

PPC/CIDIE

AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT DATA SHEET</b>		1. TRANSACTION CODE A = Add C = Change D = Delete <input type="checkbox"/> A	Amendment Number	DOCUMENT CODE 3
2. COUNTRY/ENTITY Indonesia		3. PROJECT NUMBER <input type="checkbox"/> 497-0345		
4. BUREAU/OFFICE Asia Near East <input type="checkbox"/> 04		5. PROJECT TITLE (maximum 60 characters) <input type="checkbox"/> Private Sector Management Development		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY <input type="checkbox"/> 09 <input type="checkbox"/> 30 <input type="checkbox"/> 93		7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 84 B. Quarter <input type="checkbox"/> 3 C. Final FY <input type="checkbox"/> 91		

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

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	( 901 )	( 99 )	( 1,000 )	( 4,694 )	( 856 )	( 5,550 )
(Loan)	( )	( )	( )	( )	( )	( )
Other						
U.S.						
Host Country YPPM (NGO); YPMI (NGO)		600	600		2,330	2,930
Other Donor(s)						
<b>TOTALS</b>	<b>901</b>	<b>699</b>	<b>1,600</b>	<b>4,694</b>	<b>3,786</b>	<b>8,480</b>

9. SCHEDULE OF AID FUNDING (\$000)

A. APPRO. PRIATION	B. PRIMARY 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	660B	840		4,000		1,550		4,000	
(2) SD	660B	840						1,550	
(3)									
(4)									
<b>TOTALS</b>				<b>4,000</b>		<b>1,550</b>		<b>5,550</b>	

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

11. SECONDARY PURPOSE CODE

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

A. Code	PVON
B. Amount	5,550

13. PROJECT PURPOSE (maximum 480 characters)

To support the development/expansion of the Institute Management Education and Development (LPPM) in order to assist it to address internal institutional weaknesses so that it can spread its expertise to a greater private and institutional audience; and, to develop effective outreach activities intended to further the goal of increasing numbers of qualified managers in the private sector.

14. SCHEDULED EVALUATIONS

Interim	MM YY	MM YY	Final	MM YY
	06 86			04 90

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)

- To expand the project purpose with regard to outreach activities.
- To extend the PACD for an additional three years.
- To increase funding by \$1,550,000 to cover two additional grants.

17. APPROVED BY

Signature: *David H. Martin*

Title: \_\_\_\_\_

Date Signed: MM DD YY  
 01  22  90

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

MM DD YY

PROJECT AUTHORIZATION AMENDMENT NO. 1

INDONESIA

PRIVATE SECTOR MANAGEMENT  
DEVELOPMENT PROJECT NO. 497-0345

Pursuant to Section 105 of the Foreign Assistance Act of 1961, as amended, the Private Sector Management Development Project for Indonesia was authorized on June 7, 1984. That Authorization is hereby amended as follows:

1. Paragraph 1 is amended to authorize the obligation of \$1.55 million in grant funds from Section 106 (SDA Account) of the Foreign Assistance Act of 1961 to cover the award of two additional grants as follows:
  - a. A grant to the International Executive Service Corps (IESC) involving planned obligations of not to exceed \$300,000 over a one year period from the date of signing of the grant;
  - b. A grant to the Yayasan Pengembangan Manajemen Indonesia (YPMI) to be implemented by the Institut Pengembangan Manajemen Indonesia (IPMI) involving planned obligations of not to exceed \$1,250,000 over a three year period from the date of signing of the grant; and
  - c. The planned life of the project is increased by more than three years from June 7, 1990 to September 30, 1993.
2. Paragraph 2 of the Authorization which provides a brief description of the project is amended to include the following:
  - a. The planned one year grant with the IESC will assist small and medium scale business managers to develop skills required to improve management capabilities in the areas of production, finance, marketing and related areas through technical assistance provided by experienced U.S. executives;
  - b. The planned three year grant with YPMI will assist the Institute IPMI to expand its capacity to produce private sector business managers in Indonesia by providing institutional development assistance. The

grant will also provide funding for the expansion and continued management of an on-going GOI program in technical assistance and funding for entrepreneurial training and travel expenses, called the Indonesian Executive Development Fund (IEDF). This will be accomplished by strengthening staff through overseas and in-country training, development of new course material specifically identified as necessary to meet the emerging needs of the private sector and expanding recruitment and promotional activities to increase the outreach of on-going programs.

3. Paragraph 3 of the Authorization which sets forth essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate is amended to include the additional grants as follows:

- a. Conditions (a), Source and Origin of Goods and Services, (b), Financial Statement, and (d) (4), Progress Reports shall be applicable to the two additional grants proposed under this Project Authorization Amendment;
- b. Condition (d), Training, (1) and (2) shall be applicable to the proposed grant with IPMI.

The Authorization cited above remains in full force and effect except as hereby amended. Prior to the execution of the two additional grants, the Congressional Notification waiting period shall have expired without objection and USAID/Jakarta shall have received a cable notification that funds have been allotted.

Approved: David N. Merrill  
David N. Merrill  
Director

Disapproved: \_\_\_\_\_  
David N. Merrill  
Director

Date: 1/22/90

Clearances: PSD:JMcCarroll \_\_\_\_\_ (draft) date 12/11/89  
 PPS:JHradsky \_\_\_\_\_ (draft) date 12/19/89  
 FIN:CChristensen \_\_\_\_\_ (draft) date 12/29/89  
 LA:GBisson \_\_\_\_\_ GB date 1/19/90  
 A/DD:MWinter \_\_\_\_\_ (draft) date 01/19/90

Drafter:PLBigart:nn:12/6/89  
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**PP SUPPLEMENT FOR  
PRIVATE SECTOR MANAGEMENT DEVELOPMENT PROJECT  
(497-0345)**

INTRODUCTION SUMMARY

This PP Supplement describes the actions which will be implemented during the extended Project Assistance Completion Date (PACD) for the subject project and with the increase in Life of Project Funding of \$1.55 million.

ORIGINAL PROJECT

Project 497-0345 has been implemented to date through a single Operational Program Support Grant, 84-1, awarded to YPPM in 1984 to accomplish activities designed to address institutional weaknesses within IPPM, its operational entity, so that it could spread its expertise to a greater private and institutional audience. IPPM was selected to receive the Grant following an extensive survey of private institutions in Jakarta capable of furthering the overall project goal of contributing to Indonesia's development in the private sector by increasing the quality and numbers of trained managers. Grant 84-1, as amended, covers a six-year, \$4 million program divided into five major program elements. During implementation of the Grant activities, and as a result of periodic Progress Reviews, certain activities were modified or redesigned when overall effectiveness proved lacking. For example, it was decided that technical assistance provided under the Research Assistance program element was not effective and should be discontinued. Funds were reprogrammed in 1988 to the Strategic Planning Assistance element, but implementation of planned activities has not yet been completed. In the November 1988 Progress Review, IPPM raised the issue of a PACD extension to fully complete implementation of on-going and planned activities. Subsequently, IPPM submitted a proposal for a reprogramming of funds and provided realistic objectives and revised completion dates for all program elements under the Grant.

At the same time, USAID/Jakarta was looking for ways to expand the effectiveness of the project, especially with regard to the broader project goal of contributing to Indonesia's development by increasing the number of trained managers. Two proposals were submitted to USAID/Jakarta from local organizations, IESC and IPMI, requesting grant funding to carry out activities directly related to the project goal. A decision was made to amend the project by extending the PACD for a period of three years and increase the life of project funding by \$1.8 million to provide grant funds for two additional grants based on the unsolicited proposals in hand.

Both of the proposed new Grants will concentrate on outreach activities. IESC's expertise will be directed towards improving skills of working managers in small and medium-scale businesses needing technical assistance, while IPMI will continue its current outreach activities through its management of the Indonesian Executive Development Fund and through a program of institutional development which will concentrate on areas intended to improve its effectiveness in meeting growing private sector needs.

The activities to be covered as a result of this amendment are discussed in detail, including the proposed budget for each, as part of this PP Supplement.

#### PROJECT PURPOSE

In order to increase the scope of activities under the project, the Project Purpose has been amended to read as follows:

"To support the development/expansion of the Institute for Management Education and Development (IPPM) in order to assist it to address internal institutional weaknesses so that it can spread its expertise to a greater private and institutional audience; and, to develop other effective outreach activities intended to further the goal of increasing numbers of qualified managers in the private sector." (The underlined portion indicates the revision to the project purpose.)

#### RELATIONSHIP TO CURRENT CDSS AND DPAS

The 1989-93 CDSS goal is to "improve long-term, sustainable employment and income opportunities through means which promote efficiency and productivity." Four sub-goals are set forth to implement the primary goal, two of which relate directly to this project and the proposed amendment. These goals are as follows:

1. Supporting a more open, less regulated market and trade oriented economy, both internally and externally.
2. Achieving an efficient, high quality human resource development system which effectively links system outputs to market requirements.

The project as originally structured sought to "expand the capacity to produce private sector/business managers in Indonesia." The basic assumption leading to this goal was that increased capacity will result in increased numbers of production managers which will in turn result in increased management effectiveness in the private sector. In the long term, this should result in greater employment generation through more efficient resource utilization.

During the five years since the project was initiated, Indonesia has in fact made tremendous progress in deregulating its economy, placing an even greater burden on the private sector to perform and creating a growing demand for highly trained managers. This amendment will contribute to this need by improving the capabilities of a second private sector management institution, IPMI, to respond to the need. In addition, the IESC will contribute to management development through direct technical assistance to local businesses in targeted management areas.

Continuation of the PSMD project for an additional three years and expanding its overall effectiveness by awarding two additional grants will directly contribute to achieving the CDSS primary and subgoals and will enable the institutions receiving USAID grant support to make long-term sustainable contributions to the continued development of the Indonesian private sector. This project as amended addresses DPA I.B.i), ii), and iii) which relate to increasing private sector activity in the economy; and to DPA III which relates to market-oriented human resource development.

#### FUNDING REQUIREMENT, IMPACT ON PIPELINE

An increase of \$1.55 million is required to implement the proposed actions as follows:

- ° The proposed Amendment to Grant 84-1 will require no additional funding but will extend the expenditure pipeline by two years.
- ° The proposed Grant with IESC will require \$300,000 in new funds to be expended in 1989/90.
- ° The proposed Grant with YPMI, to be implemented by IPMI, will require \$1.25 million in new funds to be expended over a three year period beginning in 1990.

Each action is supported by a detailed budget summary. The grant agreements will include well defined implementation schedules which ensure the completion of all activities under each of the proposed grants. Grantees will be put on notification that USAID has no further intent or obligation to provide support beyond that specified in the grants.

#### A. Two Year Extension of Grant 84-1

During the five years since the award of an Operational Support Grant to IPPM, the Institute has implemented major activities under the five institutional development program elements covered under the Grant. The following is a summary of the status of activities accomplished or still

underway and activities proposed during a requested two year extension to the Grant. The proposed reprogramming will apply the remaining \$1.162 million to needed activities which will further IPPM's development and enable the Institute to continue to develop and contribute to project goals after Grant resources have been expended. All of the planned activities can be completed within the requested two year extension to the Grant and within the available funds. A revised budget showing the current funding levels by budget element and the proposed reprogramming is provided as Annex 1 to this PP Supplement.

- a. Strategic Planning Assistance - This program element consists of two major activities, obtaining technical assistance to review and redesign IPPM's MBA program and the development of a management information system (MIS). Implementation of these activities should be completed within the original PACD date. However, in 1988 additional funds were reprogrammed under this element from the Research Assistance element. IPPM will use the available funds to further develop research projects within the MBA program in the following subject areas:

Action Research  
International Business  
Financial Management  
Economics

In addition, the development of the MIS system has led to a need to design an Integrated Decision Support System to assist the Institute in management and planning decision making. IPPM will program available funds to complete such a design and purchase some additional hardware and software to support implementation.

- b. Training - IPPM has a long term goal to improve the numbers and quality of it's faculty. To date, a total of 15 Masters Degrees and 1 PHD have been awarded under sponsorship of the Grant. Three Master Degree candidates and 4 PHD candidates are currently studying in the USA with Grant assistance. Funds will be reprogrammed under this element to complete study programs for an additional five Master Degree candidates and one PHD candidate. These new candidates, along with those currently pursuing programs in the USA, will complete their studies within the requested two year extension.

- c. Research Assistance - IPPM requested and received approval to reprogram funds under this program element to the Strategic Planning Assistance element discussed above.
- d. Outreach Assistance - Under Outreach I, IPPM has worked with two developing management institutes outside of Jakarta to help them improve their management training programs and expand the availability of such training to other parts of Indonesia. One institute (LMS) is located in Surabaya and the second (IPMS) in Medan. This assistance has had varying degrees of success, however, both Institutions would like to continue their relationship with IPPM. With some of the available funds under the Grant, IPPM will obtain technical assistance to help define appropriate interdependency systems for the development of a program of continued association between the two Institutes and IPPM.

A second area of outreach assistance, Outreach II, has been the Small Business Development Program. Under this activity, IPPM developed a 13 week course titled Basic Skill Training to Develop Small Entrepreneurs and offered this course to over 100 participants. The course is no longer offered due to funding limitations. IPPM plans to offer the course again in the future, but will first program available funds under the Grant to conduct a review and redesign of the course material.

The final activity under this program element, Outreach III, has been a Loan Scholarship Fund for students from small private sector enterprises. Due to repayment of loans under the fund, money is still available to continue this program for the extended period of the Grant.

- e. Consulting Services - The consulting arm of IPPM has been receiving valuable assistance under a Host Country Contract awarded to Arthur D. Little under the Grant. IPPM will continue this assistance with grant funds.

#### Summary Evaluation of Grant Activities

Grant 84-1 has been managed through a program of planned Quarterly Progress Reviews. These reviews have resulted in the redesign of project objectives and reprogramming of funds throughout implementation to help focus project outputs. IPPM has made substantial progress in areas primarily related to institutional development objectives particularly in the

redesign of its MBA program and in the long-term training objectives for improving staff. As previously mentioned, the research assistance objectives were redesigned to focus on MBA curriculum development of research projects.

Progress in the Outreach outputs has been slow even with a scaling back of objectives. IPPM has made some progress in supporting two management training institutes outside of Jakarta, but it is now recognized that these Institutes will require the continued support of IPPM in order to provide quality courses.

The reprogramming of funds and the redesign of activities as described in the foregoing, focus on accomplishing outputs in the areas where the Grant has been most successful, those relating to institutional development of IPPM so that it can continue to grow and provide quality training for managers.

B. Award of One Year Grant to IESC

The subject project was originally designed to support institutional development objectives for an existing Indonesian Institute, IPPM. However, the Project Goal is to contribute to Indonesia's development by increasing the number of trained managers. Development of managerial expertise in the private sector has become an increasing problem with the current reforms being implemented by the GOI which have stressed privatization. IPPM has had limited success in implementation of the outreach activities under the project. The focus of their activities has been formal education and training programs which remove the participant from the working environment and provide a theoretical base as opposed to practical and actual application of management assistance. In order to expand the effectiveness of the outreach activities under this project, a one year Grant with the International Executive Service Corps (IESC) is planned.

IESC is a US registered, not-for-profit, PVO established in 1964 for the primary purpose of development of host country private enterprise capabilities. IESC has been operating in Indonesia since 1968 primarily providing short-term consultants to existing businesses. IESC recruits highly experienced retired executives who are willing to volunteer their time to provide managerial and technical advice and assistance to developing businesses. IESC provides this service through a combination of donor financing and client fees. While the experts are volunteers and receive no salary, they do receive support for transportation and per diem while in the host country.

IESC has a long history of involvement with A.I.D. primarily through a core grant from A.I.D./Washington. Recent budget cuts affecting the core grant have forced IESC to seek direct Mission support in developing countries in order for them to continue providing their services to a broad range of businesses. The one year grant with IESC will supplement client fees and other donor contributions. Such a grant is considered to be a direct complement to the formal education programs supported under this project and will provide direct managerial and technical assistance in the working environment of the client.

IESC proposes to assist thirty (30) Clients (businesses) during a one year period. These technical assistance activities will be focused on small and medium-scale businesses in areas intended to improve managerial capabilities. Each client proposed by IESC to receive their assistance will be submitted to USAID/Indonesia for advance approval on a quarterly basis to ensure the selected business falls within the guidelines and assistance criteria established in the Grant.

IESC will contribute the salary-free service of the volunteer experts for each technical assistance activity implemented under the Grant. USAID will contribute an amount of up to \$10,000 per activity which will be used to offset the actual cost of transportation and per diem for the volunteer expert and spouse. IESC will charge a fee to be paid by clients. This fee will be applied to operating costs for both the local and headquarters offices of IESC. In addition, the IESC core grant will contribute to the overall cost of carrying out the grant activities. It is intended to follow this one year grant to IESC with a more comprehensive grant under another project currently under design. The total budget for this grant is based on thirty technical assistance activities, with a maximum USAID contribution of \$10,000 per activity, for a total grant amount of \$300,000. The detailed budget is included as Annex 2 to this amendment.

C. Award of a Three Year Grant to IPMI

IPMI is a private, not-for-profit, Indonesian Institution established in 1984. IPMI was organized and funded by the Indonesian Foundation for Management Development (YPMI) following several major studies indicating a shortage of skilled managers able to support Indonesia's economic development and capability to compete effectively in the international business community.

The Institute is designed to offer a one year MBA program which produces managers able to serve as leaders in the Indonesian business community. Specifically, IPMI seeks to train managers who are well based in Indonesian management styles, yet able to function effectively in western oriented trade and export markets. In order to achieve this objective, IPMI has followed the strategy of hiring a highly qualified faculty, recruiting a high quality of student with a minimum of two years experience in business, setting a high educational standard and maintaining this standard by continuing to upgrade faculty, curriculum and facilities. IPMI offers its MBA program entirely in English as this is the predominant language used by the international business community. Since its first offering in 1984, IPMI has graduated over 200 men and women from its MBA program.

In 1985 the Indonesian Government's Ministry of Finance working with USAID/Indonesia created a special fund of money to assist Indonesian business executives to pursue specialized study programs designed to further their knowledge of international business practices. The Ministry of Finance conducted a competition to select a qualified organization to develop and manage this fund called the Indonesian Executive Development Fund (IEDF). As a result of this competition, IPMI was awarded a Contract to develop a program to promote and manage the IEDF. Specifically, IPMI was required to promote the availability of funds under the IEDF, recruit qualified candidates to attend seminars, workshops and internships with American businesses, and assist in developing specialized programs of on-the-job training for participating candidates. Due to budget shortfalls in the MOF, the original direct Contract with IPMI was converted in 1987 to a Host Country Contract under the Private Sector Development Project, 497-0329. This Contract, which has been extended several times, currently expires January 31, 1990. The IEDF is considered to be a valuable program to the Indonesian business community and both the GOI/MOF and USAID wish to continue the Program.

Through its MBA Program and its participation in the creation and management of the IEDF Program, IPMI has made major contributions towards increasing the numbers and quality of Indonesian managers. In addition to the over 200 graduates from IPMI's MBA Program, of which 14% have been women, over 100 Indonesians (19% women) have participated in specialized programs under the IEDF. While the Institute and the IEDF have been successful, some problems have become apparent. For example, student enrollment was projected at 100-120 per year in order to cover the cost of running IPMI's program. To date, IPMI's

enrollment has remained at approximately 50% of the target. This requires IPMI to draw down on funds available through the sponsoring Foundation in order to cover its operating deficit. In addition, the current staff has little time to develop relevant short courses which have traditionally been the primary income producer to private institutes in Indonesia.

IPMI has developed a three year program of institutional development which will be implemented with the support of a USAID grant under this project. The support will assist IPMI in curriculum development, long-term and short-term training for faculty and administrative staff, library development, student recruitment and increased implementation of the IEDF Program. Specific areas receiving support under the planned grant are discussed in detail as follows:

- a. Faculty/Staff Development - IPMI proposes to increase its full-time Indonesian faculty from six to nine. It is anticipated that long-term training will be required to supplement the qualifications of the newly recruited staff. IPMI has requested support for two MBA candidates and one PHD candidate to receive overseas training during the period of the grant.

In addition, IPMI has requested support for short-term training programs to improve the skills of existing and newly recruited staff. The areas where short-term training support is needed are as follows:

- 6 Case Writing Workshops
- 3 Internships with US Companies
- 3 Post-doctoral Training Programs
- 3 Case Teaching Internships
- 4 Administrative Training Courses

- b. Curriculum Development - IPMI uses the case study method in its MBA Program. Through a copyright agreement with Harvard Business School, IPMI has access to approximately 400 case studies per year. One of IPMI's long term goals has been to develop the case writing capability of its permanent faculty. This would enable IPMI to offer Indonesian case studies as part of their MBA Program. With grant support, IPMI will hire up to three short-term consultants to work with direct faculty counterparts in the writing of Indonesia specific cases. The goal is to have just over 10% of the cases used in the study program be locally developed and reflective of the type of problems facing the Indonesian business community.

To support the local development of case studies, IPMI proposes to purchase a computer and printer capable of high quality graphics production.

- c. Student Recruitment - IPMI proposes to use grant funds to supplement its marketing and recruitment budget. IPMI would like to improve enrollment of women and expand its outreach activities especially in the private sector.
- d. Library Development - IPMI would like to increase the numbers of books available in its library from 8000 to 8160. In addition, IPMI would like to improve the efficiency of information storage and retrieval by purchasing a microfiche reader and printer. Finally, under this element, IPMI would like to create a video cassette case study program with the purchase of a VCR and up to 25 cassette case studies. Once this program is initiated, IPMI would add to available case studies by either purchasing additional cassettes or creating their own tapes based on Indonesian case studies developed by the staff.
- e. Supplementary Programs - Specialized Courses - IPMI would like to develop specialized outreach programs to meet emerging needs of the Indonesian business community. Courses would be developed for post-MBA studies of students and qualified business community participants in the following three areas:

Financial Planning  
Market Research and Analysis  
Human Resource Management

In order to develop relevant courses, IPMI proposes to hire qualified consultants to develop course curricula and work with IPMI faculty in offering these specialized courses. These programs are of particular interest to further project goals in the private sector as these courses will be designed to address real problems being created by the on-going privatization and deregulation of many Indonesian industries. As noted previously, short course offerings are income producing and will contribute to the long-term sustainability of IPMI.

IEDF - A second area under Supplementary Programs is the IEDF Program. IPMI would use grant support to expand its management efforts for the IEDF. Specifically, IPMI would expand marketing efforts to increase the numbers of participants from 30 to an average of 50 per year. IPMI would make special efforts to increase the number of female participants above the current 19% level.

IPMI would like to develop additional group training opportunities available under the IEDF Program. These group training programs have been very popular as they reduce the cost to the individual and can be designed to meet the specialized interest of a particular industrial segment within the business community. Group programs have been of interest to female participants as they are generally shorter in length and do not require the female participants to travel alone.

IPMI would also like to use the services of A.I.D.'s Entrepreneur International (EI) Program to help develop and backstop specialized individual programs under the IEDF. Following a visit to Indonesia by an EI representative, a procedure was developed to tie the two programs together with mutual benefits to both programs. EI can offer lower cost individual placements for IEDF participants based on their on-going program. EI maximizes the cost effectiveness of its placement contractor by increasing the number of participants. In addition, a cooperation with the IEDF Program will assist EI in accomplishing a major goal, to increase contacts between developing countries and US businesses and help create new opportunities for both.

In order to improve the outreach and overall effectiveness of the IEDF, IPMI would increase the IEDF management staff by the addition of one computer specialist to improve data collection/management and follow up and one Project Director to develop cooperation between IEDF and the EI program and assist in overall management.

- f. Group Field Projects - The final area requiring grant support is the development of a Group Field Projects Program. Such a program enables IPMI students to work within the Indonesian business community confronting real issues and problems. This type of project provides practical experience to the students as well as providing outreach support to the business community. IPMI proposes to hire a short term consultant to help develop a procedure for the design and implementation of a Group Field Project Program. This will enable IPMI to work with the business community to apply student resources to solving real problems.

### Proposed Grant Outputs

At the end of the three year grant period, IPMI has identified seven major outputs that will be evaluated to measure the effectiveness of the grant. These outputs are as follows:

- ° An increase in the number and quality of full-time Indonesian faculty.
- ° An increase in the number of women participating in the MBA and IEDF Programs.
- ° An increase in the number of Indonesian cases in core subject areas.
- ° Development of several specialized courses in key management areas which will be offered to the business community.
- ° An increase in the numbers and types of programs available through the IEDF.
- ° The availability of a well designed procedure for developing Group Field Projects and inclusion of this segment in the core MBA curriculum.
- ° An increase in the range of books and teaching videos available in the Library for use by IPMI faculty, students and members of the business community.

A complete budget for the proposed grant to IPMI is included as Annex 3. This budget has been derived from the IPMI proposal and is still subject to audit and negotiation once the amendment is approved.

Since IPMI and its supporting foundation, YPMI have never received USAID grant support, they were subjected to a pre-award survey conducted by the RIG/Manila. The result of the survey is summarized below:

- ° YPMI is a legally established Yayasan (foundation) under the laws of Indonesia and IPMI is its operational entity.
- ° YPMI is financially sound and has a long-term commitment to supporting IPMI.
- ° IPMI, as the institute to benefit from and implement grant programs, has appropriate management and financial systems in place to properly implement a USAID grant.

- ° YPMI currently does not have the management and financial systems in place necessary to implement a USAID grant. A special provision will be written as part of the grant to YPMI which will enable it to employ the systems in place at its operational entity, IPMI, for management of the grant.
- ° YPMI has financial assets adequate to ensure the long-term sustainability of IPMI.

ANNEX 1

USAID PROJECT NO. 497-0345  
GRANT NO. 84-1 (IPFM)  
PROPOSED ~~REVISED~~ BUDGET

ELEMENTS	CURRENT ALLOCATION	PROPOSED RE- VISED ALLOC.
	US\$	US\$
<u>I. TECHNICAL ASSISTANCE</u>		
a. MIS (AED)	71,797.00	71,797.00
b. CONSULTING (ADL)	181,708.00	181,708.00
c. RESEARCH (R.Black)	51,673.00	51,673.00
d. OUTREACH (A.J.Young)	50,105.00	50,105.00
e. CASE WRITING (A.Kadarman)	14,600.00	14,600.00
f. U.S. RECRUITING	4,519.00	4,519.00
g. MBA & RESEARCH & OTHERS (MUCIA)	267,706.00	267,706.00
h. Mr. WINOTO D.'s RESEARCH	5,703.00	5,703.00
i. MIS EXTENSION	-	20,000.00
j. OUTREACH II EXTENSION (Dorodjatun)	-	10,000.00
	-----	-----
	647,811.00	677,811.00
<u>II. COMMODITIES</u>		
a. COMPUTER EQUIPMENT	220,000.00	320,000.00
b. LIBRARY BOOKS & EQUIPMENT	130,000.00	130,000.00
	-----	-----
	350,000.00	450,000.00
<u>III. TRAINING</u>		
a. LONG TERM OVERSEAS	1,283,297.00	1,309,000.00
b. SHORT TERM OVERSEAS	85,000.00	85,000.00
c. PLACEMENT/BACKSTOPPING (IIE)	192,000.00	196,297.00
	-----	-----
	1,560,297.00	1,590,297.00
<u>IV. OUTREACH</u>		
a. INSTITUTIONAL OUTREACH - I	219,200.00	219,200.00
b. PVO OUTREACH - II	440,000.00	440,000.00
c. THREE MONTH SCHOLARSHIP - III	106,800.00	106,800.00
d. SCHOLARSHIP LOAN - IV	367,000.00	367,000.00
	-----	-----
	1,133,000.00	1,133,000.00

V. <u>EVALUATION</u>	100,000.00	65,000.00
VI. <u>AUDIT RESERVE</u>	75,000.00	50,000.00
VII. <u>CONTINGENCY</u>	133,892.00	33,892.00
	-----	-----
	308,892.00	148,892.00
TOTAL I - VII	4,000,000.00	4,000,000.00

fn: Rev.Budget  
dn: USAID

15'

**REVISED BUDGET PROPOSAL  
OVERSEAS TRAINING**

LONG TERM TRAINING

A. Actual Expenditures of Master Program Participants already returned	US\$ 473,848.94
B. Latest Estimates of Expenditures of 3 Masters Returning in 1989	US\$ 124,725.00
C. Latest Estimates of Expenditures of 5 Ph.Ds (1 just returned, 4 still studying)	US\$ 432,950.00

\* BUDGET FOR NEW GRANTEES (5 Masters, 1 Ph.D.)

a. Program Length

- Masters Program (5)  
5 @ 1 1/2 years ---> 7 1/2 academic years
- Ph.D. Program (1)  
Estimated to start  
Jan 1990, financed  
up to June 1992 ---> 2 1/2 academic years

b. Budget Items

- Economy Air fare :  
6 x \$ (1200 + 1600) = US\$ 16,800
- Tuition Fees  
10 yrs @ US\$ 15000 = US\$ 150,000
- Living Allowances  
10x12xUS\$ 800 = US\$ 96,000
- Books & Others  
Ph.D. = 2 1/2 x \$1750 = \$ 4,375  
Masters= 7 1/2 x \$1250= \$ 9,375  
-----  
US\$ 13,750  
-----

D. SUBTOTAL FOR NEW GRANTEES .....	US\$ 276,550.00
LONG TERM PROGRAM COST (-A+B+C+D)	----- US\$ 1,308,073.94 =====

LONG TERM PROGRAM COST (carry over)	US\$ 1,308,073.94
IIE/BACKSTOPPING FEE (est.15%)	US\$ 196,211.09
RESERVES	US\$ 1,011.97
- TOTAL LONG TERM TRAINING	US\$ 1,505,297.00
- SHORT TERM TRAINING	US\$ 85,000.00
- GRAND TOTAL	US\$ 1,590,297.00
	=====

CHS/tyb/IV/1989.

**LONG TERM TRAINING**

ACTUAL EXPENDITURES FOR MASTERS PROGRAM PARTICIPANTS  
ALREADY RETURNED

Agatha Linda Chandra	US\$ 36,365.00	
Nani Koespriani	US\$ 36,186.50	
Achsan Permas	US\$ 36,077.50	
Eddy Hutoyo	US\$ 36,152.50	
Wibowo Santoso	US\$ 26,391.88	
Sumartoyo	US\$ 31,969.02	
Kirti Peniwati	US\$ 26,464.84	
Sukono Subekti	US\$ 29,892.20	
Erni Pratiwi	US\$ 25,302.76	
Loekito Pujo Wibowo	US\$ 24,456.59	
Bambang P.K. Bintoro	US\$ 31,418.55	
Yanto Siddik Pratiknyo	US\$ 38,998.34	
Djarot Suseno	US\$ 32,997.20	
Heryanto Gunawan	US\$ 25,933.25	
Budi Hartono	US\$ 35,242.81	
	-----	US\$ 473,848.94

LATEST ESTIMATES FOR EXPENDITURES OF 3 MASTERS  
RETURNING IN 1989

Cahyadi Hendrarko ( May, 1989)	US\$ 41,575.00	
Achmad Purwono ( Aug, 1989)	US\$ 41,575.00	
M.Sulistio Rusli ( Dec, 1989)	US\$ 41,575.00	
	-----	US\$ 124,725.00

LATEST ESTIMATES FOR EXPENDITURES OF 5 Ph.Ds  
( 1 returned in March 1989. 4 still studying)

Farid Harianto ( March, 1989)	US\$ 22,500.00	
A.Winoto Doeriat * ( Dec., 1989 )	US\$ 54,700.00	
Sukiswo D. ( June, 1990)	US\$ 134,550.00	
Setiadi Djohar ** ( Dec., 1990)	US\$ 113,000.00	
Jimmy Manan ( June, 1991)	US\$ 108,200.00	
	-----	US\$ 432,950.00

ESTIMATE FOR NEW PARTICIPANTS

Agus Maulana (Ph.D.up to June 1992)	US\$ 68,675.00	
Djatipurwanti S. (Masters, 18 month)	US\$ 41,575.00	
Astuti W. (Masters, 18 month)	US\$ 41,575.00	
Ronald Manurung (Masters, 18 month)	US\$ 41,575.00	
" X " (Masters, 18 month)	US\$ 41,575.00	
" Y " (Masters, 18 month)	US\$ 41,575.00	
	-----	US\$ 276,550.00
		-----
LONG TERM PROGRAM COST .....		US\$ 1,308,073.94
		=====

LONG TERM PROGRAM COST	US\$ 1,308,073.94
BACKSTOPPING FEE (est.15%)	US\$ 195,211.09
RESERVES FOR PROGRAM COST	US\$ 1,011,97
	-----
[ ] TOTAL LONG TERM TRAINING	US\$ 1,505,297.00
[ ] SHORT TERM TRAINING	US\$ 85,000.00
(est. 15 months of training @ US\$ 3,500 plus \$ 2,000 - \$ 3,000 of transportation each trip) -	-----
[ ] GRAND TOTAL	US\$ 1,590,297.00
	=====

Note:

- \* - Asia Foundation has agreed to hold the unused returned ticket and dissertation allowances of \$ 800 for Mr. Winoto Doeriat, hence these are excluded from the budget
- On the other hand Mr. Winoto Doeriat plans to do a research in Indonesia for his dissertation, therefore 1 round trip ticket is budgeted for.
- \*\* - Setiadi Djohar is expected to finish his program in 4 years (Dec.,1990); a reserve for 6 months extention (covering stipend only) is however budgeted.

CHS/tyb/IV/1989.

fn : REV.B.TERN  
dn : USAID

IESC  
PROPOSED BUDGET

	<u>30 Projects 1989-90 Per Project Costs:</u>	<u>Totals</u>
Airfares (per couple)	\$ 5,859	\$ 175,770
Enroute Per Diem	1,000	30,000
In-country Per Diem	7,440	223,200
Recruiting Charge	1,961	58,830
Jakarta Overhead	4,833	144,990
	<u>\$21,093</u>	<u>\$ 632,790</u>
	<u>Received Per Project:</u>	
Client Contribution	\$ 6,000	\$ 180,000
USAID Contribution	10,000	300,000
IESC Support	5,093	152,790
	<u>\$21,093</u>	<u>\$ 632,790</u>
 <u>Volunteer Expert Contributed Value per project consultancy:</u>		
\$400/day for 36 working days	\$16,000	\$ 480,000
 <u>Total Value per Project:</u>	 \$37,093	 \$1,112,790

USAID's contribution of \$300,000 in grant funds is based on an estimated contribution of \$10,000 per project consultancy multiplied by an estimated thirty consultancies during the grant.

## Proposed Grant Budget for IPMI\*

Technical Assistance	
a. Local Consultant	120,436
b. Casewriting	260,300
c. Curriculum Development	120,000
d. Group Field Project	<u>20,000</u>
Total for Technical Assistance	<u>\$ 520,736</u>
Indonesian Executive Development Fund (IEDF)	\$ 347,200
Training	\$ 323,655
Commodities	<u>\$ 58,409</u>
Total Amount Available	\$1,250,000

\*The proposed IPMI budget will be adjusted according to anticipated need based on the final negotiated terms of the Grant.

ANNEX 4 PROJECT LOGS AND REVIEWS

Project Title: Private Sector Management Development Project

Life of Project: June 1984 to September 1993

Total US Funding: \$5,550,000

Date Revised: November 1989

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Program or Sector Goal:</u> To expand the capacity to produce private sector business managers in Indonesia.</p>	<p><u>Measure of goal achievement:</u> Increase in number of trained managers</p>	<p>Increase in number of graduates with management education/training</p>	<p><u>Assumptions for achieving goal</u> Continued sustainability and growth of private management institutes</p>
<p><u>Project Purpose:</u> To support the development/expansion of the Institute for Management Education and Development (IPMI) in order to address internal institutional weaknesses and to spread its strengths to a greater individual and institutional audience; and to develop other effective outreach activities intended to further the goal of increasing numbers of qualified managers in the private sector.</p>	<p><u>Conditions that will indicate that purpose has been achieved - End of Project Status (EOPS):</u> IPMI</p> <ol style="list-style-type: none"> <li>1. A revised sustainable five-year plan</li> <li>2. Increased trained staff</li> <li>3. New consulting program</li> <li>4. Institutions outside Jakarta offering management courses</li> <li>5. Restructured IPMI Research Dept.</li> </ol> <p style="text-align: center;">IPMI</p> <ol style="list-style-type: none"> <li>1. Increased trained staff</li> <li>2. Case study development</li> <li>3. Increased student enrollment</li> <li>4. Library development</li> <li>5. Specialized course development</li> <li>6. Increased IEM participation</li> <li>7. Group field project development</li> </ol> <p style="text-align: center;">IESC</p> <ol style="list-style-type: none"> <li>1. Small and medium scale businesses receive technical assistance</li> </ol>	<p style="text-align: center;">IPMI</p> <ol style="list-style-type: none"> <li>1. Audited Annual Financial Statement</li> <li>2. Progress Reviews</li> <li>3. Quarterly Reports</li> <li>4. Director's Implementation Review (DIR)</li> </ol> <p style="text-align: center;">IPMI</p> <ol style="list-style-type: none"> <li>1. Audited Annual Financial Statement</li> <li>2. Progress Reviews</li> <li>3. Quarterly Reports</li> </ol> <p style="text-align: center;">IESC</p> <p>Report on each technical assistance to local firms</p>	<p><u>Assumptions for Achieving Purpose:</u></p> <p style="text-align: center;">IPMI</p> <ol style="list-style-type: none"> <li>1. IPMI continues to exist as a viable institute</li> <li>2. Staff qualified for training</li> <li>3. Suitable institutes exist outside of Jakarta</li> </ol> <p style="text-align: center;">IPMI</p> <ol style="list-style-type: none"> <li>1. IPMI continues to exist as viable institute</li> <li>2. IEDF program continued by GOI</li> <li>3. Staff qualified for training</li> <li>4. Continued demand for Mgt. Education</li> </ol> <p style="text-align: center;">IESC</p> <p>Businesses request technical assistance</p>

Outputs:

IPFM

1. Revised sustainable five-year plan
2. Increased trained staff

3. New consulting program

4. Institutes outside Jakarta offering management courses
5. Restructured Research Department

IPMI

1. Increased trained staff

2. Case study development
3. Increased student enrollment
4. Library development
5. Specialized course development

6. Increased IEDF participation
7. Group field project development

IESC

Small/medium scale business receive technical assistance

Magnitude of Outputs:

IPFM

1. One five year plan, 1990-95
2. Long-term - MAs - 22 grant funded  
14 IPFM funded  
PMDs - 6 grant funded  
4 IPFM funded  
Short-term - 300 participants receive training locally  
45 p/m of overseas training for staff
3. Increase to 25 professionals on consulting service staff and 300% increase in business
4. Assist up to 3 management institutes outside Jakarta
5. Increase to staff of 5 and 200% increase in research outputs

IPMI

1. Long-term - MAs - 2 grant funded  
PMDs - 1 grant/IPMI funded  
Short-term - 6 case writing workshops  
3 US internships  
3 post-doctoral programs  
3 teaching internships  
4 administrative courses
2. 10% of case studies locally developed
3. 10% annual increase
4. 160 new books, microfiche reader, and 25 video cassette case studies
5. Three new courses developed -  
Financial Planning  
Market Research and Analysis  
Human Resources Management
6. Increase from 30 to 60 per year
7. Capability to design projects locally and carryout one per session

IESC

Complete 50 direct TA activities

IPFM

1. DIR
2. Progress reviews
3. Quarterly reports

IPMI

1. Progress reviews
2. Quarterly Reports

IESC

Final report on each TA

Assumptions for achieving outputs:

IPFM

1. IPFM continues as a viable institute
2. Staff qualifies for training
3. Demand for consulting services increases
4. Suitable institutes exist outside Jakarta
5. Demand for research outputs increases

IPMI

1. IPMI continues as a viable institute
2. Staff qualifies for overseas training
3. Qualified technical assistance available
4. Qualified/interested students available
5. GOI sponsorship of IEDF continues

IESC

Sufficient businesses request TA

<p><u>Inputs:</u></p> <p><u>IPM</u>  Technical Assistance - \$ 697,811  Commodities 470,000  Training 1,590,297  Outreach 1,133,000  Evaluation 65,000  Audit reserve 50,000  Contingency 33,892  TOTAL \$ 4,000,000</p> <p><u>IPM</u>  Technical assistance - \$ 520,736  IEDF 347,200  Training 323,655  Commodities 58,409  TOTAL \$ 1,250,000</p> <p><u>IESC</u>  Technical assistance - \$ 10,000 per project  TOTAL (30 projects) \$ 300,000</p> <p>TOTAL PROJECT \$ 5,550,000</p>	<p><u>Implementation Target:</u></p> <p><u>IPM</u>  Eight year grant to end June 1992</p> <p><u>IPM</u>  Three year grant, 1990-93</p> <p><u>IESC</u>  One year grant, 1990-91</p>		<p><u>Assumptions for providing Inputs:</u></p> <p><u>IPM</u>  Institute continues to implement grant</p> <p><u>IPM</u>  Institute implements grant</p> <p><u>IESC</u>  IESC implements grant</p>
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AMENDED PROJECT IMPLEMENTATION PLAN

January 1990	Amended Project Authorization approved
January 1990	Grant amendment issued to extend IPPM grant for two years from June 1990 to June 1992
February 1990	Grant awarded to IESC - One-year performance period
February 1990	Grant awarded to YPMI/IPMI - Three year performance period
May 1990	First Quarterly Review - IPMI Grant*
July 1990	Mid-grant Review - IESC (determines amount of funding)
October 1990	Director's Implementation Review (DIR)
February 1991	End of Grant review - IESC
July 1991	Audit - IPMI (mid-grant performance review)
October 1991	DIR
June 1992	End of Grant review - IPPM
February 1993	End of Grant review - IPMI
September 1993	Project PACD - Closeout

\*Quarterly reviews scheduled for grants with IPPM and IPMI throughout performance period.

QUANTITATIVE AND QUALITATIVE BENCHMARKSQUANTITATIVE BENCHMARKSQUALITATIVE BENCHMARKSIPPM

36 MAs trained in US  
10 PhDs trained in US  
300 participants locally

Increased trained staff

New consulting unit

Assistance to 3 management  
institutions outside Jakarta

Redesigned MBA program

Improved capability to develop  
sustainable five-year plans  
Revolving loan fund for scholarships

Development of topical private sector  
business courses

IESC

Thirty consultancies -  
to local businesses

OJT in management areas provided by IESC  
technical assistance experts

IPMI

2 MBAs  
1 PhD  
6 Casewriting workshops  
3 US internships (staff)  
3 Post-doctoral programs  
3 Teaching internships  
4 Administrative courses

Increased trained staff

10% case studies locally  
developed (10 annually)

Capability to locally write case studies

10% annual increase in  
student enrollment

Three new courses developed

Capability to respond to private sector  
need for topical short courses

IEDF - increase participants  
from 30 to 60 per year

Capability to design group field projects  
to respond to local business problems

Improved library facilities

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JUSTIFICATION FOR NON-COMPETITIVE SELECTION OF  
SPECIFIC SUPPORT GRANT RECIPIENT

Date : December 6, 1989  
From : Joseph Carroll, PSD  
To : Marcus L. Stevenson, CM  
Subject: Project No. 497-0345 - Private Sector Management  
Development  
Justification for Non-competitive Selection of  
Yayasan Pengembangan Management Indonesia (YPMI) as  
Grant Recipient on behalf of its Operational Entity,  
Institut Pengembangan Manajemen Indonesia (IPMI)

Problem: Chapter 2, paragraph 2B.1 of Handbook 13, requires the use of competition for the selection of grant recipients to the maximum practical extent, or that written justification in accordance with one of five exceptions be provided whenever a non-competitive selection is proposed. Accordingly, the following is provided as the basis for an exception to the requirement for competitive selection.

Justification: Certification in accordance with Handbook 13, Chapter 2B.3.a. is hereby provided that the Yayasan Pengembangan Manajemen Indonesia (YPMI), through its operating entity, Institut Pengembangan Manajemen Indonesia (IPMI), submitted an unsolicited proposal for grant assistance dated 28 April 1989. The proposal has been reviewed and is considered unique and proprietary. Acceptance of the proposal is considered to be an appropriate use of A.I.D. funds to stimulate outreach activities desired under the Private Sector Management Development Project whose goal is to increase the numbers and quality of trained Indonesian managers. IPMI is a highly respected educational institute created by YPMI to train managers capable of directing Indonesian businesses, particularly in competitive international business situations. IPMI is the only institute of its kind in Indonesia to conduct instruction in English, specifically to ensure that its graduates can function in the international community where English is the primary language spoken. The IPMI proposal covers a range of institutional development activities designed to meet emerging management needs created by the on-going progress by the Government of Indonesia towards deregulation of industry, trade and finance, and stimulation of the private sector. This movement towards deregulation, which is strongly supported by A.I.D., has increased the already high demand for skilled managers necessary to keep the Indonesian business community competitive in world markets. Acceptance of the IPMI

proposal will assist in the expansion of the Institute's capacity, increase the quality of its staff and assist in development of specialized short courses and training opportunities in key management areas.

Further, in accordance with Handbook 13, Chapter 2B.3.b. and d., IPMI is considered to have an exclusive capability to carry out the requirements of an on-going GOI program in technical assistance and funding for entrepreneurial travel expenses (approximately \$1 million in Rupiah), the Indonesian Executive Development Fund (IEDF) program, an important objective of the proposed grant. The IEDF program was created and supported by IPMI under a direct GOI contract, managed by the Ministry of Finance, which was originally awarded to IPMI in 1985, following competition. This contract was converted to a host country contract in 1987 and funded under the Private Sector Development Project (497-0329). The Contract, as amended, expires on 30 January 1990. The Ministry of Finance has requested that USAID continue to support IPMI's management of the IEDF. IPMI has included in their proposal for grant assistance, a program of development which will enhance the outreach and effectiveness of the IEDF program as well as benefit many other private sector development objectives in the area of management development. The IEDF program can only be continued by IPMI due to their predominant capability and experience gained in creating and managing this program. IPMI has the recruiting and promotional programs in place and the specialized facilities necessary to backstop participants in this program. The continued success of the IEDF program relies on the reputation of IPMI and will benefit from the program of institutional development as proposed by IPMI.

Recommendation: Based on the foregoing, it is recommended that the non-competitive selection of YPMI as a recipient of grant assistance, on behalf of its operating entity IPMI, be approved.

Doc. #01112

73

JUSTIFICATION FOR NON-COMPETITIVE SELECTION OF  
SPECIFIC SUPPORT GRANT RECIPIENT

Date : December 6, 1989  
From : Joseph Carroll, PSD  
To : Marcus L. Stevenson, CM

Subject: Project No. 497-0345 - Private Sector Management  
Development  
Justification for Selection of International Executive  
Service Corps. (IESC) as Grant Recipient

Problem: Chapter 2, paragraph 2B.1 of Handbook 13, requires the use of competition for the selection of grant recipients to the maximum practical extent, or that written justification in accordance with one of five exceptions be provided whenever a non-competitive selection is proposed. Accordingly, the following is provided as the basis for an exception to the requirement for competitive selection.

Justification: Certification in accordance with Handbook 13, Chapter 2B.3.a is hereby provided that the International Executive Service Corps (IESC) submitted an unsolicited proposal for grant assistance dated March 28, 1989. The proposal has been reviewed and is considered unique and proprietary. Acceptance of the proposal is considered to be an appropriate use of A.I.D. funds to stimulate outreach activities desired under the Private Sector Management Development Project whose objective is to increase the numbers and quality of trained Indonesian managers. IESC is a registered PVO which is internationally recognized for providing quality technical assistance to developing countries primarily in the development of private enterprise. IESC proposes to assist thirty small and medium-scale businesses during a one year period. Technical assistance will focus on development of management capabilities.

Further, in accordance with Handbook 13, Chapter 2B.3.b. and d., IESC is considered to have an exclusive capability to carry out the proposed activities due to the unique nature of IESC wherein technical assistance is provided by recently retired business executives who donate the cost of their services. This enables IESC to deliver high quality technical assistance at a very low cost.

Recommendation: Based on the foregoing, it is recommended that the non-competitive selection of IESC as a recipient of grant assistance be approved.

Doc.0111Z

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TAGS:

SUBJECT: PRIVATE SECTOR MANAGEMENT DEVELOPMENT  
 (497-2345), PROJECT AMENDMENT

REF: JAKARTA 13975

1. IN REPLY REPTEL, AA/ANE (ACTING) HEREBY APPROVES THE FID-LIKE CABLE SUBMISSION AND AUTHORIZES USAID TO APPROVE A REVISED OR SUPPLEMENTARY PROJECT WITH THE GUIDANCE STATED BELOW.

- A. ANY FURTHER EXTENSION OF THE PLANNED LIFE OF PROJECT BEYOND SEPTEMBER 30, 1993 WILL REQUIRE AA/ANE APPROVAL.

- B. SELECTION OF GRANTEES AND AWARD OF GRANTS WILL COMPLY WITH APPLICABLE AID DIRECTIVES.

✓ - C. A TIME PHASED IMPLEMENTATION PLAN SHOULD BE PREPARED AND INCLUDED IN THE AMENDED PROJECT PAPER TO CLEARLY DOCUMENT THAT PROJECT ACTIVITIES CAN ALL BE CONCLUDED WITHIN REVISED PACD.

✓ - D. QUANTITATIVE AND QUALITATIVE PERFORMANCE BENCHMARKS SHOULD BE ESTABLISHED FOR THE REVISED PROJECT. THESE INDICATORS SHOULD IN TURN BE LINKED TO THE USAID'S NEW MANAGEMENT/REPORTING SYSTEM FOR DEVELOPMENT PROBLEM AREA (DPA) TARGETS. THESE KEY DATA WILL HOPEFULLY ASSIST USAID IN MONITORING THE ATTAINMENTS OF PROJECT AS WELL AS CDSS OBJECTIVES.

2. BUREAU LOOKS FORWARD TO TIMELY RECEIPT OF AMENDMENTS TO PROJECT PAPER AND AGREEMENT FOR THE SUBJECT ACTIVITY. EAGLEBURGER

BT  
 #5211

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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON DC 20523

NOV 28 1989

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ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND NEAR EAST

FROM: ANE/PD, Bruce J. Odell<sup>SO</sup>

SUBJECT: Indonesia - Private Sector Management Development (497-0345), Project Amendment

REFERENCE: Jakarta 13975

Action: Your approval is requested to authorize USAID to amend the subject project grant by increasing life-of-project funding by \$1,800,000 (Selective Development Activity funds) and extending the Project Assistance Completion Date (PACD) by approximately 3 years to September 30, 1993.

Discussion: The project was authorized by USAID on June 7, 1984. It covers an operational program grant -- a form of PVO assistance -- to the Institute for Management Education and Development (IPPM) for not to exceed \$4,000,000 in Education and Human Resource funds that were to be expended over the six year life-of-project. The project has been achieving its objective of expanding the capacity to produce private sector/business managers in Indonesia. The project in turn has directly supported two CDSS sub-goals of: 1) supporting less regulated markets and a trade-oriented economy; and 2) achieving an efficient human resources development system. In proceeding with this amendment, we are recommending that USAID build into the amended project the necessary benchmarks to enable the timely measurement of project performance.

In reference telegram, USAID has submitted what we have deemed to constitute a PID-like cable that proposes continuation of the IPPM effort and the possible addition of two new grantees. USAID is considering one new grant for \$1,500,000 to the Indonesian Institute for Management Development (IPMI) and one for \$300,000 to the International Executive Service Corps. The existing grantee (IPPM) would receive no new funding from this amendment. Final selection of the grantees will be subject to Mission compliance with applicable AID directives. This amendment will provide bridge funding for select private sector efforts until the new Trade and Investment Project is started in 1991 or 1992.

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Under the proposed grant extension, and with existing pipeline funds available, IPPM will continue to develop and expand its management-education activities so that a larger private and institutional audience can participate. The new grantees will develop and improve their outreach activities in order to increase the number of qualified managers in the private sector.

Both IPPM and IPMI have their own sources of regular income, outside the AID grants. USAID and the Inspector General have reviewed the financial structure of these institutions and have determined that the institutions are self-sustainable. The AID upgrading efforts further augment their capacities to attract good fees for their services.

Of the \$4,000,000 already obligated on this project, the pipeline as of September 30, 1989 amounted to \$1,213,917 of which only \$357,525 was not committed in contracts or equivalent binding agreements. The USAID believes that the funds being added by this amendment (\$1,800,000) can be utilized in a timely manner and that the pipeline would be fully liquidated within the revised PAGD of September 30, 1993.

Justification to Congress: A Congressional Notification for this fiscal year is being prepared.

Recommendation: That you sign the attached cable that approves USAID proceeding to amend the subject project as proposed in reference telegram.

Attachment:  
A. PID Approval Cable

Clearances:

DAA/ANE:Treese \_\_\_\_\_  
ANE/PD:BOdell GC \_\_\_\_\_  
ANE/PD/EA:TRishoi draft \_\_\_\_\_  
ANE/EA:JTennant subs \_\_\_\_\_  
ANE/TR:BTurner/Blue subs \_\_\_\_\_  
ANE/PSD:LMarston draft \_\_\_\_\_  
ANE/DP:PDavis subs \_\_\_\_\_  
GC/ANE:JSilverstone draft \_\_\_\_\_  
PPC/PB:MRugh subs \_\_\_\_\_

cc: USAID/Jakarta

ANE/PD/EA:JMeenan:lsl/eb:11/22/89:7-8228:3923o