolution, Sec. 511.  
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? Assistance will not aid efforts to repress the legitimate rights of the population.
- l. FY 1986 Continuing Resolution, Sec. 516.  
To be used for publicity or propaganda purposes within U.S. not authorized by Congress? YES

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 TO SECSTATE WASHDC PRIORITY 7262  
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 UNCLAS SECTION 01 OF # MANILA 19250

CLASS: UNCLASSIFIED  
 CRCT: AID 86/16/86  
 APPRV: OP: FWSCHIECK  
 DFTD: PRO: RERODA: SNA  
 CLEAR: 1. PRO: WREBERA  
 2. PRO: DAB'ANTON  
 3. CO: LECHERSLEY  
 4. OD: JSELACHTON  
 DISTR: OD PRC DCM  
 CO CR

AIDAC

F.O. 12355: N/A  
 SUBJECT: SMALL PROJECT ASSISTANCE (SPA ACTIVITY:  
 - MANAGEMENT TRAINING (492-0405)

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A. SUMMARY. THE PURPOSE OF THIS CABLE IS TO REQUEST AID/W TO: 1) REVIEW AND APPROVE THIS CABLE AS A PID; 2) APPROVE MISSION DEVELOPMENT OF SPA PP; AND 3) USE INFORMATION HEREIN, WHICH IS IN CONGRESSIONAL NOTIFICATION (CN) FORMAT, TO PREPARE AND SUBMIT A CN; AND 4) PROVIDE A BUDGET ALLOWANCE FOR SUBJECT ACTIVITY.

B. CN INFORMATION FOLLOWS:

- TITLE: MANAGEMENT TRAINING
- NUMBER: 492-0405
- GRANT
- NEW
- FUNDING SOURCE : ED & ER
- PRIOR REFERENCE : NONE
- PROPOSED OBLIGATION:
- FY 86 : 200
- ISF FUNDING - : 500
- INITIAL OBLIGATION : FY 86
- EST. FINAL OBLIGATION : FY 87
- EST. COMPLETION DATE PRESENT: FY 89

PURPOSE: THE TWO PURPOSES ARE : 1) TO PROVIDE GRADUATE LEVEL SCHOLARSHIPS IN MANAGEMENT RELATED FIELDS TO HIGH POTENTIAL, LOW INCOME FILIPINOS; AND 2) TO SUSTAIN MAINTENANCE OPERATIONS OF THE ASIA INSTITUTE OF MANAGEMENT DURING THE CURRENT ECONOMIC CRISIS.

BACKGROUND: AVAILABLE INFORMATION SUGGESTS THAT LACK OF PERSONNEL WITH HIGHLY TRAINED MANAGEMENT SKILLS IS A MAJOR OBSTACLE TO THE FULL ECONOMIC RECOVERY AND TO THE IMPROVEMENT OF GDP, AID, AND PRIVATE SECTOR DEVELOPMENT INITIATIVES. A SIGNIFICANT NUMBER OF QUALIFIED FILIPINOS ARE CURRENTLY ABLE TO OBTAIN GRADUATE MANAGEMENT TRAINING AND THEREFORE ARE UNABLE TO FULFILL THEIR FULL POTENTIAL. BY OBTAINING APPROPRIATE TRAINING, THESE INDIVIDUALS WILL BE ABLE TO MAKE A SIGNIFICANT CONTRIBUTION TO THE PHILIPPINE ECONOMY. THE ASIAN INSTITUTE OF MANAGEMENT (AIM), A NON-PROFIT, NON-STOCK GRADUATE SCHOOL OF BUSINESS ESTABLISHED IN 1968, IS WIDELY RECOGNIZED AS A CENTER OF MANAGEMENT TRAINING EXCELLENCE IN SOUTHEAST ASIA. DEVELOPMENT IN THE REGION HAS

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BENEFITTED SIGNIFICANTLY FROM AIM'S MANAGEMENT TRAINING PROGRAMS; HOWEVER, WITH THE RECENT POLITICAL AND ECONOMIC CRISIS IN THE PHILIPPINES, ENROLLMENTS OF BOTH FILIPINO AND FOREIGN STUDENTS HAVE DECREASED SIGNIFICANTLY AND THREATENED THE FINANCIAL STABILITY OF THIS IMPORTANT INSTITUTION. AID ASSISTED IN THE ESTABLISHMENT OF AIM BY PROVIDING A GRANT OF DOLS 500,000 TO SUPPORT ITS LIBRARY AND SUPPORTED SCHOLARSHIPS THROUGH THE REGIONAL ECONOMIC DEVELOPMENT (RED) PROJECT. SINCE 1970, SEVERAL USAID MISSIONS IN ASIA, INCLUDING THE PHILIPPINES, HAVE FUNDED OVER A HUNDRED PARTICIPANTS TO LONG AND SHORT TERM TRAINING PROGRAMS OFFERED BY AIM.

PROJECT DESCRIPTION: THE SCHOLARSHIP PROGRAM IS INTENDED TO PROVIDE BRIGHT AND DESERVING STUDENTS FROM LOWER INCOME FAMILIES THE OPPORTUNITY TO OBTAIN A GRADUATE EDUCATION IN BUSINESS AT AIM. THIS SMALL PROJECT ASSISTANCE GRANT WILL FUND PARTIAL SCHOLARSHIPS FOR 25 TO 50 LOW INCOME STUDENTS ANNUALLY. THE STUDENTS WILL ATTEND THE AIM TWO YEAR MASTERS IN BUSINESS MANAGEMENT (MBM) PROGRAM. THE SCHOLARSHIP WILL FUND TUITION, BOOKS, MAINTENANCE, AND LIVING ALLOWANCES FOR A SELECTED NUMBER OF BRIGHT AND DESERVING STUDENTS FROM LOWER INCOME FAMILIES IN THE PHILIPPINES. FUNDING FOR THE PROJECT WILL BE TAKEN FROM DA FUNDS UNDER THE EDUCATION AND HUMAN RESOURCES ACCOUNT. THE PROVISION OF SCHOLARSHIPS TO DESERVING STUDENTS AT THIS TIME ALSO WOULD HELP AIM MAINTAIN ITS PROGRAMS UNTIL ITS FINANCIAL STATUS IMPROVES, WHICH WE EXPECT TO HAPPEN DURING THE 1987-1988 ACADEMIC YEAR.

THE PROJECT ALSO WILL PROVIDE APPROXIMATELY DOLS 25,000 IN FY 1988 TO FUND A COMPREHENSIVE ANALYSIS OF AIM AND ITS FUTURE. THE STUDY BY US CONSULTANTS WILL ANALYZE AND MAKE RECOMMENDATIONS ABOUT THE FINANCIAL STATUS OF AIM, ITS OUTLOOK, AND ITS NICHE COMPARED TO OTHER BUSINESS SCHOOLS IN THE PHILIPPINES AND OTHER ASEAN COUNTRIES.

RELATIONSHIP TO A.I.D. COUNTRY STRATEGY: THE PROPOSED SCHOLARSHIP PROGRAM, WILL CONTRIBUTE TOWARDS THE

MISSION'S PRIVATE SECTOR STRATEGY IN TWO WAYS. FIRST, IT WILL PROVIDE VITAL TRAINING FOR STUDENTS WHO HAVE THE POTENTIAL TO BECOME PRIVATE BUSINESS LEADERS. SECOND, IT WILL INSURE THE SURVIVAL OF AN IMPORTANT, PRIVATE SECTOR INSTITUTION THAT TRAINS FUTURE BUSINESS LEADERS.

**HOST COUNTRY AND OTHER DONORS:** THE GOP MINISTER OF FINANCE REQUESTED AID ASSISTANCE FOR ESTABLISHING A SCHOLARSHIP FUND AT AIM FOR DESERVING, LOW INCOME FILIPINOS. THE AID REGIONAL ECONOMIC DEVELOPMENT (RED) PROGRAM LOCATED IN BANGKOK HAD PROVIDED GRANTS TO AIM SINCE 1975 OF ABOUT DOLS.130,000 FOR FOREIGN STUDENT SCHOLARSHIPS FROM ASEAN COUNTRIES. IN ADDITION, AIM HAS RECEIVED A NUMBER OF ENDOWMENTS FOR FACULTY CHAIRS AND TUITION SCHOLARSHIPS FOR STUDENTS FROM A NUMBER OF INDUSTRIAL ESTABLISHMENTS LOCATED IN THE PHILIPPINES AND ABROAD.

**BENEFICIARIES:** THE IMMEDIATE BENEFICIARIES ARE THE LOW INCOME SCHOLARS FUNDED UNDER THE PROJECT. AT LEAST 40 PERCENT OF THE SCHOLARS ARE EXPECTED TO BE FEMALES. THE OTHER IMPORTANT BENEFICIARY WILL BE AIM ITSELF. ADDITIONAL BENEFICIARIES ARE THE BUSINESS ESTABLISHMENTS AS WELL AS BUSINESS SCHOOLS WHERE GRADUATES OF THE PROGRAM WILL BE EMPLOYED AS MANAGERS, CONSULTANTS OR FACULTY MEMBERS. SPREAD EFFECT BENEFICIARIES ARE THE GENERAL PUBLIC WHO WILL RECEIVE THE BENEFITS OF INCREASED EMPLOYMENT RESULTING FROM IMPROVED MANAGEMENT AND POLICIES.

**MAJOR OUTPUTS:** BETTER MANAGERIAL EXPERTISE TO BE PROVIDED BY GRADUATES OF THE PROGRAM.

**INPUTS (ALL YEARS) (000)**

-	SCHOLARSHIP EXPENSES (TUITION, BOOKS, MAINTENANCE,	
-	LIVING ALLOWANCE, ETC.)	475
-	COMPREHENSIVE ANALYSIS STUDY	25

**U.S. FINANCING**

-	OBLIGATIONS AND EXPENDITURES	
-	THROUGH SEPT. 30, 1984	0
-	ESTIMATED FISCAL YEAR 1985	0
-	EST. THROUGH SEPT. 30, 1985	2
-	PROPOSED FY 86 OBLIGATION	200
-	MULTI-YEAR OBLIGATION	300
-	ESTIMATED TOTAL COST	500

**C. ADDITIONAL INFORMATION TO FULFILL BID REQUIREMENTS**

1. **ECONOMIC CONSIDERATIONS:** THE FUNDING OF SCHOLARSHIPS TO AIM APPEARS TO BE THE MOST COST EFFECTIVE METHOD OF PROVIDING HIGH LEVEL MANAGEMENT TRAINING TO THE TARGET GROUP. THE ALTERNATIVE OF PROVIDING COMPARABLE TRAINING IN THE US WOULD BE SEVERAL TIMES MORE EXPENSIVE. THERE ARE NO ALTERNATIVE MANAGEMENT TRAINING PROGRAMS IN THE PHILIPPINES THAT CAN MATCH THE QUALITY OF TRAINING THAT IS AVAILABLE AT AIM.

UNCLASSIFIED

MANILA 19269/2

2. INITIAL ENVIRONMENTAL EXAMINATION: THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE PHYSICAL AND HUMAN ENVIRONMENT; THUS THERE IS NO NEED FOR FURTHER ENVIRONMENTAL EXAMINATION.

3. DESIGN ALTERNATIVES: THE PROJECT DESIGN WILL BE A VERY STRAIGHTFORWARD ACTIVITY. IMPLEMENTATION AND FINANCIAL MANAGEMENT ARRANGEMENTS WILL BE DEVELOPED JOINTLY BY MISSION AND AIM DURING PP DEVELOPMENT. PP WILL INCLUDE A MONITORING AND EVALUATION PLAN THAT WILL TRACK THE PROGRESS OF THE SCHOLARS BOTH IN THE AIM PROGRAM AND AFTER GRADUATION.

4. GRAY AMENDMENT: ALL PROJECT FUNDS WILL BE USED TO FINANCE LOCAL COSTS; THEREFORE GRAY AMENDMENT CONSIDERATIONS ARE NOT APPLICABLE UNDER THIS PROJECT.

#### B. ISSUES

1. DOES THE PROJECT CONFORM WITH A.I.D. TRAINING POLICY? THE GENERAL AGENCY POLICY ON PARTICIPANT TRAINING IS PRESENTED IN POLICY DETERMINATION NO. 8 (PARTICIPANT TRAINING); HOWEVER, THIS PD FOCUSES ON US TRAINING AND IS ESSENTIALLY SILENT ON LOCAL TRAINING. IN ANY CASE, THE PROPOSED ACTIVITY IS GENERALLY CONSISTENT WITH PD-8. HOWEVER, PD-8 DOES STATE THAT QUOTE A.I.D. POLICY IS TO DISCOURAGE THE USE OF

UNCLASSIFIED

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PARTICIPANT TRAINING PROGRAMS AS GENERAL SCHOLARSHIP FUNDS AND TO ENCOURAGE THE PROVISION OF PARTICIPANT TRAINING TO MEET SPECIFIC NEEDS AS IDENTIFIED IN CDSS ANALYSES, SECTOR ASSESSMENTS, INSTITUTIONAL PROFILES, AND PROJECT DESIGN EXERCISES UNQUOTE (P. 4, EMPHASIS IN ORIGINAL). THIS APPARENT ISSUE IS NOT CRITICAL IN THIS CASE FOR THREE REASONS: 1) THE PROPOSED SPA ACTIVITY IS NOT A GENERAL PARTICIPANT TRAINING PROGRAM, RATHER IT FOCUSES ON A SPECIFIC NEED FOR MANAGEMENT TRAINING, 2) THE TRAINING IS IN-COUNTRY WHILE PI-8 IS FOCUSED ON US TRAINING, AND 3) THE PROPOSED ACTIVITY WILL ASSIST AN IMPORTANT REGIONAL LDC TRAINING INSTITUTION WHICH GIVES IT AN INSTITUTIONAL DEVELOPMENT DIMENSION WHICH IS BEYOND THE SCOPE OF PI-8.

2. WILL THE AIM AGREE TO COVER 25 PERCENT OF THE OVERALL COSTS OF THE SCHOLARSHIP PROGRAM, THIS AMOUNTS TO DOLS 125,000.

3. IS GRANT FUNDING JUSTIFIED? GRANT FUNDING APPEARS TO BE JUSTIFIED BECAUSE IT QUOTE WILL YIELD BROADLY DIFFUSED SOCIAL BENEFITS FOR WHICH FULL COST RECOVERY IS NOT PRACTICAL UNQUOTE (25 STATE 176281).

4. IS PROJECT CONSISTENT WITH AIM PLANS? AIM CURRENTLY PLANS TO CUT-BACK THE MEM PROGRAM. AIM NOW HAS TWO FIRST YEAR MEM SECTIONS WITH A TOTAL OF 75 STUDENTS. THEY PLAN TO HAVE ONLY ONE, SECOND YEAR SECTION OF 50 STUDENTS NEXT YEAR; THUS 25 STUDENTS WILL BE CUT FROM THE TWO YEAR MEM PROGRAM. SHOULD AID BE FUNDING MEM SCHOLARSHIPS WHEN AIM IS CUTTING BACK ON THE MEM PROGRAM?

D. PROPOSED PROGRAMMING STEPS

1. BASED ON INFORMATION HEREIN, AID/W APPROVES PROPOSED SPA ACTIVITY AND GIVES MISSION AUTHORITY TO DEVELOP SPA PP (6/86).

2. AID/W PREPARES CN FROM INFORMATION CONTAINED HEREIN AND SUBMITS TO CONGRESS. AID/W NOTIFIES USAID OF SUBMISSION DATE, AND CN CLEARANCE DATE (5/86).

AID/W ISSUES BUDGET ALLOWANCE FOR SPA ACTIVITY (5/86).

4. MISSION PREPARES, REVIEWS, AND APPROVES SPA PP (7/86).

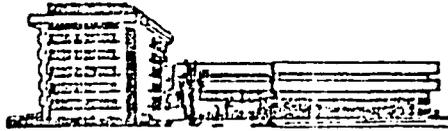
5. MISSION AUTHORIZES PROJECT (7/86).

6. MISSION PREPARES PROJECT AGREEMENT, NEGOTIATES AND SIGN AGREEMENT WITH MINISTRY OF FINANCE (7/86).

D. PLEASE ADVISE SOONEST, MISSION WOULD LIKE TO OBLIGATE FUNDS IN JULY. KAPLAN

BT

#9267



**ASIAN INSTITUTE OF MANAGEMENT**  
**Master in Business Management**

Tuition and School Fees For 1986-87  
 (Can be paid in Pesos at the prevailing exchange rate)

**FIRST YEAR MBM**

Tuition and other academic expenses are US\$2,148.30 (includes dormitory fee for three months). This amount is broken down as follows:

Tuition Fee	US\$1,340.00
Case Materials	320.00
Registration Fee	45.00
Library Fee	45.00
Medical Fee	40.00
Group Hospitalization Insurance	20.00
Computer Fee	30.00
Field Trips	17.00
Dormitory Fee (3 mos. x US\$87.50/mo.)	262.50
Linen Fee (3 mos. x US\$9.60/mo.)	28.80

**TOTAL** US\$2,148.30

**ESTIMATED OTHER EXPENSES**

Dormitory Fee (7 mos. x US\$87.50/mo.)	US\$612.50
Linen Fee (7 mos. x US\$9.60/mo.)	67.20
Food Allowance (3 meals; US\$6 x 300 days)	1,800.00
School Supplies (excluding reference books)	200.00
MRR (thesis) Expenses	-
Personal Allowance	1,700.00
	<u>4,379.70</u>

\$ 6528.00

**SECOND YEAR MBM**

Tuition and other academic expenses are US\$1,840.00. This amount is broken down as follows:

Tuition Fee	US\$1,340.00
Case Materials	320.00
Registration Fee	45.00
Library Fee	45.00
Medical Fee	40.00
Group Hospitalization Insurance	20.00
Computer Fee	30.00
Dormitory Fee	optional
Linen Fee	optional

**TOTAL** US\$1,840.00

**ESTIMATED OTHER EXPENSES**

Dormitory Fee (10 mos. x US\$87.50/mo.)	US\$875.00
Linen Fee (10 mos. x US\$9.60/mo.)	96.00
Food Allowance (3 meals; US\$6 x 300 days)	1,800.00
School Supplies (excluding reference books)	200.00
MRR (thesis) Expenses	300.00
Personal Allowance	1,700.00
	<u>\$ 4,971.00</u>

\$ 6811.00

PHILIPPINE TEST CENTERS

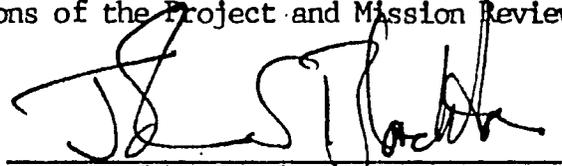
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|---|---|
| 1) Ms. Teresita S. Benedicto<br>Guidance Director<br>Guidance and Evaluation Center<br>La Salle College<br>Bacolod City | 7) Ms. Violeta H. Teves<br>Guidance Center<br>Silliman University<br>Dumaguete City                         |
| 2) Ms. Angelita Padilla<br>Guidance Center<br>Baguio Colleges Foundation<br>Baguio City                                 | 8) Ms. Josefina Porter<br>Guidance Center<br>Central Philippine University<br>Iloilo City                   |
| 3) Ms. Eleonora Araneta<br>Guidance Center<br>Xavier University<br>Cagayan de Oro City                                  | 9) Rev. John Phelan, S.J.<br>Guidance Center<br>Ateneo de Naga<br>Naga City                                 |
| 4) Rev. Henry Schumacher, S.V.D.<br>Guidance Center<br>University of San Carlos<br>Cebu City                            | 10) Mr. Carlos Ante<br>c/o Office of the Dean<br>of Academic Affairs<br>Divine Word College<br>Legaspi City |
| 5) Ms. Julita Pamintuan<br>Guidance Center<br>University of Pangasinan<br>Dagupan City                                  | 11) Rev. Orlando Guzman, S.V.D.<br>Guidance Center<br>Divine Word University<br>Tacloban City               |
| 6) Rev. John Dotterweich, S.J.<br>Guidance Center<br>Ateneo de Davao<br>Davao City                                      | 12) Ms. Remedios Marmoleño<br>Guidance Center<br>Ateneo de Zamboanga<br>Zamboanga City                      |

MANAGEMENT TRAINING (AIM)  
492-0405

CERTIFICATION PURSUANT TO UTILIZATION OF GRAY AMENDMENT ORGANIZATION

I, John S. Blackton, principal officer of the Agency for International Development in the Philippines, having taken into account the potential involvement of small and/or economically and socially disadvantaged enterprises, do hereby certify that in my judgement, the scholarship training under this project will be provided by the Asian Institute of Management, an indigenous management institute, and recipient of the project resources. My judgement is based on the recommendations of the Project and Mission Review Committees.



John S. Blackton  
Acting Director, USAID/Philippines.

22 Sep 86  
Date