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

BOLIVIA

PROJECT PAPER

HUMAN RESOURCES FOR DEVELOPMENT

AID/LAC/P-849

PROJECT NUMBER: 511-0631

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
2. COUNTRY/ENTITY BOLIVIA		3. PROJECT NUMBER 511-0631		
4. BUREAU/OFFICE LATIN AMERICA & CARIBBEAN (LAC)		5. PROJECT TITLE (maximum 40 characters) HUMAN RESOURCES FOR DEVELOPMENT		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09 30 98		7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY 93 B. Quarter 4 C. Final FY 98		

8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 93			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(647)	(355)	(804)	(4,570)	(930)	(5,500)
(Loan)	()	()	()	()	()	()
Other U.S.						
1.						
2.						
Host Country	116	139	255	600	1,420	2,020
Other Donor(s)						
TOTALS	763	494	1,059	5,170	2,350	7,520

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPRO. PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) UNRS	600	631				1,000		5,500	
(2)									
(3)									
(4)									
TOTALS						1,000		5,500	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 620 640				11. SECONDARY PURPOSE CODE 683			
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B. Amount							

13. PROJECT PURPOSE (maximum 480 characters)

To improve selective technical and managerial skills at the policy formulation and implementation levels in both the public and private sectors, in order to assist in the transformation of the democratic and growth processes in Bolivia.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 03 96 06 98				15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)			
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

The USAID/Controller concurs with the methods of implementation and financing proposed in this Project Paper.

[Signature]
 Richard J. Goughnour, Controller

17. APPROVED BY	Signature <i>[Signature]</i>	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY _____
	Title Carl H. Leonard Mission Director	

PROJECT AUTHORIZATION

Name of Country: **Bolivia**

Name of Project: **HUMAN RESOURCES FOR DEVELOPMENT**

Number of Project: **511-0631**

1. Pursuant to Section 105 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Human Resources for Development Project (the "Project") for the Republic of Bolivia (the "Cooperating Country") and Non-Governmental Organizations in Bolivia ("NGOs") involving planned obligations of not to exceed Five Million Five Hundred Thousand United States Dollars (\$5,500,000) in grant funds (the "Grant") over a five-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned life of the Project is approximately five years from date of initial obligation until September 30, 1998.

2. The purpose of the Project is to improve technical and managerial skills at the policy formulation and implementation levels in both the public and private sectors in order to assist in the transformation of the democratic and growth processes in Bolivia. The Project will be implemented by the Catholic University of Bolivia (CUB) and a U.S. university to be selected at the beginning of project implementation. The project will provide direct assistance from a U.S. university to the Catholic University of Bolivia in the development of two Master's level graduate programs in Auditing/Financial Controls and Public Policy and Management, complemented by short courses in the two same areas and structural reform related courses. Furthermore, the proposed project will provide CUB with other program support.

3. The Project Agreement(s) 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 covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the project shall have their source and origin in Bolivia or the United States except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have Bolivia or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing.

b

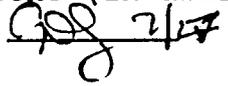
Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States of America.

4. Based on the financial plan and the description of project activities and implementation arrangements in the Project Paper, local cost financing with appropriated funds is hereby authorized for the Project, as necessary to fulfill program objectives and to best promote the objectives of the Foreign Assistance Program.



Carl H. Leonard
USAID/Bolivia Director

Clearances:

PD&I:LLucke (in draft) 6/29/93
ECON:KBeasley (in draft) 6/29/93
DP: ESzepesy (in draft) 6/30/93
A/TI:LValenzuela (in draft) 6/30
RLA:SAllen (in draft) 6/30
RCO:MKidd (in draft) 7/1
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DD:GADavidson  7/17

HUMAN RESOURCES FOR DEVELOPMENT

PROJECT No. 511-0631

2

TABLE OF CONTENTS

	Page
Project Data Sheet	
Project Authorization	
Acronyms	
I. EXECUTIVE SUMMARY AND RECOMMENDATIONS	1
A. Summary	1
B. Recommendations	3
II. BACKGROUND AND RATIONALE	4
A. Economic Background	4
B. Sector Picture	7
1. General	7
2. Higher Education	8
3. Catholic University	10
C. Project Background and Context	12
1. Project Background	12
2. Rationale	13
3. Relationship with LAC Bureau	15
a. Higher Education and Development (HEAD) Project	16
b. University Development Linkage	16
c. RTAC-II Project	17
4. Relationship to Current USAID Strategic Objectives	17
5. Relationship with Other USAID/Bolivia Projects	20
6. Relationship with other Donor Projects	20
7. Lessons Learned from Similar Projects	21
III. PROJECT DESCRIPTION	22
A. Project Goal and Purpose	22
B. End of Project Status	23
C. Expected Outputs	24
D. Project Components	24
1. Master's Programs	25
2. Short Courses and Seminars	28
3. Program Support	29
E. Beneficiaries	33
1. Direct Beneficiaries	34
2. Indirect Beneficiaries	36

g

IV.	IMPLEMENTATION PLAN	37
A.	Organizational Responsibilities	37
B.	Project Responsibilities and Arrangements	37
1.	Catholic University of Bolivia	39
2.	Contractor	40
3.	Office of the Controller General of Bolivia	42
4.	USAID/Bolivia	43
C.	Detailed Implementation Schedule	43
V.	PROCUREMENT PLAN	44
VI.	FINANCIAL PLAN	45
VII.	MONITORING AND EVALUATION PLANS	47
A.	Monitoring	48
B.	Evaluation Plan	50
VIII.	AUDIT PLAN	51
IX.	SUMMARY OF ANALYSES	52
A.	Institutional Analysis	52
B.	Administrative Analysis	54
C.	Social Soundness Analysis	55
D.	Financial Analysis	59
E.	Economic Analysis	61
F.	Technical Analysis	62
X.	CONDITIONS PRECEDENT AND COVENANTS	64
XI.	ANNEXES	
A.	Logical Framework	
B.	Statutory Checklist	
C.	Host Country Request for Assistance	
D.	Project Analyses	
E.	Detailed Cost Estimate	
F.	Contractible Scope of Work for Implementation	
G.	General Issues	
H.	Initial Environmental Examination	
I.	Pre-Award Survey of Catholic University of Bolivia	
J.	In-Country Post-Graduate Public and Private Sector Management Training: A Needs Assessment	

LIST OF ACRONYMS

AIP	Annual Implementation Plan
CENCAP	Centro de Capacitación
CFR	Code of Federal Regulations
CGB	Controller General of Bolivia
CIDA	Canadian International Development Agency
CUB	Catholic University of Bolivia
EOPS	End of Project Status
FY	Fiscal Year
GDP	Gross Domestic Product
GMT	Graduate Management Training
GOB	Government of Bolivia
HRD	Human Resources for Development
IDB	Interamerican Development Bank
IDRC	International Development Research of Canada
IISEC	Institute of Socio Economic Research
LAC	Latin America & Caribbean
LOE	Level of Effort
MAFC	Master's in Auditing/Financial Controls
MEC	Ministerio de Educación y Cultura
MIS	Management Information System
MPC	Ministerio de Planeamiento y Coordinación
MPPM	Master's in Public Policy & Management
NUS	National University of Singapore
OMB	Office of Management & Budget
PACD	Project Assistance Completion Date
PIL	Project Implementation Letter
PIO/T	Project Implementation Order/Technical Services
PMU	Project Management Unit
PROCAF	Programa de Capacitación Financiera
PROSALUD	Protección a la Salud
RCO	Regional Contracting Officer
RFP	Request for Proposals
RTAC II	Regional Technical Assistance Center II
SAFCO	Sistema de Administración Financiera y Control Gubernamental
TFD	Training for Development
UCB	Universidad Católica Boliviana
UCMM	Universidad Católica Madre y Maestra
UDAPE	Unidad de Análisis de Políticas Económicas
UDLP	University Development Linkages Project
UMSA	Universidad Mayor de San Andrés
USAID	United States Agency for International Development
USC	University of South Carolina
USG	United States Government

g.

HUMAN RESOURCES FOR DEVELOPMENT PROJECT

I. EXECUTIVE SUMMARY AND RECOMMENDATIONS

A. Summary

Bolivia is in the midst of an important transition. Over the last eight years, the country has changed abruptly its economic policy framework to favor growth-oriented policies. However, the results of this change have been slow, and predictions are for modest levels of economic growth over the foreseeable future.

The continued shortage of qualified managers and professionals with skills needed by transforming agents and institutions will continue to slow democratic progress, economic growth, and make these transformations more costly while the risk of failure or only partial success is high and real. The goal of this project is to improve the effectiveness and accessibility of key democratic institutions and practices. Its purpose is to improve selective technical and managerial skills at the policy formulation and implementation levels in both the public and private sectors, to assist in the transformation of the democratic and growth processes in Bolivia.

The proposed Human Resources for Development (HRD) project, will be implemented by the Catholic University of Bolivia (CUB) and a contractor to be selected at the beginning of project implementation.

To design and implement this project, USAID/Bolivia invited the existing and functioning Bolivian private universities at the time (May 1992) and the public university in La Paz (UMSA) to submit proposals based on the concepts outlined in the approved concept paper for the project. USAID received and evaluated five proposals. The project selection committee developed the following selection criteria: 1) academic and institutional capability, 2) preliminary project design, 3) expected counterpart contribution, and 4) other academic support. On the basis of the proposals received, the project committee selected Catholic University of Bolivia to develop a formal proposal. The CUB proposal was used as the basis for this project paper.

The project will provide direct assistance from a contractor to the Catholic University of Bolivia in the development of two Master's level graduate programs in

Auditing/Financial Controls and Public Policy and Management, complemented by short courses in the two same areas and structural reform related courses. These short courses will address specific topics aimed at breaking identified bottlenecks that make difficult the efficient functioning of public and private sector institutions, and will be offered in the three largest cities of Bolivia. Furthermore, the proposed project will provide CUB with other program support, including, a) development of curricula of the new Master's degree programs and revision of existing graduate programs, b) faculty study abroad, c) establishment of a book and video fund and an computer network connection, d) research activities, e) supply of computers and other teaching material for the graduate programs, f) a marketing program and e) a student assistantship fund.

The in-country short and long term programs will be taught by qualified Bolivian professors, assisted by qualified U.S. professors. An internship program and the preparation of case studies and field studies will be considered as part of both Master's degree programs. This will require students to apply theory learned, analyze issues, formulate and implement solutions on real Bolivian issues. This will develop student confidence and competence in meeting the demands he/she will face in reality. The two participating universities will jointly develop the curricula for each program, which will be tailor-made to the needs of this country consistent with the highest academic standards set by the contractor together with CUB. Under the short-term program, the project will also provide training in Cochabamba and Santa Cruz.

The project will also upgrade the skills of Bolivian professors at CUB by providing the opportunity for study of specific courses related to the Master's programs. These studies could be undertaken at U.S. universities or other universities.

To provide access to students and professors to current bibliography, the proposed project will create a book and video fund for teaching and research purposes. Through AID/W's RTAC-II and other mechanisms, the project would supply low cost textbooks for students. CUB's library will be strengthened by financing updated textbooks, periodicals and journals in areas relevant to the supported programs. In addition, the project will assist CUB to connect itself with a computer network system which will enable CUB automatic access to international universities associated to the system and to the Library of Congress.

The project research component will be jointly carried out by U.S. and CUB staff in its facilities. Applied research conducted by graduate students will be encouraged through project funded socio-economic studies.

A marketing program will be developed jointly by CUB and the contractor to attract superior students, including women, and assure productive placement after graduation. This program will also include a fund-raising campaign which will attract funds from private institutions and individuals, and will support the financial sustainability of this project.

The marketing program will be closely linked with a student assistantship fund which will provide grants or loans to students in need.

Appropriate fees and tuition, and a core of well-trained Bolivian faculty will assure project financial and institutional sustainability after life of project.

B. Recommendations

In recognition of the contributions that the proposed project will make to the structural reform efforts that Bolivia is undertaking aimed at a sustainable development of Bolivia by (a) upgrading of skills of key public and private sector professionals, and (b) strengthening its higher education institutions, it is recommended that the Human Resources for Development Project be approved for the five year period from June 1993 to June 1998.

It is further recommended that US\$5.5 million be allocated for the life of project funding. This will permit about 170 individuals to obtain their Master's degree; 865 persons to be trained in specific short courses related to public policy and management, auditing/financial controls, and structural reforms; eight to ten Bolivian professors sent abroad for additional studies; upgrading the academic level of one of Bolivia's most prestigious universities; and the internationalization of a contractor. This project will also have significant spillover benefits and positive demonstration effects to the rest of Bolivia's private and state university systems.

II. BACKGROUND AND RATIONALE**A. Economic Background**

During the early 1980s, Bolivia experienced rapidly deteriorating economic conditions, political instability, accumulation of an unsustainable debt burden, and severe macroeconomic mismanagement leading to a hyperinflation crisis in mid-1985. In order to restore economic viability, the government adopted a comprehensive stabilization program, including implementation of a market based exchange rate, increases in public sector prices, and reductions in government expenditures. As a result, the public sector deficit was substantially reduced and inflation was brought under control.

Stabilization measures were combined with extensive liberalization of markets. Foreign exchange controls were eliminated, an auction mechanism was instituted to determine the exchange rate, virtually all quantitative restrictions on imports were eliminated, a low and uniform tariff was implemented, all restrictions on capital flows were lifted, price controls in almost all markets, including financial markets, were eliminated, and prices of public sector goods were adjusted to market levels.

In addition, the government initiated programs to improve banking supervision and implemented a major tax reform to put public finances on a more sustainable basis. Together with sustained adherence to the New Economic Policy that resulted in stabilization of macroeconomic financial structures, Bolivia undertook a large number of structural reforms aimed at strengthening public institutions and improving economic efficiency.

For the first time in nearly a decade, the economy attained a positive GDP growth rate of 2.6% in 1987, and prudent macroeconomic management permitted the recovery to be sustained with steady average GDP growth of 3% through 1992. Inflation at an average 16% during this period and domestic financing of the fiscal deficit was reduced to less than 1% of GDP in 1992. The government also made substantial progress in regularizing its relations with external creditors based on three Paris Club reschedulings (one on Toronto terms) and repurchased more than 95% of its commercial debt. In addition, significant amounts of Bolivia's bilateral debt has been written down in separate agreements with Argentina, Brazil and the U.S.

A key issue facing the Bolivian economy is that, since the 1987 recovery, GDP growth has stabilized at an average level of about 3% per annum. While this recovery is in itself a remarkable achievement following the economic chaos during the early 1980s, the drastic changes in the economic policy framework following the implementation of the adjustment program, and the significant terms of trade losses since 1985, current favorable GDP growth rates remain too low to transform Bolivia into a middle income country. A fundamental challenge facing the Bolivian economy in the 1990s will therefore be to make the transition from stabilization at low levels of growth to more vigorous growth. Sustainability of ongoing structural reforms and an improvement in Bolivia's human resource base are key elements of the ability to meet this challenge.

According to the World Bank,¹ government policy efforts in the next few years should be directed toward the following objectives:

- **Reducing constraints to private sector growth.** Achieving GDP growth of 4-5% implies that levels of private investment and savings need to double by the year 2000. This in turn will require reducing remaining impediments to private sector growth, especially cumbersome administrative procedures within the public sector and infrastructural deficiencies.
- **Eliminating financial sector constraints to growth.** Private sector performance will depend crucially on successful implementation of the government's program for financial sector reform, which is supported by the new Structural Adjustment program. These reforms will facilitate the mobilization of additional savings and increased efficiency in their allocation.
- **Improving public sector management.** Despite the success to date in improving fiscal and monetary discipline, public savings must double from present levels in order to achieve targeted GDP growth rates. Under current circumstances, the most important means to

¹ The World Bank, Bolivia, From Stabilization to Sustained Growth, Report No. 9763-BO, October 1, 1991.

increase public savings will be improved tax compliance and collection. Higher public savings would provide the means to finance physical infrastructure and improve human capital, which are indispensable for accelerated growth. In addition, improving public sector management requires timely implementation of the government's program for public enterprise reform, which is now privatizing directly productive enterprises and liquidating unproductive enterprises, and improving the efficiency of those enterprises remaining in the public sector.

Focusing public expenditure on the poor. Since saving rates need to increase significantly to achieve targeted growth rates, per capita consumption may recover only gradually. Given overall budget constraints, progress in reducing poverty would therefore depend on the government's ability to reallocate government spending to emphasize education, health and nutrition concerns.

Fundamental to the achievement of the above four objectives is the existence of a capable human resource base to improve levels of efficiency, transparency and accountability in both the public and private sectors.

To date, the government has moved slowly in the implementation of reforms. Those that have been undertaken have encountered problems in their implementation. It is clear that the lack of a critical mass of qualified human resources has undermined reform efforts.

Among the more significant reforms in recent years, the Public Administrative Reform Law (also known as the SAFCO Law) was enacted in July 1990. This Law establishes a strict system of accountability in all operations of the public sector. It sets norms for the administration of public resources, for the implementation of control systems within the public sector, and for the integration of public investment programs within the framework of national plans, programs and budgets. It also defines areas of responsibility for key public sector institutions, including the Central Bank, the Superintendency of Banks and Financial Intermediaries. Implementation of this law by the Office of the Controller General of Bolivia has required recruitment of professionals from neighboring countries due to the unavailability of qualified Bolivians, particularly in the areas of accounting, auditing and public administration.

In addition, implementation of civil service reform was initiated in early 1993, and is expected to add some 250 professionals in important Ministries and decentralized agencies before August, 1993. The reform contemplates a reduction of personnel in the central administration from a current level of 12,200 to about 7,200 employees over a ten-year period, affecting primarily administrative and support staff. The reduced number of managers remaining, who will be paid significantly more than at present, need to be well qualified. Civil service reform and other public sector reforms will emphasize the improvement of the caliber civil servants.

B. Sector Picture

1. **General.** Educational achievement is very low in Bolivia. Official illiteracy rates are among the highest in Latin America. Numerous studies have shown that learning in both reading and mathematics in the rural education has shown no significant improvements over the past two decades. Urban schools have shown learning improvements in reading but not in math. Rural areas have been especially hard hit by the crisis in education, as reflected in lower participation rates, high repetition rates, and high illiteracy rates.

A basic problem in the Bolivian education system is inefficiency. The average rural student takes five years to complete grades 1 through 3. Rote learning is emphasized. Because of a dual rural/urban school system, school administration costs are very high. Despite the fact that the total wage bill amounts to 98% of all non-university spending, teacher salaries are extremely low.

In such a system, equity improvements are hard to come by. First, expenditures are skewed toward urban and non-poor departments. It is estimated that 80-90% of rural school children, as compared to 40-50% of urban children, lack textbooks. Second, the geographical distribution of expenditures does not reflect area populations or need. Despite low levels of educational attainment, the Potosí and Pando departments received the lowest per capita education allocations in 1988: US\$11.10 and US\$12.70, respectively. Third, government spending favors higher education at the expense of primary education, and this tendency has intensified in recent years. Fees for attending university are lower than those for basic education. Furthermore, university students receive subsidized lunches not available to students at primary and secondary levels.

2. **Higher Education.** Education in Bolivia is mainly the responsibility of the government. The Ministry of Education and Culture (MEC) formally controls almost every aspect of public and private education except for the autonomous university system.

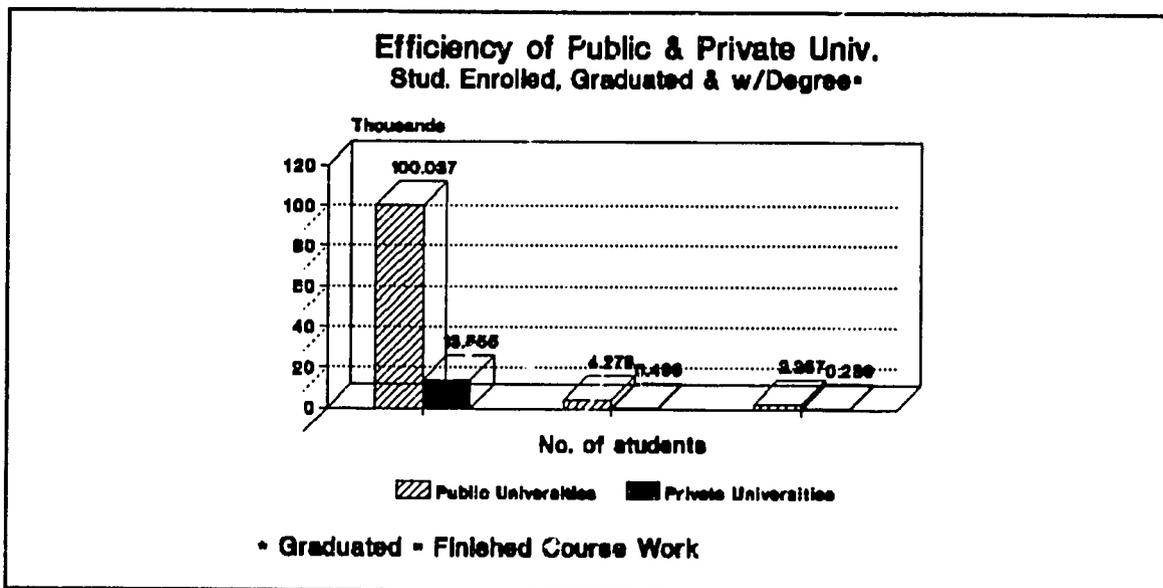
According to anecdotal evidence from parents, students and universities, the education system has deteriorated significantly in recent years. For example, the public university in La Paz now has most of its students take remedial mathematics and Spanish before qualifying them to begin core courses for most degrees. Moreover, the number of students failing such courses is high and increasing.

There are eight public universities and eight private universities throughout Bolivia. The government subsidizes all the public universities and one private university (the Military Engineering School). Until 1985, commodity taxes (particularly a tax on beer) and transfers from MEC paid the costs of all public universities and about a third of the cost of the one private university. This financing is now consolidated into a single annual transfer of 5% of gross tax revenues. Public universities absorb about 30% of all public resources allocated to the education sector, but include less than 5% of all students receiving public support.

This may be questionable in light of the wide-spread perception that the system is inequitable and inefficient. It is considered inequitable because very limited numbers of students come from poor or rural sectors. It is inefficient because only 2.8% of those who enroll in the universities actually graduate with diplomas. The state-financed universities are characterized with a large number of problems, including: a) inadequate systems of management, partly as a result of university "autonomy" and lack of accountability; and b) inefficiency, partly as a result of very large student bodies, poor screening of incoming students, and significant non-academic objectives such as student participation in the running of the universities and in political/ideological debates.

In general, private institutions in Latin America account for about one-third of total enrollments in higher education; in Bolivia the proportion is considerably lower, rising from only 9% in 1988 to 12% in 1990. Most of the students (85%) entering La Paz universities, for example, go to the public university Mayor de San Andrés (UMSA); the remainder (15%) go to private universities.

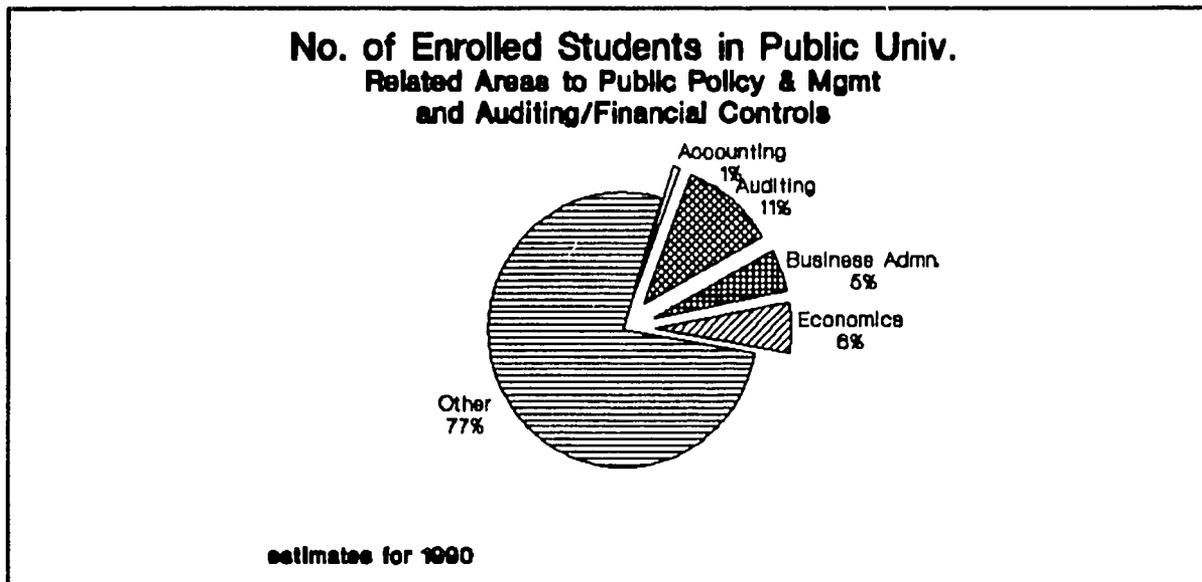
Between 1988 and 1990, the largest percentage of the university student population was concentrated in La Paz. In 1990, 5,160 students entered the universities in La Paz, followed by Santa Cruz with 4,017. In 1990, the total number of students enrolled in state universities nationwide was 100,037. A total of 4,278 finished course work, but only 2,557 received formal degrees (see graph No.1).² Less than 3% of students enrolled actually obtain degrees. The situation in private universities is similarly difficult. Only 239 students, out of 13,855, obtained a "licenciatura" degree (about 2%), and only 466 finished required course work (3%).



GRAPH 1

In all state (and private) universities, the two undergraduate programs with the largest number of students are Economic Sciences and Finance. All eight state universities teach undergraduate programs in closely related faculties, as shown in graph No.2.

² The university system in Bolivia requires four years of course work and a thesis to obtain an equivalent to a Bachelor's degree. Students who only finish course work and fail to comply with the thesis requirement, do not obtain their "licenciatura" diploma.



GRAPH 2

It is estimated that about 23,000 students within the Bolivian public universities are enrolled in these areas alone. Assuming that only 3% obtain degrees, there would be some 690 potential candidates for this project's graduate programs in public administration and accounting/auditing.

No private or public university in Bolivia has graduate programs in public administration or in accounting/auditing.

3. **Catholic University**³. Catholic University of Bolivia (CUB) was founded in July, 1966. It is the oldest and most prestigious private university in Bolivia. CUB, with its main campus and legal residence in La Paz, is the only Bolivian university organized at the national level with regional academic units established in many departments of the country.

CUB is a community of scholars that extends over many fields of knowledge. Its main undergraduate programs are in business administration, economics, social communication and law, with more than 600 students enrolled in each. Other

³ For a full institutional analysis of Catholic University, see Section XIII., Annexes - Institutional Analysis.

undergraduate programs are: systems engineering, psychology, administration of tourist enterprises, public relations, philosophy and theology. The graduate school, established only in La Paz, offers programs in business administration, agricultural economics, enterprise finance, banking finance and international trade.

There are about 300 professors teaching at CUB. However, only 25 are employed full-time. The administrative staff numbers around 110 persons. CUB has a student body of about 4,800 undergraduate and 160 graduate students, distributed as follow: 3,260 in La Paz, 1,580 in Cochabamba, and 120 in Santa Cruz. Over 400 students in the undergraduate programs received scholarships in 1992.

While the university's programs are generally well regarded both inside and outside the university, efficiency, as measured by the number of graduates, can be improved. In the graduate school, for instance, an annual average of 59 students were registered between 1988 and 1991 in the two-year graduate programs at CUB. In corresponding periods one year later, that is between 1989 and 1992, an average of only 21 students per year completed all course requirements (egresados), and only 1 student graduated (in 1992).

There is a fairly long lag between the fulfillment of course requirements and the completion of a thesis required for graduation.⁴ Of all of the 83 students that completed course requirements between 1989 and 1992 and were to graduate in 1993, the average lag for thesis completion exceeded two years.

The issue of low numbers of graduates may have to do, in part, with the problem of part-time students and faculty who cannot dedicate sufficient time to thesis preparation within the two-year scheduled duration of the programs. In 1992, the number of students registered in graduate programs at CUB was more than double the average registration during 1988-1991. A record number of 168 students were registered, with almost four-fifths in business administration. Among the five existing graduate programs, the average enrollment of women is 28% of this total.

There appears to be strong interest in each of the existing graduate programs. However, unevenness within and among these programs, is probably reflected in the major differences in preparation and qualifications of incoming students. Nevertheless, the quality of teaching in Bolivia's private universities, particularly at CUB, is generally considered markedly superior to that of the public universities.

⁴ For 22 students completing their course requirements in 1989, at least four years will have lapsed until graduation, if they ever reach that point. Similarly, for 12 and 14 students completing course requirements in 1990 and 1992, respectively, the corresponding lags until graduation will be at least three and two years, if they ever manage to complete the thesis.

At present, over 80% of CUB's income comes from tuition and student fees. Other revenues are generated from research activities, special training courses and services, and private donations.

C. Project Background and Context

1. Project Background

USAID's current Training for Development (TFD) project was approved in June, 1985 and is aimed at providing training to upper level GOB officials directly involved in the design and formulation of policy, as well as to private sector managers who may exert influence in the design and formulation of policy.

The TFD project was evaluated in February, 1990. Recommendations from this report include: (1) the inclusion of strengthening local universities as targets of the project; (2) the application of cost containment guidelines in the implementation of the long term academic training component of the project; and (3) the re-introduction of in-country seminars as a training component.

According to the same evaluation report, in-country short term and long term programs should include: (1) short term training that is precise and relevant, and (2) costs containment guidance that is specific and applied.

The proposed Human Resources for Development (HRD) project incorporates these recommendations and includes additional components consistent with the project goal and purpose. The proposed project will have impact significantly greater than the sum of its parts in terms of quantity and quality of the students trained through in-country short term courses and Master's degree programs. Being cost effective, these programs will benefit more people with the same resources than for U.S. training only, especially since English language proficiency will not be a barrier impeding otherwise qualified Bolivians from participating. Additionally, by tailoring course content and structure to Bolivia's human resource requirements at the sectoral and overall economy levels, students will be better prepared to take on critical developmental and business objectives and opportunities in a more effective, productive manner.

To design and implement this project, USAID/Bolivia invited the existing and functioning Bolivian private universities at the time (May 1992) and the public university in La Paz (UMSA) to submit proposals based on the concepts outlined in the approved concept paper for the project. USAID received and evaluated five proposals. The project selection committee developed the following selection criteria: 1) academic and institutional capability, 2) preliminary project design, 3) expected

counterpart contribution, and 4) other academic support. On the basis of the proposals received, the project committee selected Catholic University of Bolivia to develop a formal proposal. The CUB proposal was used as the basis for this project paper.

By partially financing implementation of a well conceived in-country program with CUB, AID will contribute to a program expected to have far reaching impacts on the improvement of Bolivia's human resource base and on its higher education institutions. As part of a "multiplier effect", the proposed project will help CUB and other local universities strengthen their institutions and programs, facilitate access to modern teaching methods, prepare relevant curricula that can be effectively and widely utilized, access up-to-date library and educational materials, etc.

2. Rationale

Bolivia, and all of its socio-political, cultural and economic institutions, is caught in the midst of a most important transition. The progress made in transforming the country's democratic institutions has been important, but is insufficient. The lack of qualified human resources constitute a significant impediment for a faster and effective transformation. Similarly, the country has changed its economic policy framework to favor growth-oriented policies, but the results of this change are slow to come. The predictions are for modest levels of economic growth over the next four years. In short, since there is no dramatic economic take-off being predicted for the country in the near future, the country's ability to bring about near term improvements in basic human needs indicators will be limited.

After achievement of relative economic stabilization, Bolivia is entering a phase of purposeful and extensive structural reform. The GOB reform agenda for the next five years includes, *inter alia*, privatization of most state-owned enterprises, improved public sector accountability through implementation of the SAFCO Law, reform of the education system, decentralization and reform of government administration, and implementation of a professional civil service. These reforms are aimed at strengthening democracy, modernizing the State and transforming the economy. But, who will implement these reforms and who will make them function? Does Bolivia's public administration have sufficient managerial capability to execute an effective decentralization process? Can the population and its civic associations demand accountability and transparency of government if the State does not have an effective, operating system of control and administration? Does Bolivia have a human resource base in the public and private sectors adequate for transforming the economy in ways needed to respond to a highly competitive future international environment in an efficient and effective manner?

In the current dynamic change process under way, managers and professionals must prepare themselves with the skills needed by transforming agents and institutions. Otherwise, the process of transformation will be costly and slow, and the risk of failure or only partial success is high and real. The Asian countries that took off so rapidly in the 1950s and 60s and sustained high levels of growth are perfect examples of this phenomenon. And if Bolivia (unlike Argentina or Mexico) does not recover quickly and vigorously after successfully stabilizing its economy, it will in part be due to an inadequate managerial and professional human resource base.

Harvard Professor Alfred Chandler has stated that managerial revolutions are needed when a country and its economy enter a period of development that requires new ways of thinking and managing change. This is exactly the challenge facing Bolivia in the 90s and is the focus of this project. The project will reach and prepare a large number of professionals and managers to face the new challenge being brought about by the transformation from a command/state led economy to a market based economy and to a more pluralistic and effective democracy characterized by improved efficiency in both government and the private sector.

Universities are traditionally key institutions that serve as catalysts for socio-economic change. Bolivian universities are particularly important as the country seeks to change the character of its economy, government and society. Catholic University, AID and the international community support GOB reform initiatives in these areas and expect Bolivia, through improved economic productivity, expanded trade and continued progress, on becoming a more open and democratic society, to be able to assure expanded opportunities for all of its citizens.

One thing is certain. A shortage of well-trained managers and capable institutions will slow down progress in the areas of democracy, economic growth and improvements in welfare. During the 80s there was little in the development scheme of Bolivia that gave rise to a professionally trained management cadre.

Many discussions with public sector officials were conducted during the development of this project paper. Public sector officials are convinced that the changes being demanded of the GOB and its still fragile democratic institutions will not come about without a broader cadre of managers trained with new graduate level skills. Middle level managers and technicians in government entities such as UDAPE have shown enthusiasm and expressed interest in the proposed project. It will be these and other key managers located in the middle and top level positions in the Ministries and at the decentralized levels who must shoulder increased responsibilities. Many public sector officials believe that retention and promotion may be directly linked to the skills and knowledge offered by a quality graduate education. There is a dearth of appropriate

public administration training and other education programs available in Bolivia for these individuals. In agreement with this view is the director of the World Bank financed civil service system reform program, which aims to professionalize the public offices of Bolivia, improve public sector administration, and improve the process of human resources administration.

The SAFCO Law establishes that the Personnel Administration System will determine which public sector are jobs essential as well as the requirements and mechanisms to fill them. The law will implement evaluation and payment systems for the position, and develop the capabilities of the public servants through training. The SAFCO Law sets up a training program in administrative management, financial controls and accountability, and permanent activities related to managerial development and organization that must be updated and modernized based on principles of management efficiency.

It is generally agreed that the SAFCO Law cannot be effectively implemented without improved education and training in some sophisticated areas - public accounting, financial control, systems, public administration, auditing procedures, financial management of public projects, etc. These are the building blocks for a well-designed graduate program in auditing/financial controls and public policy and management.

It is not only the public sector that requires a critical mass of well qualified human resources. There is also a significant limitation in the private sector. Specialized accounting and auditing firms underscore the importance of this limitation. Although they have designed and conducted numerous training courses to ameliorate the problem, these efforts have had limited impact to date. Moreover, private firms executives as well as professors at Catholic University have emphasized the serious limitations of these endeavors. Although Bolivia has a large number of basic accounting graduates, typical levels of preparation and qualifications are inadequate for the tasks at hand. This is a serious problem given that professionals in these areas must operate in a very complex environment of laws and procedures that apply not only to Bolivia, but to Bolivia's interaction with an increasingly interdependent international community.

3. Relationship with LAC Bureau

With respect to AID's strategic objectives and as described in the following section, this project contributes directly to the LAC goal of supporting the achievement of broadly-based, sustainable economic growth. By upgrading Bolivia's human resource base and higher education institutions, the project will improve the efficiency of public sector operations and encourage a vigorous private sector response.

a) Higher Education and Development (HEAD) Project

The proposed project will contribute directly to the attainment of the objectives of AID's Higher Education and Development (HEAD) Project. The HEAD project's basic rationale is that, as countries develop, their universities and other higher education institutions must be major contributors in a number of ways, including providing more capable private and public sector leadership, supporting national productivity and more economically and politically open societies.

The estimated AID cost portion of the HEAD project is US\$8 million annually for a five-year life-of-project total of US\$40 million. The matching requirement for participating U.S. universities for most activities is expected to double AID's contribution, bringing total project investment to about US\$80 million, exclusive of developing country counterpart contributions and other inputs.

HEAD promotes the following activities in support of its purpose: First, it forms networks between developing countries and U.S. universities that address carefully selected, mutually agreed upon development objectives. Second, it establishes support systems to help developing country universities achieve and maintain academic quality and creative engagement with their society. To this end, the HEAD project: a) provides advice on current programs and efforts; b) funds contractor faculty to teach and study at developing country institutions and developing country faculty to teach and study at U.S. institutions; and c) orients university faculty members into international development-oriented teaching and research by offering competitively awarded grants for work or study at a developing country university. Third, it sponsors annual joint symposia and workshops to bring together AID and university professionals with common interests in a particular country, region, or development issue to exchange insights.

Although it is understood that the HEAD project is currently in an assessment stage and is temporarily on hold, it is expected to soon be operational. The proposed CUB project would clearly complement AID's HEAD project, and could likely access HEAD's funding once it comes on stream.

b) University Development Linkage Project (UDLP)

The AID University Development Linkages Project (UDLP) has as its purpose the promotion and support of collaborating country institutions of higher education, and those of U.S. colleges and universities.

The HRD project may be able to establish a relationship with UDLP to develop and implement a variety of specific academic activities under any of the proposed project's components. Since the proposed linkage activities will relate squarely with AID's priority area of human resources development, the UDLP project could be used to support both the graduate degree programs as well as the short-term courses proposed in this project.

c) **RTAC-II Project**

This AID project is administered by Aguirre International, a private company based in California. The principal activity of the project is to provide university textbooks of excellent quality at prices accessible to university students and professionals in countries participating with AID programs. The project's requirement is that the texts be published originally in the United States, translated into Spanish and printed in Latin America.

During the first five years of the program, more than 1.2 million university books, including more than 5,000 titles in 20 areas of study, have been purchased, delivered and distributed in bookstores in Central America to be sold to university students. Because of the large volume of sales, prices to students are at 50-70% lower than retail prices.

The project may provide funds for the purchase of up to 4,000 appropriate RTAC-II published university books to strengthen CUB's library. In addition, the project could make textbooks accessible for use in other project programs and other programs at CUB.

4. **Relationship to Current USAID Strategic Objectives**

This project contributes to the USAID/Bolivia strategic objective of improving the effectiveness and accessibility of key democratic institutions, as described in USAID's Program Objectives Document (POD) for fiscal years 1993-1997. Improving the human resource base is one of the best and most direct ways to foster and strengthen institutional reform that will ensure long-term democracy in Bolivia. Accordingly, the project goal will contribute to USAID/Bolivia's strategic objective by developing well trained professionals that can assure the success of civil service reform and increased accountability in government.

In an era of political change when U.S. foreign policy places high priority on promoting democratic political systems, the importance of investing in public sector institutions and universities should not be underestimated. Sound government

operational practices and efficient private markets depend on a technically capable professional civil service.

According to the Mission's Action Plan, "the principal vehicle for ensuring long-term democracy in Bolivia will be institutional reform - including the establishment of court management systems, inter-institutional feedback mechanisms, accountable financial management controls, and competent planning practices." Clearly, for institutional reform to take place, a qualified pool of professionals and administrators is a necessary facilitating condition.

The project will provide training to young professionals and mid-level public officials in decision making positions in entities as diverse as the regional development corporations, municipalities, ministries and other decentralized public sector institutions. Strong institutions, through a strong human resource base, will contribute to the improvement of the ability of the country's democratic institutions to utilize, account for and appropriately administer the mandates and economic resources of their institutions. In this regard, accountability and transparency, which are basic elements of a well-founded democracy, must be institutionalized and the enhanced human capital resulting from this project will be the primary building block for accomplishing these objectives.

Moreover, by strengthening key institutions of higher education, the project will reinforce the country's fundamental democratic ideals, including increased economic democracy fostered by a framework of market oriented economic policies. Universities constitute social agents of human capital formation that inculcate democratic ideals, justice, and promote wider understanding of sound economic practices and other favorable changes in the political culture. As a result of this project, Bolivia's strengthened democracy will take firmer root in the national consciousness, and underpin a brighter, more assured future for all of Bolivia's diverse population.

Similarly, USAID and Catholic University are well aware of the personnel weaknesses in many of Bolivia's state and private institutions that sometimes inhibit achievement of development goals and objectives. There is a paucity of well-qualified public sector officials and well-trained professionals in specific areas working in the private sector. This lack of professionals clearly slows progress on projects and other important GOB and donor activities and compromises the sustainability of the GOB's on-going policy thrust to restructure both the institutions of government and the economy.

The project is also consistent with and will make a substantial contribution to the attainment of other USAID strategic objectives, particularly in the

areas of Alternative Development and Trade and Investment. It is also thoroughly consistent with the development model outlined in the GOB's economic framework papers and recent structural reform initiatives.

For example, the project will contribute to reduced reliance on coca for employment and income, resulting in a more diversified economy with increased opportunities for licit income and employment. At the government level, this transformation needs to be managed efficiently and effectively. To improve performance and deliver concrete results, GOB institutions need to improve design, implementation and monitoring capabilities. Enhanced economic, managerial, accounting and other relevant skills is clearly one of the best and most direct ways of strengthening GOB capacity to carry out the important tasks required for change and modernization of the economy.

Increased trade and investment are key elements in the achievement of broad-based, sustainable economic growth in Bolivia. The country's still developing free market economy constitutes a highly favorable economic environment for the achievement of the USAID's trade and investment objective. However open to international trade and competition the Bolivian economy may be, increased trade and investment are not assured. Sound long-range economic policies emphasizing the world market has had much to do with the successes of Taiwan and Korea. But those policies would not have been so successful had it not been for the blossoming of a robust entrepreneurial drive in both countries. Bolivia needs to develop a truly entrepreneurial class if it is to solve the economic problems it now faces as well as those that might arise in the future. Moreover, if the country is to contribute to, and benefit from, the hemispheric economic integration now being led by the United States, the skills of its entrepreneurial class need to be improved and its attitudes towards competition changed. There has to be a gradual "managerial revolution" as the driving force of the economy. Large numbers of Bolivians need to acquire the technical knowledge required to participate with confidence in a highly competitive, expanding world economy.

CUB already has strong graduate programs in business administration and international trade. The project will build on these programs to provide training to private sector leaders, entrepreneurs, and professionals to equip them with the latest techniques and new ways of thinking for managing change in their own industries. In this way, the private sector will be better equipped to be responsive to market forces and to the new challenges that Bolivia and its trading partners will require of them.

The Bolivian economy is undergoing a transformation characterized by the "downsizing" of its public sector, and the "upsizing" of its private sector. This rather interesting dichotomy may well be the most important development dynamic facing

the country. In both cases, more highly-educated managers are the sine que non for new development perspectives.

5. Relationship with Other USAID/Bolivia Projects

USAID/Bolivia has three ongoing training programs with audiences similar to those proposed for the HRD project and with potential areas of overlap. These projects are:

1) Management Training (511-0580) - This project funds IDEA, an independent training institute, which provides short and medium term business management training to executives, mid-level managers and administrative support staff of private sector businesses. A small number of courses are provided to personnel from the public sector.

2) Training for Development (511-0584) - The purpose of this project is to expand the human resource base of U.S. and third country trained individuals who occupy policy level and leadership positions in the government and the private sector through a) Master's degree training in the U.S., b) short term technical training in the U.S. and c) in-country seminars. All funds not disbursed under this project will be re-obligated to the HRD project.

3) Strengthening Financial Markets (511-0598) - The only active portion that remains under this project is the Financial Training Program (PROCAF) which trains mid to high level personnel of banks and other financial institutions with the ultimate purpose of strengthening and modernizing the Bolivian financial sector.

The potential areas of overlap among these projects and the HRD project are in the short-term courses offered in management and financial/auditing subjects. These other three programs do not offer master's programs (except TFD which is terminating). An ad-hoc coordination committee composed of representatives of the four projects will meet on a periodic basis (at a frequency to be determined by the group) to share information on the short-term training provided by the four projects.

6. Relationship with Other Donor Projects

Bolivia has been receiving large amounts of donor assistance in many social and economic sectors. Most of this aid is administered by the government. However, lack of technical and administrative capacity in the public sector has been a major bottleneck preventing rapid and efficient use of these resources. Thus, despite substantial funding committed by the donor community, external disbursements have

declined since 1989 and are now lower than 1981 levels. Improving the technical and administrative capacity of public officials, particularly those that have direct relationships with donor agencies, would greatly contribute to a more agile and efficient implementation of all donor projects.

In particular, the proposed project has clear and direct links with World Bank and IDB projects. First, it will complement and facilitate the World Bank's training effort under the SAFCO project aimed at improving GOB public sector financial and administrative accountability. The World Bank has budgeted US\$600,000 for Master's degree training of accountants and auditors in Bolivia. Second, the project will greatly contribute to World Bank efforts to foster civil service reform in Bolivia. Upgrading the technical and administrative skills of public sector officials will strengthen the institutionalization of a professional civil service. Third, as stated above, the proposed project will facilitate implementation of a decentralization project being financed by the World Bank. Fourth, this project will complement the privatization efforts of the GOB which are financed both by the World Bank and USAID.

7. Lessons Learned from Similar Projects

A project very similar to the current one was developed and implemented in the Dominican Republic from 1983 to 1990 - Graduate Management Training (GMT) (517-0157). The purpose of the project was to establish a graduate management school at the Catholic University Madre y Maestra (UCMM) (the host country university) offering degree programs in Business and Public Administration and supporting the public and private sectors through research and executive training. A contract was signed with UCMM which sub-contracted with the University of South Carolina (USC). The difference between this project and the HRD project is that the former was establishing a new graduate school while the latter is adding two master's programs to an existing graduate program. The project paper and evaluation of GMT were consulted during the preparation of this project paper. USAID/Bolivia also contracted the services of two consultants who were involved in the implementation of the Graduate Management Training Project. As a result of references to the D.R. project, it was decided to:

- 1) establish a project implementation team consisting of the CUB Coordinator, the contractor's Chief of Party and the USAID/Bolivia Project Manager;
- 2) not have a single contract with CUB with a sub-contract to the contractor nor to have a single contract with the contractor with a sub-contract to CUB;

3) have two separate agreements - a cooperative agreement between CUB and USAID/Bolivia and a contract between the contractor and USAID/Bolivia; and

4) make the project paper flexible - to allow the two universities to determine certain aspects of the project during implementation.

Data from another project - M.A. in Public Policy at the National University of Singapore (NUS) - was also consulted. The "policy analysis exercise" described resulted in the inclusion of the case studies approach in the HRD project. The case studies will be prepared by the students at CUB and later used in teaching classes.

III. PROJECT DESCRIPTION

A. Project Goal and Purpose

The goal of the Human Resources for Development (HRD) project is to improve the effectiveness and accessibility of key democratic institutions and practices. The purpose of the project is to improve selective professional and managerial skills at the policy formulation and implementation levels in both the public and private sectors in order to assist in the transformation of the democratic and growth processes in Bolivia. The project will provide direct assistance from a contractor to the CUB in the development of two master's level programs. 1) Auditing/Financial Controls and 2) Public Policy and Management. The proposed project will build on and be integrated with existing education and training programs at CUB, particularly such related graduate programs as business administration and the international trade program. The long term result will be improved administration of both the public and private sectors.

The project will aim towards:

1. changing the concept of public administration in the public sector and the entire country by introducing new practices of accountability, transparency and control;
2. upgrading the skills in public administration and auditing/financial controls in both the public and private sector;
3. supporting directly and in an effective manner the structural reforms that Bolivia is executing; and

4. contributing to the country's economic stabilization and growth efforts.

The proposed project is directed toward establishing, particularly in the areas of direct concern:

1. a faculty distinguished for both intellectual rigor and practical experience and dedication to improving business and public administration through teaching and research;
2. relevant curriculum which includes the application of modern teaching methods in the analysis of current administrative, technical and policy issues;
3. a select and diverse student body comprised of students with the most outstanding intellectual capability, personal accomplishment, professional promise and leadership potential; and
4. research activities associated with the new and existing graduate programs.

B. End of Project Status

The end-of-project status, attributable to the results of project initiatives, will reflect the following:

1. A total of 169 Master's degrees awarded in-country (94 in Auditing/Financial Controls and Public Policy and Management and 75 additional from existing Master's programs);
2. A total of 55 degree candidates near graduation (40 from the two new Master's programs and 15 additional from existing programs);
3. Short-term specialized training completed by 865 persons in identified areas of public policy and management, auditing/financial controls and other structural reform topics in the three largest cities of Bolivia; and

4. About 100 Master's degree recipients hold policy making and mid-level positions (60 from the two new Master's programs, 40 additional from existing Master's programs) in the public and private sectors.
5. Approximately 500 non-degree programs participants working in technical and mid-level positions.
6. A total of 94 operational research case studies in the two new program areas.
7. The project is sustainable financially and institutionally after PACD.

C. Expected Outputs

The project's primary outputs, anticipated over the life-of-project for the achievement of project objective, are summarized as follows:

1. Establishment of two new Master's degree programs at CUB: (a) Auditing/Financial Controls and (b) Public Policy and Management.
2. Improvement in existing Master's degree programs.
3. Institutional strengthening of CUB in the areas of:
 - a) curricula development;
 - b) admission standards;
 - c) faculty training/exchange;
 - d) library improvement;
 - e) textbook supply;
 - f) marketing strategy;
 - g) fund raising campaign; and
 - h) student assistantship fund.

D. Project Components

The needs for an improved human resource base in Bolivia overwhelm the objectives that this or any other project can accomplish by itself. The proposed project is designed to respond to some of the country's most pressing human resource needs in both the public and private sectors, taking into account CUB's institutional strengths and

needs. Therefore, a broad approach has been taken in the design of the proposed project to include some complementary, though important, activities to the central programs, as shown below:

1. **Master's Programs**
 - a. **Master's in Auditing/Financial Controls (MAFC)**
 - b. **Master's in Public Policy and Management (MPPM)**
 - c. **Assistance to existing Graduate Programs at CUB**

2. **Short Courses and Seminars**
 - a. **Auditing/Financial Controls**
 - b. **Public Policy and Management**
 - c. **Others related to Structural Reforms**

3. **Program Support**
 - a. **Faculty study abroad**
 - b. **Research**
 - c. **Book/Video Fund and Computer Network Connection**
 - d. **Computer and other Teaching Materials**
 - e. **Student Assistantship Fund**
 - f. **Marketing of the Program**

A description of each component of the proposed project follows:

1. **Master's Programs**

This component is aimed at developing solutions for the most critical human resource needs in both the public and private sectors.

Unlike sending candidates to the U.S. for academic studies where the English language is a barrier to reaching large audiences, these programs will be taught in Spanish and will result in a larger critical mass of trained human resources for the public and private sectors. Moreover, these programs will avoid the problem of participant trainees sent to the U.S. that may not return to the country.

This portion of the proposed project focuses on the development, initiation and establishment at CUB of 1): a Master's degree program in

Auditing/Financial Controls, 2) a Master's degree program in Public Policy and Management and 3) lending assistance to the existing graduate programs in business administration, banking finance, enterprise finance, agricultural economics and international trade. The new master's degree programs will build on and be integrated with the existing graduate programs to avoid duplication and increase efficiency. Through this component, the proposed project will gradually establish a tenure faculty program of a minimum of four Bolivian professors.

Curricula development for both the Master's programs and the program of short courses and seminars will be the major task of the first phase of the project. The development of the proposed programs will be designed and implemented by professors from the contractor and CUB. Curricula will draw from similar university programs in the U.S. Bolivian needs and expectations will be taken into account in the development of the course design and content. In addition, the proposed project may be able to provide appropriate assistance in curricula development to CUB's undergraduate programs in areas such as business administration, economics and the proposed accounting program.

These programs will provide a combination of solid theoretical knowledge and practical experience. The course content, entrance and graduation requirements will be specified during the first stage of the project. The programs will include core courses in auditing/financial controls and public administration and elective courses in economics, finance, and other related fields from CUB's other graduate programs.

The new programs developed through this project will respond to the concern to produce graduates with a sound grounding in the principles of management and the formulation and execution of public policies. Graduates will be able to apply technical skills to the improvement of private or public administration in ways that enhance efficiency, transparency and control.

Thus, these programs may provide for specialization, internship options, and the preparation of case studies. It is envisioned that after requirements for the first year of study have been met, students may participate in an internship. The student would identify a problem and develop a case study based on this experience. Each student would be required to formulate and analyze an actual issue of public management or financial control as a way of developing confidence and competence in meeting the demands that could be encountered in the real world. In completing the case study, students would define and structure a problem, organize data, identify and evaluate courses of action, make specific recommendations and produce a clear and persuasive written report.

Such an internship would have several advantages: 1) the student would gain practical experience, develop confidence and competence; 2) the student may receive some salary; 3) the organization where the student works would be able to observe his/her ability; 4) potential employment for the student after graduation; 5) a collection of case studies would be developed which would be unique to real cases in Bolivia; 6) these case studies could be used as teaching materials.

Successful curricula developed by the proposed project may serve as models to the development of similar programs in other Bolivian universities, thereby extending the impact of the project.

Teaching and research assistantships programs may also be introduced. These would: 1) provide students with a kind of learning apprenticeship, 2) assist full time faculty with research and teaching activities, and 3) lower student's tuition costs.

The MAFC program will provide substantial benefits to both the private and public sectors. Its impact will reach deep into the basic operations of both sectors. Accounting and auditing are critical skills needed to implement the GOB's structural reform agenda. Good accounting and auditing practices are extremely important to making sound decisions, and are the lifeblood of institutions. Well-structured and functioning management information systems are fundamental to efficient organizations, both for private businesses as well as the government.

The MAFC program will build on other CUB programs, and will explicitly take into account the country's realities and needs. The Office of the Controller General of Bolivia and prestigious accounting/auditing private firms may be available as consulting/advisory resources for the project.

Bolivia does not have a mechanism to certify accountants and/or auditors, such as the U.S. CPA mechanism. It is envisioned that this MAFC program will represent an ad hoc certification since active participation of the Office of the Controller General of Bolivia and some of the most prestigious accounting firms in Bolivia may collaborate in curricula development and other aspects of the MAFC program. It is expected that this program will move closer to a certification mechanism (like the U.S. CPA) as CUB leadership in this area is established.

The MPPM program will deliver significant benefits to all functional areas of the public sector (e.g. health, education, finance, planning) and other public sector institutions, such as the Office of the Controller General, the Central Bank of Bolivia, the Superintendency of Banks and the municipalities.

The program will include core courses in public administration. An illustrative example follows:

- Financial and Cost Accounting
- Managing Public Organizations
- Managing in the Intergovernmental System
- Personnel Management
- Leadership and Ethics

As with the MAFC program, elective courses in economics, finance, political science and law may be chosen from CUB's other graduate programs and upper level undergraduate courses.

2. Short Courses and Seminars

This component is directed toward the development of appropriate short courses and specialized training for public and private sector clients. The design and implementation of this program will be carried out by U.S. and Bolivian professors. When necessary collaboration with specific agencies (such as, Controller General's Office, Ministries of Planning and Coordination, Finance, etc.) will be sought to assure that the courses are specifically tailored to meet the training needs of client institutions and business firms.

Training through this component will be provided in La Paz, Cochabamba and Santa Cruz, through the same modality, and in coordination with the participant institutions by developing a systematic plan for specific periods.

a. Auditing/Financial Management: This subcomponent may coordinate activities with CENCAP (Centro de Capacitación), the training center of the Office of the Controller General, to provide short-term training that could include, but not be limited to, the content of the CENCAP courses. If the training is particularly directed to public officials, current legislation mandates the coordination of short courses with CENCAP.

It is expected that the project will gradually be able to arrange at least two courses in these areas (with durations of a few days to a few weeks, depending on the topic and the targeted group) per semester.

b. **Public Policy and Management:** Like the previous subcomponent, short courses on this area would complement the MPPM program and would be coordinated with key public institutions to identify common problems and issues in public administration, and develop course contents accordingly.

This subcomponent would aim at reducing bottlenecks in the public sector by addressing specific public administration issues general to the sector. For example, these short courses would upgrade the skills of those public officials involved in the decentralization and privatization processes. These reforms will demand good administrative skills for their implementation.

The project is expected to arrange about two courses or programs of this kind per year. To the extent that it is appropriate and feasible, lecturers may include current and former high ranking government officials who would discuss the problems and issues they have faced. To assure practical relevance, case studies from Bolivia's public sector could be used to demonstrate applications of theory learned.

c. **Structural Reform Related Courses:** In addition, the proposed project may provide short courses and seminars related to the issues of the structural reform programs of the government of Bolivia (educational reform, social security reform, decentralization and privatization) and their impact on political, business and economic processes (e.g., administration and implementation of the reforms directly related to the public and private sectors).

The project will schedule, coordinate and arrange short course offering in a systematic way with interested organizations to achieve designs and course content that maximize project efficiency and effectiveness. Courses would be aimed at addressing specific administrative and technical weaknesses. The project may also develop short courses aimed at the private sector in a coordinated fashion with accounting and auditing firms, for example, to address topics directly related to private sector needs in industry, commerce and banking.

3. **Program Support**

It is proposed that this component be divided into six subcomponents: a) faculty study abroad, b) research, c) book/video fund and computer network connection, d) computer and other teaching materials, e) a scholarship fund and f) marketing of the programs.

a. Faculty Study Abroad

In order to obtain a high academic level for the professors of the Master's programs and assure the continuation of the programs, it is necessary to count on Bolivian professors, especially in those courses where local professors do not exist. The preparation of these professors will occur as a result of formal studies taken in regular courses offered by respected universities in the U.S. and other countries. Studies in non-English speaking countries will enhance the academic preparation of those who would have difficulty studying in English.

Candidates for studies abroad for one or two semesters would be professors who already possess a Master's degree. The additional specified regular course work would be enough to allow them to teach in specified Master's programs at CUB in the future.

b. Research

No truly effective graduate programs in public administration, auditing/financial controls, business administration and related fields can be operated without the active participation of faculty and students in applied research and consultation. It is of utmost importance that in establishing research activities that they be consistent with the mission of the project: providing excellent graduate and continuing education and serving as a source of knowledge, both to further the development of Bolivia.

All full-time professors in the graduate programs, both those brought to CUB under technical assistance and those from CUB, should give a portion of their time to research activities.

Initially, priority should be given to support of instruction: the design and development of teaching materials; identification of relevant, existing teaching materials and; translation of teaching materials into Spanish. Teaching materials will be needed that not only illustrate general principles, but do so within the context of the special characteristics of Bolivia and other small nations with relatively open international economies. Examples of materials to include would be cases, problems, data sets, visual aids and testing and evaluation packages.

The development of teaching materials will have a direct effect of improving the quality and relevance of the instructional process and foster the establishment of contacts with the public and private sectors that can be very helpful when broader research projects are undertaken.

The regular contact with real problems, as distinct from the theoretical ones, that require study and analysis to resolve is essential to professional education. For the research activity to be useful it should be conducted in collaboration with industries, businesses and government agencies whose management and technical problems can become the subjects of analysis by the faculty and students. This type of research could be carried out through the use of internships, field studies supervised by faculty members and by client-oriented research.

c. Book/Video Fund and Computer Network Connection

Books are the tools of both students and professors. Since the course work will be rigorous, each student will need to have ready access to a large variety of texts and research materials in Spanish and English. In addition, there may be a need to procure videos for classroom use. The project would set up a book/video fund to permit CUB to expand its library of books, periodicals and videos.

The project would provide up to 4,000 books, periodical subscriptions and related educational material during the life of project. In addition, CUB is currently trying to gain entrance into a computer network system which this project would support. If successful, this would permit CUB to communicate with and access bibliographical material from university members connected to the system and to the U.S. Library of Congress.

d. Computer and Other Teaching Material

Modern teaching programs need to be integrated with current technologies and computers are an important part of this technology. The project would purchase personal computers and related relevant software. The allocation of these resources for student, professorial and administrative use will be determined by CUB and the contractor.

A reservation system may be established by both CUB and the contractor with priority access given to students and professors associated with the two new Master's programs. These computers would support research as well as academic activities.

CUB and the contractor will also identify the needs for additional teaching materials, such as video equipment and screens, and overhead projectors.

e. Student Assistantship Fund

The project would provide seed money for the creation and establishment of a student assistantship fund that will enable students in need to obtain a grant or a loan. The initial fund would be small but should grow through future investments by other private institutions and individuals which will be attracted as part of the marketing of the program (see paragraphs below). The growth of the fund would enable an increasing number of students to benefit, thus contributing toward the achievement of the ultimate objectives of the project.

This activity will contribute to the future success of the Master's programs for three fundamental reasons: 1) grants and loans would attract excellent students whose participation in the Master's programs will raise their level, 2) otherwise qualified students, who are economically disadvantaged, would be able to attend the programs, and 3) this activity would enhance the project's efforts to attract and encourage a wider participation of females.

There will be three types of financial assistance:

1) scholarships based on financial need, 2) scholarships based on academic excellence and 3) teaching assistantships based on financial need. In all three cases, full consideration of the special needs of women for financial assistance will be a priority concern.

f. Marketing of the Programs

The accomplishment of the project purpose will be assisted through a well-conceived promotional program. Everything that CUB undertakes that is observable to the public will reflect on the professional image that is projected. All promotion, therefore, will attempt to enhance the desired image, attract potentially qualified students, enhance the participation of females (a specific strategy will be developed to do this), and promote future employment possibilities.

Components of the promotional program might include:

1) Promotional brochures. These must be carefully designed to reflect high quality and a highly professional image. These should emphasize benefits to the participants.

2) Newspaper advertisements. If this is the generally accepted way in which clients are informed about educational and training programs, newspaper advertisements should be heavily used.

3) Publicity. Free promotion should be sought through television and radio public service announcements.

4) Personal contact. There is no substitute for personal contacts between CUB and contractor officials and the decision makers in the public and private sectors. These persons should be very active in the community and should solicit suggestions for more effectively serving its needs. Developing course content which reflects the identified needs of the targeted public and private sector institutions or businesses would enhance the effectiveness of the marketing program.

Fundraising for the program would be targeted at non-profit foundations and individuals. Unfortunately, Tax Reform Law 843 does not allow tax deductions for charitable contributions. This may preclude otherwise charitable-minded private persons from contributing to cover program costs. However, some international donor as well as local private contributions may be attracted. Although such fundraising would help achieve future sustainability of the program, it does not depend on it (see Financial Analysis, Section IX.D.).

AID funds cannot be used to directly pay the costs of fund raising - e.g., the costs of printing or mailing solicitation documents, the salaries or travel of personnel soliciting funds, or entertainment aimed at solicitation of funds. CUB must conduct its own fundraising activities. However, AID funds can be used to help develop the capacity of the host country institution, CUB, to raise funds on its own, including training in fundraising, or assistance in drafting proposals to be sent to prospective donors.

E. Beneficiaries

The project will provide graduate education to aspiring professionals and upgrade the skills in public administration and auditing/financial controls of professionals that are already employed the public and private sectors.

1. Direct Beneficiaries

The potential beneficiaries of this project should include professionals working in the following institutions, among others:

The project is committed to educating individuals for positions of significant public responsibility at all levels of government and in the private sector. Persons who aspire to become, or are already, members of the top echelons of the government or of the civil service in Bolivia, will be main target groups within the public sector. The programs will offer experienced professionals working in public service an opportunity to learn new management, policy-making, and analytical skills that are practical and immediately useful.

The project will also aim at auditors and accountants with relatively solid academic background from the private and public sectors who aspire to become managers with solid technical skills. The MAFC program will aim at providing specialized education in all disciplines related to accounting, auditing, financial control, and to a lesser extent to financial management complemented by detailed analyses of problems in specific contexts that provide insights on operational solutions. The program will develop and apply state-of-the-art approaches to the search and detection of financial irregularities and fraud, both in the public and private sectors. A significant objective of the proposed program is to prepare qualified auditors that can later contribute to enhancing the role and effectiveness of the Office of the Controller General of Bolivia. The program are designed for students whose background and career aspirations include the public sector, as well as career development and upward mobility within the private sector.

The proposed Master's programs will be designed to provide the highest degree possible of accessibility to potential students. Since one of the main target groups consists of professionals with work experience currently employed, classes under the Master's programs and some short courses that last more than a month will initially be conducted in the early mornings and early evenings. The schedule to be designed will permit students to take a full academic load (4 courses per semester) while working full time or part-time.

The typical profile of MPPM and MAFC students may have the following characteristics:

Professional Background:	Accountants, managers, lawyers, economists, engineers
Work Experience:	2-6 years
Employment Distribution:	60% public, 40% private
Female/Male Participation:	40/60

Though this is the typical profile predicted, every possible effort will be made to assure equitable access for highly qualified potential applicants from all age groups who meet the qualification requirements. Applicants with prior work experience may be given preference, but very well qualified applicants with limited work experience will not be necessarily denied admission.

The characteristics of the target group for the short courses are basically the same as for the Master's degree programs. However, it is difficult to estimate a typical profile of beneficiaries in the short courses since in most cases the applicant profile will be a function of topic. For example, basic courses that may be taught in coordination with CENCAP could be for young professionals with limited work experience. On the other hand, short courses in public administration or in courses related to structural reform topics could be aimed at experienced professionals.

The potential beneficiaries of this project for the short courses could include professionals working in the following institutions, among others:

Public Sector

Ministries
Off. of the Controller Gen.
Public Enterprises
Municipalities
Prefectures
Universities
Other Democratic Institutions

Private Sector

Accounting/Auditing Firms
Medium-Large Industries
Financial Institutions
Universities

Some of these institutions may be directly or indirectly involved in making suggestions for the design of course content. This would assure the effectiveness of the Master's programs and short courses in that the participants immediately apply new knowledge and skills to their jobs.

Under the long-term programs, the proposed project is expected to benefit approximately 94 students with degrees in Public Policy and Management and Auditing/Financial Controls. As a result of this project, it is estimated that 70 graduates from existing Master's programs at CUB will obtain their degrees. However, these graduates are not included in the table below.

Table No.1

Number of Beneficiaries in the New Master's Programs						
	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
1. First Year Students	0	42	50	66	66	224
2. Second Year Students	0	0	33	40	53	128
3. New Graduates (end-year)	0	0	24	30	40	94
4. Yearly Students (1 + 2)	0	42	83	106	118	
5. Cum. No. of Graduates	0	0	24	54	94	

Likewise, the project's short-term program in Auditing/Financial Controls and Public Policy and Management, and structural reform related courses, is expected to benefit approximately 865 persons (see Table No. 2 below).

Table No.2

Number of Beneficiaries in the Short Courses						
	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Accounting/Auditing	0	50	100	125	150	425
Public Management	0	50	50	75	75	250
Other (Structural Reform)	0	40	50	50	50	190
TOTAL		140	200	250	275	865

2. Indirect Beneficiaries

The potential indirect beneficiaries will be the institutions which will benefit from exposure to the proposed project:

a) Public sector institutions which will benefit from specialized management training for its medium and higher-level staff and from the training benefits of its professional auditors.

b) Private sector institutions which will benefit from the content of the programs (since they will not be focused entirely on government management), particularly with respect to professionals with a solid academic background that aspire to become higher-level managers.

c) Other Bolivian universities which will benefit from the availability of new curricula, books and teaching materials in the CUB programs that they use to upgrade their own programs in related fields.

IV. IMPLEMENTATION PLAN

A. Organizational Responsibilities

The Human Resources for Development Project will be implemented as an integral part of the programs of CUB's Graduate School. Direction and implementation of the project will be a joint responsibility between CUB and the contractor. CUB's representative will be a Project Coordinator appointed by the Rector. The contractor representative will be the Chief of Party. They will jointly exercise overall direction and control of project activities under the general policy guidance of the Rector of CUB and the USAID project manager. The Chief of Party shall be responsible for supervision of the performance of all duties undertaken by the contracting contractor. All implementation operations are subject to the technical review and monitoring of the USAID/Bolivia Office of Economics in conjunction with other Mission offices.

It is expected that there will be full joint planning between CUB and the contractor of all project activities, continual feedback, joint evaluation and replanning as implementation proceeds. It is imperative, therefore, that there be continual consultation between the CUB Coordinator and the contractor Chief of Party on all matters bearing on project success. Mutual trust and respect are obviously essential not only to realization of daily project progress, but also to creation of the long term institutional linkages that it is expected will endure after project completion. In addition, it is expected that the Controller General of Bolivia will be involved in curricula development of certain courses in accounting and auditing.

The CUB Graduate School faculty has overall responsibility for the operation of the graduate program. CUB will provide and be responsible for operation of its own library, computer center, admission and registry functions and business activities.

B. Project Responsibilities and Arrangements

Due to the short period of time until the end of Fiscal Year 1993 and the fact that a budget allowance for \$1 million of FY 93 funds has been received, USAID/Bolivia will sign a bilateral agreement with the GOB (MPC) in order to obligate these initial funds. USAID/Bolivia will subsequently sign two sub-agreements (sub-obligating documents) committing funds with the concurrence of the GOB: 1) a technical

assistance contract with the contractor for \$600,000 and 2) a separate Cooperative Agreement with CUB for \$300,000.¹ In the following project years these sub-agreements may be converted to direct agreements with CUB and the contractor. In addition, a Memorandum of Understanding will be signed between CUB and the contractor in order to mutually define their respective roles. Also, a Memorandum of Understanding will be signed between CUB and the Controller General of Bolivia to define their respective roles.

Funds under this project will be disbursed as follows subject to the availability of funds:

Activity	Method of Implementation	Method of Financing	Total Estimated Amount (\$US)
Primary Contract (CUB)	Cooperative Agreement	Periodic Advance (direct payment)	930,228
Technical Assistance	Direct AID PIO/Ts & Contracts	Cost Reimbursement	3,915,151
Logistic Support	Mission Direct Procurement	Direct Disbursements	557,454
Evaluation	Direct AID PIO/Ts & Contracts	Direct Disbursements	32,389
Audit	Recipient Direct Contract	Recipient Contracted	64,778
TOTAL			5,500,000

Table IV.I shows the projected schedule of disbursements from USAID to CUB for local currency costs. Logistic support includes payment of the project's in-house administrative expenses and some contingencies that may or may not be disbursed to the referenced institutions.

The four principal entities involved in this project are the CUB, the contractor, the Office of the Controller General of Bolivia and USAID/Bolivia. Each has specific responsibilities with respect to project implementation. See Figure 1 for a diagrammatic representation of the relationship between these four entities.

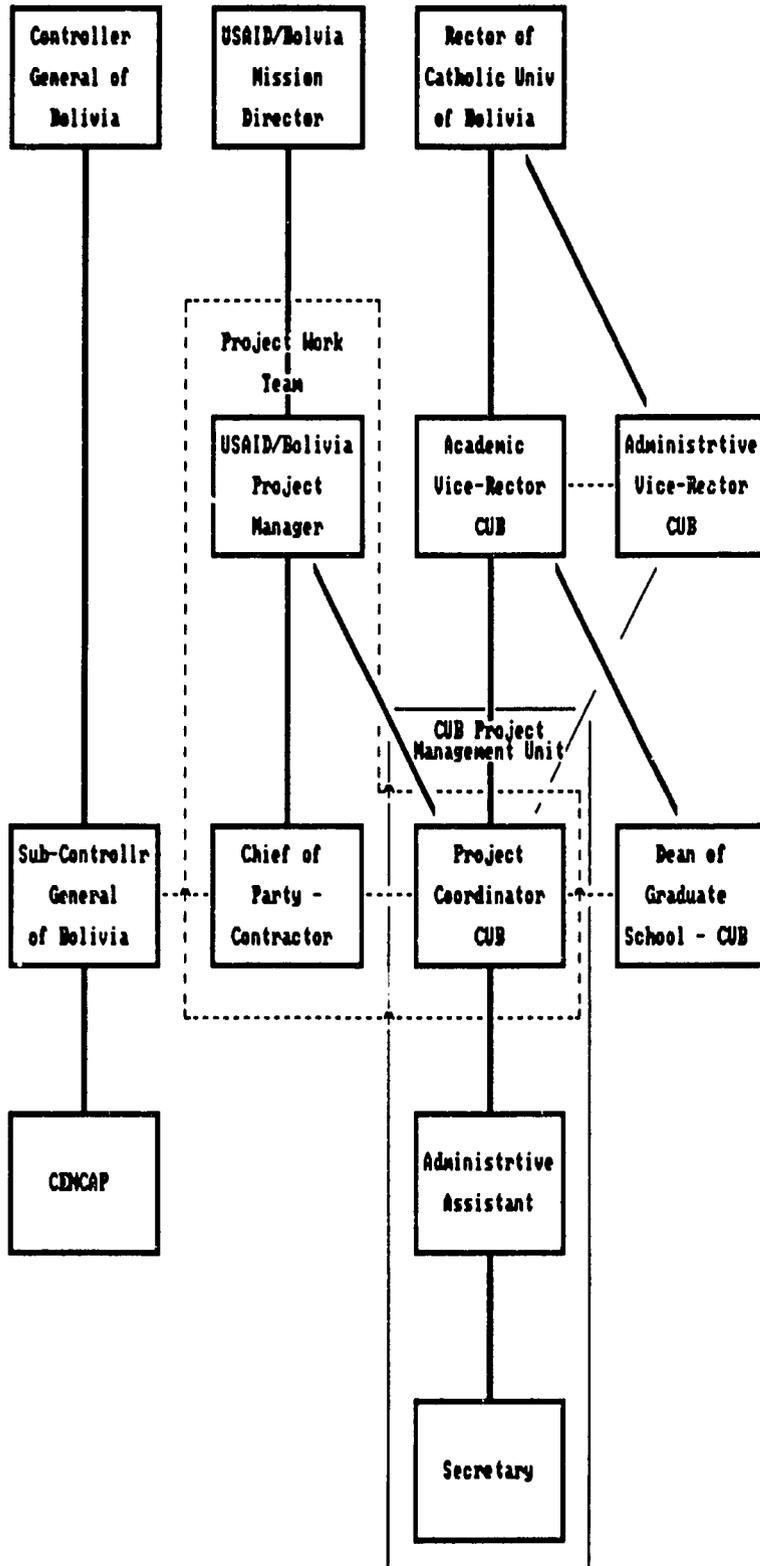
¹ The remaining \$100,000 will be used to cover USAID/Bolivia's project management costs.

TABLE IV.1.

**PROJECTED USAID DISBURSEMENT SCHEDULE TO CUB
(US\$)**

PROJECT ELEMENTS	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
	LC	LC	LC	LC	LC	
1. Master's Program	<u>159,713</u>	<u>60,372</u>	<u>88,614</u>	<u>59,076</u>	<u>29,538</u>	<u>397,313</u>
a. U.S. LT Technical Advisor (57 person months)	-	-	-	-	-	-
b. U.S. LT Technical Advisor (36 person months)	-	-	-	-	-	-
c. Other U.S. Professors (79 person months)	-	-	-	-	-	-
d. Bolivian Professors (132 person months)	36,113	60,372	88,614	59,076	29,538	273,713
e. Materials & Supplies	-	-	-	-	-	-
f. Equipment	123,600	-	-	-	-	123,600
2. Short Courses	<u>12,038</u>	<u>20,124</u>	<u>29,538</u>	<u>19,692</u>	<u>9,845</u>	<u>91,237</u>
a. U.S. Professors (26 person months)	-	-	-	-	-	-
b. Bolivian Professors (44 person/months)	12,038	20,124	29,538	19,692	9,845	91,237
c. Materials & Supplies	-	-	-	-	-	-
3. Program Support	<u>114,109</u>	<u>123,443</u>	<u>64,443</u>	<u>64,443</u>	<u>75,240</u>	<u>441,678</u>
a. Bolivian Professors Training (1/sem for 4 yrs)	-	-	-	-	-	-
b. Book and Video Fund and Computer Network	-	-	-	-	-	-
c. Marketing Strategy	13,333	6,667	6,667	6,667	6,666	40,000
d. Student Assistantship Fund	43,000	59,000	-	-	-	102,000
e. Administrative Costs	46,980	46,980	46,980	46,980	46,980	234,900
1. Contractor overhead	-	-	-	-	-	-
2. CUB administrative & maintenance costs	46,980	46,980	46,980	46,980	46,980	234,900
3. AID administrative costs	-	-	-	-	-	-
f. Evaluations	-	-	-	-	-	-
g. Audits	10,796	10,796	10,796	10,796	21,594	64,778
4. Contingencies	-	-	-	-	-	0
TOTAL	<u>285,860</u>	<u>203,939</u>	<u>182,595</u>	<u>143,211</u>	<u>114,623</u>	<u>930,228</u>

FIGURE 1
INTERRELATIONSHIP OF INSTITUTIONS
HUMAN RESOURCES FOR DEVELOPMENT PROJECT



1. Catholic University of Bolivia

As the host institution primarily responsible for project implementation and the recipient of technical assistance, CUB will provide necessary office and classroom space and local logistical support to the project. It will assign the dean of the graduate school and certain current faculty members to participate in the project. CUB will also acquire the services of additional professors to fill the gaps in the course offerings.

CUB will, in consultation with the contractor's Chief of Party, make timely decisions on matters affecting project progress. This consultation includes faculty selection, curriculum development, student admission standards and criteria, selection of faculty for training abroad, programming of short courses and determination of research programs and projects, monitor project progress and prepare necessary reports, and fulfill a key role in project evaluations.

CUB will establish a project management unit (PMU) headed by a Coordinator who will devote full-time to the project. (See Figure 1) S/he will be the counterpart to the contractor's full-time Chief of Party who together will coordinate all aspects of project implementation as mentioned above. This Coordinator will report directly to the Rector of CUB and in his absence to the Vice Rector for Administration. The Coordinator may also make reports directly to the Board of Directors with the consent of the Rector. The Coordinator will also work closely with the dean of the Graduate School by getting his inputs and informing him of project progress. The other two persons working full-time in the PMU will be an administrative assistant with basic accounting skills and a secretary. This PMU may be expanded later to include management of other externally funded projects at CUB.

CUB will provide financing for approximately 19% of the total project costs in the form of both cash (tuition income) and in-kind contributions (e.g., professors, classrooms, computers, etc.) which should be reported to USAID/Bolivia on a quarterly basis.

CUB will also be responsible for certain project procurement as indicated below in the Procurement Plan.

In addition to the management of the project and other responsibilities referred to previously, CUB will provide (according to a cooperative agreement between USAID/Bolivia and CUB) all the facilities, local personnel, and other resources necessary for project implementation, namely:

- a) a minimum of four full-time graduate faculty during the life of the project, two for each Master's program, to be selected in collaboration with the contractor;
- b) adequate office space for up to two long-term resident technical advisors, six full-time professors and for other personnel required by the contractor;
- c) the necessary classrooms for all CUB's Master's programs, including the new MPPM and MA/FC programs to be established and supported by the five-year project;
- d) additional space to expand CUB's library, and to upgrade library usage technology; and
- e) the necessary space for research activities to be developed and implemented throughout the life of the project and to continue after the direct USAID assistance to the project ends.

2. Contractor

A contractor will be chosen on a competitive basis after project authorization and obligation of funds to the GOB. This institution would provide the necessary technical assistance to CUB under a long-term contract with USAID/Bolivia to develop and implement the two master's programs in Auditing/Financial Control (MAFC) and Public Policy and Management (MPPM) as well as the short term courses. This TA will provide: 1) a Chief of Party who will have overall legal and management responsibility for the contractor personnel, for general administration and, as one of the long term advisors (for 4.75 years), for development of the MAFC; 2) an additional long term advisor (for three years) for the MPPM; and 3) short term U.S. professors equivalent to two full-time persons. The contractor will also be responsible for certain

project procurement as indicated below in the Procurement Plan.

Specifically, the contractor contracted would provide qualified personnel for:

- a) assuming specified, agreed to authorities and responsibilities for project implementation and financing in-country within the terms and conditions that would be specified in a long-term technical assistance contract to be drawn up and signed between USAID/Bolivia and the contractor to be selected, with CUB concurrence.
- b) acting as liaison between USAID/Bolivia and CUB and the contractor (in charge of preparing PIO/Ts, PILs, PIO/ps, etc.) for project implementation;
- c) providing long-term technical assistance, qualified short-term professors for the Master's and short-term programs, equivalent to a total of approximately 213 person/months;
- d) assisting CUB in conceptualizing, organizing and implementing the basic work plan, identifying strengths and needs; coordinating use of human resources; formulating the scope of work for short-term advisors; co-manage with CUB program activities during the life of the project;
- e) advising on activities and working in curricula development for the two project Master's degree programs and other programs (within time limits);
- f) establishing and maintaining linkage with U.S. programs;
- g) assistance in the preparation of progress reports on a semi-annual basis and other special reports when requested by USAID/Bolivia;
- h) joint coordination of research activities with the graduate Program utilizing and co-managing short and long term advisors;

- i) collaborating in carrying out monitoring and evaluation of project activities;
- j) collaborating in the design and implementation of an appropriate, reliable and valid testing system for entrance into the graduate programs of the project;
- k) coordinating faculty training/exchange and in-country faculty seminars;
- l) co-designing and co-managing with relevant counterparts the marketing component for the graduate and undergraduate programs, seminars and short courses; and
- m) collaborating in the design and making operational a financial plan (fund raising campaign) for long-term sustainability of graduate and other programs developed under the project.

3. Office of the Controller General of Bolivia

The Office of the Controller General of Bolivia (CGB), is the third institution participating in the funding of the project. It may provide inputs to the curricula development in areas and/or courses of its competence. The CGB may also provide classroom space in its headquarters for the short term courses. It is likely that most of the CGB related students will be current employees of the CGB and will be their salaries while taking these courses. There is a good possibility the CGB will also offer incentives such as higher pay and increased responsibility for those students who maintain a certain grade average and who graduate successfully.

The CGB will provide \$600,000 from World Bank sources for the development and implementation of the MAFC which is approximately 8% of the total project costs.

4. USAID/Bolivia

USAID/Bolivia will finance the project, subject to the availability of funds, up to a total of \$5.5 million which is approximately 73% of total project costs. It will monitor project progress, relying extensively on CUB and the contractor for regular reporting. It will participate in project evaluations in close consultations with CUB, the contractor and the Controller General of Bolivia. It will also ensure for periodic project audits either under the Recipient Audit Program (CUB), or through direct contracts managed by the RIG/A/T. USAID/Bolivia will provide to the contractor the normal logistic support available to AID contractors.

USAID/Bolivia has determined that "substantial involvement" is needed in the management of this project. Therefore, a full-time Personal Services Contract project manager will be contracted by USAID/Bolivia who will be based in the Office of Economics and will be supported by the Project Committee. The USAID Project Manager will work full-time from the outset of the project and will form an implementation team with the CUB Project Coordinator and the contractor Chief of Party. The basic rationale for substantial AID involvement is the lack of prior experience of CUB in the implementation of AID projects and the critical role of this project in the Mission's democracy strategic objective. Once the Project is established as a solid performer, AID's involvement may be reduced.

C. Detailed Implementation Schedule

During the first quarter of project implementation a Cooperative Agreement will be signed between the USAID and CUB. This means that USAID/Bolivia will have "substantial involvement" in CUB's implementation activities. Simultaneously USAID/Bolivia will contract with a contractor selected through open and competitive bidding.

During the second quarter of project implementation after signing the contract, the contractor will provide two U.S. long-term technical advisors for the MAFC and MPPM. They will be contracted for 57 months and 36 months respectively. In addition to being a professor, the MAFC advisor would also be the contractor's Chief of Party, and will help coordinate curricula development, research and faculty training under the MAFC program. Likewise, the long-term advisor for the MPPM would have

Figure No. 2

IMPLEMENTATION PLAN HUMAN RESOURCES FOR DEVELOPMENT PROJECT																					
Steps in Implementation	1993		1994				1995				1996				1997				1998		Responsible
	Jun	Sep	Jan	Mar	Jun	Sep	Jan	Mar	Jun	Sep	Jan	Mar	Jun	Sep	Jan	Mar	Jun	Sep	Jan	Mar	
Contract between Contractor & USAID/B	*																				Contractor/USAID
Cooperative Agreement between CUB & USAID/B	*																				CUB/USAID
Memo of Understanding between CUB & Contractor	*																				CUB/US Univ
Contractor sub-contracts admin personnel In US & Bolivia, establish project offices		*																			Contractor
Contractor sub-contracts & places Ch of Party/LT advisor (MAFC)																					Contractor
Contractor sub-contracts & places 2nd LT advisor (MPPM)																					Contractor
Contractor sub-contracts & places 2 US professors																					Contractor
Contractor sub-contracts & places 3rd US professor																					Contractor
CUB sub-contracts 4 FT Bolivian professors (2/program)		*								*											CUB
CUB sub-contracts 8 PT Bolivian professors (1/semester)					*			*		*				*			*		*		CUB
CUB sub-contracts admin personnel & establishes project office or expands graduate school office		*																			CUB
Develop marketing strategy																					CUB/Contractor
Develop admission standards																					CUB/Contractor
Implement marketing strategy																					CUB/Contractor
Develop monitoring system																					CUB/Contractor
Purchase books for courses																					Contractor
Purchase materials & supplies for courses																					CUB
Purchase project computers																					CUB
Master's Program Auditing and Financial Control (MAFC)																					
Curricula Development																					CUB/Contractor
Implementation of Program (incl 8 months preparatory course)																					
First Group																					CUB/Contractor
Second Group																					CUB/Contractor
Third Group																					CUB/Contractor
Master's Program Public Policy and Management (MPPM)																					
Curricula Development																					CUB/Contractor
Implementation of Program																					
First Group																					CUB/Contractor
Second Group																					CUB/Contractor
Third Group																					CUB/Contractor
Short Courses Auditing/Financial Control																					
Curricula Development & Redesign																					CUB/Contractor
Implementation of Courses (18 modules, 20 persons per module)																					CUB/Contractor
Short Courses Public Policy and Management																					
Curricula Development & Redesign																					CUB/Contractor
Implementation of Courses (8 modules, 20 persons per module)																					CUB/Contractor
Short Courses Structural Reform																					
Curricula Development & Redesign																					CUB/Contractor
Implementation of Courses (8 modules, 25 persons per module)																					CUB/Contractor
Mid-term evaluation																					USAID
Final evaluation																					USAID
Annual audits																					USAID
Final audit																					USAID

teaching activities and would also help coordinate curricula development, research and faculty training for this program.

Development of curricula for the short courses and seminars and master's programs would be the first academic activity carried out, also during the second quarter of project implementation. This will be a joint effort between faculty of CUB and the contractor. All courses will be developed to a high academic standard in accordance with the high admission standards discussed previously.

CUB and the contractor will also collaborate in the development of admission standards and procedures.

A marketing program for both programs as discussed in Section III.B.3.f. will be developed during the last quarter of 1993 followed by its implementation to attract candidates to the programs.

A monitoring system as discussed in Section VII will be developed during the first semester of 1994. Books and materials, computer equipment and other supplies for courses would be purchased during the second quarter of 1994.

Beginning in the second year of project implementation the project proposes to send several Bolivian professors to the U.S or other countries to study specific courses related to the master's programs.

Figure No.2 presents a graphic representation of the project implementation schedule.

V. PROCUREMENT PLAN

Upon approval of the proposed project and upon receipt of a PIO/T the RCO will initiate action to commence the contracting by means of an announcement of the project and its scope in the Commerce Business Daily. Although the contracting mode anticipated is a cost reimbursement type through a full and open competition process, the scope of work and evaluation will give emphasis to a university type linkage for the purpose of developing these advanced degree programs. It is expected that inputs required from the successful contractor will encompass long and short term advisors both

TABLE No. 3

PROCUREMENT PLAN - HUMAN RESOURCES FOR DEVELOPMENT PROJECT			
GOODS AND SERVICES	SOURCES	CONTRACTING MODE	Responsible
1. <u>Master's Program</u>			
2 LT TA Advisors	US	AID Direct Contract	Contractor
3 ST US Professors	US	AID Direct Contract	Contractor
180pm FT Bolivian Professors	Bolivia	AID Direct C.A. w/CUB	CUB
8 PT Bolivian Professors	Bolivia	AID Direct C.A. w/CUB	CUB
Materials & Supplies	Bolivia/US	AID Direct C.A. w/CUB	CUB
Computer Equipment	Bolivia/US	AID Direct C.A. w/CUB	CUB
2. <u>Short Courses and Seminars</u>			
3 ST US Professors	US	AID Direct Contract w/Contractor	Contractor
168pm FT Bolivian Professors	Bolivia	AID Direct C.A. w/CUB	CUB
8 PT Bolivian Professors	Bolivia	AID Direct C.A. w/CUB	CUB
Materials & Supplies	Bolivia/US	AID Direct C.A. w/CUB	CUB
3. <u>Complementary Activities</u>			
Scholarship Fund		AID Direct C.A. w/CUB	CUB
8 Bolivian Profess Trng	US	AID Direct Contract w/contractor	Contractor
Books	Bolivia/US	AID Direct Contract w/contractor	Contractor
Marketing materiel	Bolivia	Purchase Order	CUB
Administrative personnel (US)	US	AID Direct Contract w/contractor	Contractor
Administrative personnel (Bolivia)	Bolivia	AID Direct C.A. w/CUB	CUB
2 Eveluations	Bolivia/US	Mission Contracts	USAID
5 External audite	Bolivia/US	Direct Contracts by CUB.	CUB

U.S. as well as Bolivian professionals. The CUB will provide office space and other logistical support to the contractor.

Upon receipt of proposals from prospective offerors a Technical Committee Comprised of USAID and CUB will be formed to undertake a Technical Review and Evaluation.

Assuming successful completion of negotiations a contract will be awarded allowing commencement of implementation activities.

Two evaluations of the project will be conducted during the project (mid-term and final). These will be contracted through USAID/Bolivia. (See Section VII.B)

Annual Recipient Contracted Audits will be performed by CUB in compliance with RIG/A/T guidelines (See Section VIII).

OMB Circular A-133 system audits of the contractor will be performed using the U.S. cognizant audit agency.

Table No.3 outlines the procurement plan.

VI. FINANCIAL PLAN

The summary financial plan shows the sources of funding and expenditures of the proposed project. Total project cost is US\$7.52 million. An AID grant will provide US\$5.5 million, Catholic University of Bolivia will contribute US\$1.42 million in Bolivianos, and the GOB will contribute US\$600,000 from World Bank resources.

The Summary Financial Plan of Table VI.1. shows the total cost of the project by source of funding and expenditure. The AID grant of US\$5.5 million is DA funded and represents 73% of total project funding. US\$4.6 million will be disbursed in dollars and the remaining US\$0.9 million in local currency for local expenditures.

The Host Country Contribution amounts to 27% of total project funding (see Table V.1.). The GOB will contribute US\$600,000 in dollars, or about 8% of total project cost, funded by a World Bank loan. Its contribution will mainly finance a large portion

TABLE VI.1.

SUMMARY FINANCIAL PLAN (US\$)							
PROJECT ELEMENTS	A.I.D. DA GRANT			HOST COUNTRY CONTRIBUTION			GRAND TOTAL
	FX	LC	Total	GOB	CUB	Total	
1. Master's Program	<u>2,246,310</u>	<u>397,313</u>	<u>2,643,623</u>	<u>523,309</u>	<u>553,700</u>	<u>1,077,009</u>	<u>3,720,632</u>
a. U.S. LT Technical Advisor (57 person months)	1,094,903	—	1,094,903	—	—	—	1,094,903
b. U.S. LT Technical Advisor (36 person months)	135,000	—	135,000	523,309	—	523,309	658,309
c. Other U.S. Professors (79 person months)	1,016,407	—	1,016,407	—	—	—	1,016,407
d. Bolivian Professors (132 person months)	—	273,713	273,713	—	465,820	465,820	739,533
e. Materials & Supplies	—	—	—	—	37,880	37,880	37,880
f. Equipment	—	123,600	123,600	—	50,000	50,000	173,600
2. Short Courses	<u>338,802</u>	<u>91,237</u>	<u>430,039</u>	<u>16,000</u>	<u>155,273</u>	<u>171,273</u>	<u>601,312</u>
a. U.S. Professors (26 person months)	338,802	—	338,802	—	—	—	338,802
b. Bolivian Professors (44 person/months)	—	91,237	91,237	—	155,273	155,273	246,510
c. Materials & Supplies	—	—	—	16,000	—	16,000	16,000
3. Program Support	<u>1,659,736</u>	<u>441,678</u>	<u>2,101,414</u>	<u>0</u>	<u>606,600</u>	<u>606,600</u>	<u>2,708,014</u>
a. Bolivian Professors Training (1/sem for 4 yrs)	115,176	—	115,176	—	—	—	115,176
b. Book and Video Fund and Computer Network	156,547	—	156,547	—	—	—	156,547
c. Marketing Strategy	—	40,000	40,000	—	—	—	40,000
d. Student Assistantship Fund	—	102,000	102,000	—	—	—	102,000
e. Administrative Costs	1,355,624	234,900	1,590,524	—	606,600	606,600	2,197,124
1. Contractor overhead	967,079	—	967,079	—	—	—	967,079
2. CUB administrative & maintenance costs	—	234,900	234,900	—	606,600	606,600	841,500
3. AID administrative costs	388,545	—	388,545	—	—	—	388,545
f. Evaluations	32,389	—	32,389	—	—	—	32,389
g. Audits	—	64,778	64,778	—	—	—	64,778
SUBTOTAL	4,244,848	930,228	5,175,076	539,309	1,315,573	1,854,882	7,029,958
4. Contingencies	<u>324,924</u>	—	<u>324,924</u>	<u>60,691</u>	<u>104,427</u>	<u>165,118</u>	<u>490,042</u>
TOTAL	<u>4,569,772</u>	<u>930,228</u>	<u>5,500,000</u>	<u>600,000</u>	<u>1,420,000</u>	<u>2,020,000</u>	<u>7,520,000</u>
Percentage Distribution (%)	60.8%	12.4%	73.1%	8.0%	18.9%	26.9%	100.0%

TABLE VI.2.

PROJECTED FINANCIAL PLAN BY YEAR (US\$)												
PROJECT ELEMENTS	Year 1		Year 2		Year 3		Year 4		Year 5		GRAND TOTAL	
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC
1. Master's Program	437,497	185,329	541,726	114,196	671,451	220,496	538,571	220,496	580,372	210,496	2,769,619	951,013
a. U.S. LT Technical Advisor (57 person months)	197,861	0	220,884	0	220,884	0	220,884	0	234,388	0	1,094,903	0
b. U.S. LT Technical Advisor (36 person months)	239,636	0	200,902	0	217,771	0	0	0	0	0	658,309	0
c. Other U.S. Professors (79 person months)	0	0	119,940	0	232,796	0	317,687	0	345,984	0	1,016,407	0
d. Bolivian Professors (132 person months)	0	48,153	0	100,620	0	196,920	0	196,920	0	196,920	0	739,533
e. Materials & Supplies	0	3,576	0	3,576	0	13,576	0	13,576	0	3,576	0	37,880
f. Equipment	0	133,600	0	10,000	0	10,000	0	10,000	0	10,000	0	173,600
2. Short Courses	0	17,827	39,979	37,098	77,598	69,196	105,895	69,196	115,329	69,196	338,802	262,510
a. U.S. Professors (26 person months)	0	0	39,979	0	77,598	0	105,895	0	115,329	0	338,802	0
b. Bolivian Professors (44 person/months)	0	16,051	0	33,540	0	65,640	0	65,640	0	65,639	0	246,510
c. Materials & Supplies	0	1,776	0	3,553	0	3,556	0	3,556	0	3,556	0	16,000
3. Program Support	265,241	271,621	364,506	191,465	358,569	191,465	319,357	191,465	352,065	202,261	1,659,736	1,048,278
a. Bolivian Professors Training (1/sem for 4 yrs)	0	0	28,794	0	28,794	0	28,794	0	28,794	0	115,176	0
b. Book and Video Fund and Computer Network	68,557	0	68,557	0	6,478	0	6,478	0	6,478	0	153,547	0
c. Marketing Strategy	0	13,333	0	6,667	0	6,667	0	6,667	0	6,666	0	40,000
d. Student Assistanship Fund	0	102,000	0	0	0	0	0	0	0	0	0	102,000
e. Administrative Costs	196,684	145,462	267,155	174,002	312,297	174,002	284,085	174,002	295,404	174,002	1,355,624	841,500
1. Contractor overhead	118,975	0	189,446	0	234,588	0	206,376	0	217,695	0	967,079	0
2. CUB administrative & maintenance costs	0	145,462	0	174,002	0	174,002	0	174,002	0	174,002	0	841,500
3. AID administrative costs	77,709	0	77,709	0	77,709	0	77,709	0	77,709	0	388,545	0
f. Evaluations	0	0	0	0	11,000	0	0	0	21,389	0	32,389	0
g. Audits	0	10,796	0	10,796	0	10,796	0	10,796	0	21,583	0	64,778
SUBTOTAL	702,736	474,777	946,211	342,757	1,107,618	481,157	963,823	481,157	1,047,766	481,952	4,768,157	2,261,801
4. Contingencies	57,701	9,164	79,625	15,312	92,610	24,378	74,351	27,922	78,886	30,092	363,173	106,869
TOTAL	760,439	483,942	1,025,836	358,069	1,200,228	505,535	1,038,175	509,079	1,126,652	512,044	5,151,330	2,368,670
PERCENTAGE DISTRIBUTION (%)	10.1%	6.4%	13.6%	4.8%	16.0%	6.7%	13.8%	6.8%	15.0%	6.8%	66.5%	31.5%

TABLE VI.3.

USAID/BOLIVIA PROJECTED FINANCIAL PLAN BY YEAR (US\$)												
PROJECT ELEMENTS	Year 1		Year 2		Year 3		Year 4		Year 5		GRAND TOTAL	
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC
1. Master's Program	<u>332,861</u>	<u>159,713</u>	<u>340,824</u>	<u>60,372</u>	<u>453,680</u>	<u>88,614</u>	<u>538,571</u>	<u>59,076</u>	<u>580,372</u>	<u>29,538</u>	<u>2,246,310</u>	<u>397,313</u>
a. U.S. LT Technical Advisor (57 person months)	197,861	0	220,884	0	220,884	0	220,884	0	234,368	0	1,094,903	0
b. U.S. LT Technical Advisor (36 person months)	135,000	0	-	-	-	-	-	-	-	-	135,000	0
c. Other U.S. Professors (79 person months)	-	-	119,940	0	232,796	0	317,687	0	345,984	0	1,016,407	0
d. Bolivian Professors (132 person months)	0	36,113	0	60,372	0	88,614	0	59,076	0	29,538	0	273,713
e. Materials & Supplies	-	-	-	-	-	-	-	-	-	-	0	0
f. Equipment	-	123,600	-	-	-	-	-	-	-	-	0	123,600
2. Short Courses	<u>0</u>	<u>12,038</u>	<u>39,979</u>	<u>20,124</u>	<u>77,598</u>	<u>29,538</u>	<u>105,995</u>	<u>19,692</u>	<u>115,329</u>	<u>9,845</u>	<u>338,802</u>	<u>91,237</u>
a. U.S. Professors (26 person months)	-	-	39,979	0	77,598	0	105,895	0	115,329	0	338,802	0
b. Bolivian Professors (44 person/months)	0	12,038	0	20,124	0	29,538	0	19,692	0	9,845	0	91,237
c. Materials & Supplies	-	-	-	-	-	-	-	-	-	-	0	0
3. Program Support	<u>265,241</u>	<u>173,109</u>	<u>364,506</u>	<u>64,443</u>	<u>358,569</u>	<u>64,443</u>	<u>319,357</u>	<u>64,443</u>	<u>352,065</u>	<u>75,239</u>	<u>1,659,736</u>	<u>441,678</u>
a. Bolivian Professors Training (1/sem for 4 yrs)	-	-	26,794	0	28,794	0	28,794	0	28,794	0	115,176	0
b. Book and Video Fund and Computer Network	68,557	0	68,557	0	6,478	0	6,478	0	6,478	0	156,547	0
c. Marketing Strategy	0	13,333	0	6,667	0	6,667	0	6,667	0	6,666	0	40,000
d. Student Assistanship Fund	-	102,000	-	-	-	-	-	-	-	-	0	102,000
e. Administrative Costs	196,684	46,980	267,155	46,980	312,297	46,980	284,065	46,980	295,404	46,980	1,355,624	234,900
1. Contractor overhead	118,975	0	189,446	0	234,588	0	206,376	0	217,695	0	967,079	0
2. CUB administrative & maintenance costs	-	46,980	-	46,980	-	46,980	-	46,980	-	46,980	0	234,900
3. AID administrative costs	77,709	0	77,709	0	77,709	0	77,709	0	77,709	0	388,545	0
f. Evaluations	-	-	-	-	11,000	0	-	-	21,389	0	32,389	0
g. Audits	-	10,796	-	10,796	-	10,796	-	10,796	-	21,593	0	64,778
SUBTOTAL	596,102	344,860	745,309	144,939	889,847	182,595	963,823	143,211	1,047,766	114,622	4,244,848	930,228
4. Contingencies	<u>46,054</u>	<u>-</u>	<u>57,389</u>	<u>-</u>	<u>68,518</u>	<u>-</u>	<u>74,214</u>	<u>-</u>	<u>78,749</u>	<u>-</u>	<u>324,924</u>	<u>0</u>
TOTAL	<u>644,156</u>	<u>344,860</u>	<u>802,698</u>	<u>144,939</u>	<u>958,365</u>	<u>182,595</u>	<u>1,038,038</u>	<u>143,211</u>	<u>1,126,515</u>	<u>114,622</u>	<u>4,569,772</u>	<u>930,228</u>
PERCENTAGE DISTRIBUTION (%)	11.7%	6.3%	14.6%	2.6%	17.4%	3.3%	18.9%	2.6%	20.5%	2.1%	83.1%	16.9%

TABLE VI.4.

CATHOLIC UNIVERSITY OF BOLIVIA FINANCIAL PLAN BY YEAR (US\$)												
PROJECT ELEMENTS	Year 1		Year 2		Year 3		Year 4		Year 5		GRAND	TOTAL
	FX	LC										
1. Master's Program	0	25,616	0	53,824	0	131,882	0	161,420	0	180,958	0	553,700
a. U.S. LT Technical Advisor (57 person months)	-	-	-	-	-	-	-	-	-	0	0	0
b. U.S. LT Technical Advisor (36 person months)	-	-	-	-	-	-	-	-	-	-	0	0
c. Other U.S. Professors (79 person months)	-	-	-	-	-	-	-	-	-	-	0	0
d. Bolivian Professors (132 person months)	0	12,040	0	40,248	0	108,306	0	137,844	0	167,382	0	465,820
e. Materials & Supplies	0	3,576	0	3,576	0	13,576	0	13,576	0	3,576	0	37,880
f. Equipment	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	50,000
2. Short Courses	0	4,013	0	13,416	0	36,102	0	45,948	0	55,794	0	155,273
a. U.S. Professors (26 person months)	-	-	-	-	-	-	-	-	-	-	0	0
b. Bolivian Professors (44 person/months)	0	4,013	0	13,416	0	36,102	0	45,948	0	55,794	0	155,273
c. Materials & Supplies	-	-	-	-	-	-	-	-	-	-	0	0
3. Program Support	0	98,512	0	127,022	0	127,022	0	127,022	0	127,022	0	606,600
a. Bolivian Professors Training (1/sem for 4 yrs)	-	-	-	-	-	-	-	-	-	-	0	0
b. Book and Video Fund and Computer Network	-	-	-	-	-	-	-	-	-	-	0	0
c. Marketing Strategy	-	-	-	-	-	-	-	-	-	-	0	0
d. Student Assistanship Fund	-	-	-	-	-	-	-	-	-	-	0	0
e. Administrative Costs	0	98,512	0	127,022	0	127,022	0	127,022	0	127,022	0	606,600
1. Contractor overhead	-	-	-	-	-	-	-	-	-	-	0	0
2. CUB administrative & maintenance costs	0	98,512	0	127,022	0	127,022	0	127,022	0	127,022	0	606,600
3. AID administrative costs	-	-	-	-	-	-	-	-	-	-	0	0
f. Evaluations	-	-	-	-	-	-	-	-	-	-	0	0
g. Audits	-	-	-	-	-	-	-	-	-	-	0	0
SUBTOTAL	0	128,141	0	194,262	0	295,006	0	334,390	0	363,774	0	1,315,573
4. Contingencies	0	8,832	0	14,784	0	23,851	0	27,395	0	29,565	0	104,427
TOTAL	0	136,973	0	209,046	0	318,857	0	361,785	0	393,339	0	1,420,000
PERCENTAGE DISTRIBUTION (%)	0.0%	9.6%	0.0%	14.7%	0.0%	22.5%	0.0%	25.5%	0.0%	27.7%	0.0%	100.0%

TABLE VI.5.

GOB/SAFCO FINANCIAL PLAN BY YEAR (US\$)												
PROJECT ELEMENTS	Year 1		Year 2		Year 3		Year 4		Year 5		GRAND TOTAL	
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC
1. Master's Program	<u>104,636</u>	<u>0</u>	<u>200,902</u>	<u>0</u>	<u>217,771</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>523,309</u>	<u>0</u>
a. U.S. LT Technical Advisor (57 person months)	-	-	-	-	-	-	-	-	-	-	0	0
b. U.S. LT Technical Advisor (36 person months)	104,636	-	200,902	0	217,771	0	-	-	-	-	523,309	0
c. Other U.S. Professors (79 person months)	-	-	-	-	-	-	-	-	-	-	0	0
d. Bolivian Professors (132 person months)	-	-	-	-	-	-	-	-	-	-	0	0
e. Materials & Supplies	-	-	-	-	-	-	-	-	-	-	0	0
f. Equipment	-	-	-	-	-	-	-	-	-	-	0	0
2. Short Courses	<u>0</u>	<u>1,776</u>	<u>0</u>	<u>3,556</u>	<u>0</u>	<u>3,556</u>	<u>0</u>	<u>3,556</u>	<u>0</u>	<u>3,556</u>	<u>0</u>	<u>16,000</u>
a. U.S. Professors (26 person months)	-	-	-	-	-	-	-	-	-	-	0	0
b. Bolivian Professors (44 person/months)	-	-	-	-	-	-	-	-	-	-	0	0
c. Materials & Supplies	0	1,776	0	3,556	0	3,556	0	3,556	0	3,556	0	16,000
3. Program Support	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
a. Bolivian Professors Training (1/sem for 4 yrs)	-	-	-	-	-	-	-	-	-	-	0	0
b. Book and Video Fund and Computer Network	-	-	-	-	-	-	-	-	-	-	0	0
c. Marketing Strategy	-	-	-	-	-	-	-	-	-	-	0	0
d. Student Assistanship Fund	-	-	-	-	-	-	-	-	-	-	0	0
e. Administrative Costs	-	-	-	-	-	-	-	-	-	-	0	0
1. Contractor overhead	-	-	-	-	-	-	-	-	-	-	0	0
2. CUB administrative & maintenance costs	-	-	-	-	-	-	-	-	-	-	0	0
3. AID administrative costs	-	-	-	-	-	-	-	-	-	-	0	0
f. Evaluations	-	-	-	-	-	-	-	-	-	-	0	0
g. Audits	-	-	-	-	-	-	-	-	-	-	0	0
SUBTOTAL	<u>104,636</u>	<u>1,776</u>	<u>200,902</u>	<u>3,556</u>	<u>217,771</u>	<u>3,556</u>	<u>0</u>	<u>3,556</u>	<u>0</u>	<u>3,556</u>	<u>523,309</u>	<u>16,000</u>
4. Contingencies	<u>11,647</u>	<u>332</u>	<u>22,236</u>	<u>528</u>	<u>24,092</u>	<u>527</u>	<u>137</u>	<u>527</u>	<u>137</u>	<u>527</u>	<u>58,249</u>	<u>2,442</u>
TOTAL	<u>116,283</u>	<u>2,108</u>	<u>223,138</u>	<u>4,084</u>	<u>241,863</u>	<u>4,083</u>	<u>137</u>	<u>4,083</u>	<u>137</u>	<u>4,083</u>	<u>581,558</u>	<u>18,442</u>
PERCENTAGE DISTRIBUTION (%)	19.4%	0.4%	37.2%	0.7%	40.3%	0.7%	0.0%	0.7%	0.0%	0.7%	96.9%	3.1%

of one of the U.S. long-term advisor's services. The CUB contribution amounts to US\$1.42 million, or 19% of total project costs. Its main source of funds come from tuition and from its own resources (see Section IX.C., Financial Analysis). CUB will contribute mainly to the financing of Bolivian professors, materials and supplies, maintenance of the computer equipment to be purchased, and its administrative costs.

Table VI.2. - the project's Financial Plan - shows project expenditures by year. Projections show that about 17% of project funds will be disbursed during the first year, 18% during the second year, 23% during the third year, 20% during the fourth year, and 22% during the final year. Clearly, disbursement rates gradually increase through the life of project. Total dollar expenditures account for about 69% and local expenditures the remaining 31%.

Tables VI.3. through VI.5. show the financial plan of each of the three sources of funding, namely, AID, CUB and the GOB. A detailed calculation of each budget item is presented in Annex E.

Table VI.3. shows AID project funding and expenditures. Basically, AID will finance the largest share of the U.S. long-term technical assistance (the remaining minor but still considerable portion will be financed by the GOB/World Bank). U.S. short-term professors will be financed almost in their entirety by AID.

Bolivian professors, both for the Master's program and short courses, will also be partly financed by which will gradually reducing its funding as CUB assumes most of these expenditures. Thus, 75% of the expenditures incurred for Bolivian professors in year 1 will be financed by AID, 60% in year 2, 45% in year 3, 30% in year 4, and 15% in year 5. The following year, after project funding ends, CUB will pay all salaries and social benefits of the Bolivian professors (see Section IX.C., Financial Analysis).

AID will finance the computer equipment provided to CUB, training abroad for Bolivian professors, the book and video fund, the marketing program, the contractor overhead, AID's administrative costs, and the evaluations and audits expected to take place at the middle and at the end of the life of project.

AID's disbursement rate is shown at the bottom of Table VI.3. It is projected that about 18% of DA funds, or about US\$1 million, will be disbursed during the first year, 17% during the second year, 21% and 22% during the third and fourth years, and the

remaining 22% during the final year. That is, project financial requirements from AID are expected to be relatively lower during the first two years, averaging about US\$975,000 annually, and higher during the remaining three years, averaging about US\$1.2 million per year.

Table VI.4. shows CUB's contribution and project expenditures, all in local currency. CUB will finance the largest share of Bolivian professor expenditures, increasing its share from 15% in the first year, to 100% by the end of the project, as described in an earlier paragraph. It will also finance materials and supplies for the Master's program and maintenance of the entire computer equipment through a contract with a local computer service firm. In addition, CUB will finance the entire scholarship fund and all of its administrative costs.

CUB's disbursement rate is shown at the bottom of Table VI.4. Since during most of the first year project implementation will concentrate on curricula development, course coordination, and other preparatory work, there will be virtually no teaching activity. Thus, during this year, CUB's contribution and expenditures will account for only 9.5% of its total. CUB's contribution and expenditures increase continuously through year 5, from 15% in the second year to 28% in year 5, as shown in Table VI.4. After the five year life of project, project activities will be self-financed with tuition and other CUB revenues (see Section IX.C. Financial Analysis).

Table VI.5. shows the GOB's contribution and project expenditures, both of which are in dollars. Most of its resources will finance a U.S. long-term advisor.

The GOB's disbursement rate is also shown at the bottom of Table VI.5. Unlike CUB, most of the GOB's funding will be required during the first three years. This is mainly due to the funding needs for the second U.S. long-term advisor who will join the project for the first three years. Therefore, almost 99% of the GOB's contribution will have taken place by the end of the third year.

VII. MONITORING AND EVALUATION PLANS

The monitoring plan provides an ongoing oversight for AID and project implementors. The evaluation plan calls for periodic assessments of results during and at the end of implementation. In the case of the contractor the plans for M&E deal with

implementation performance standards, especially as relates to the logical framework - the input and output levels as measured by the objectively verifiable indicators. In the case of the project the M&E plans focus on the purpose and goal levels of the logical framework. The project is responsible for accomplishing the purpose and contributing to the accomplishment of the goal. Accomplishment of the purpose is measured by the objectively verifiable indicators at this level or "End of Project Status" (EOPS). Measurement of these determines the project's impact and is the final project outcome expected.

A. Monitoring

Constant monitoring is required to assure timeliness of the training activities and to provide the information for project corrections or reorientation if deemed necessary. The Monitoring Plan (MP) will assure the timely implementation of all project activities, will allow the measurement of project progress and the timely collection, analysis and dissemination of data for effective evaluation of project impact. The monitoring responsibility will be vested with the Project Manager, a representative of USAID/Bolivia's Economic Office.

The project will develop a management information system (MIS) to monitor project progress, manage the project effectively, provide periodic reports to Mission management and to plan further programs. The project will contract short term technical assistance for the development of the MIS. The project manager working together with the monitoring and evaluation specialist, in the Development Planning Office, will determine if such assistance is required and will prepare a scope of work for the development, installation and administering of the MIS. To ensure that the MIS provides a useful management tool, the overall approach will be a rapid appraisal feedback system through which members of the user group will receive updated information every six months. This approach will allow for the continued analysis of project objectives to assure that reasonable progress is taking place, to identify problem areas and to take corrective actions.

Data on the project indicators, as specified under the logical framework, will be collected on a continual basis as part of the MIS, exclusively developed for the project. The methods used to generate the information required will be a combination of simple record keeping, observation and interviews with students and faculty using a structured questionnaire. These data will be collected by CUB/contractor and provided

to USAID/Bolivia on a monthly basis. These reports will constitute the permanent record for evaluation, monitoring and follow-up actions.

Included in the monitoring activities will be follow-on activities to determine the extent to which both master's graduates and non-degree program participants (EOPS 4 & 5) are working in policy making and mid-level positions in both the public and private sectors and if the skills that were learned are being applied. Periodic annual assessments of actual placements and effectiveness will be made.

Another form of follow-on will be the establishment of a professional alumni network in the third year of project implementation (after the first class has graduated). This will consist of 1) the development of periodically updated lists of names, current addresses and phone numbers of graduates, and 2) an annual reunions of graduates to allow professional networking and the exchange of ideas. Participants of the short courses will also be included in this network to the extent possible, but the primary focus will be the master's graduates.

Included in the monitoring activities will be follow-on activities to determine the extent to which both master's graduates and non-degree program participants (EOPS 4 & 5) are working in policy making and mid-level positions in both the public and private sectors and if the skills that were learned are being applied. An assessment will be made periodically (annually) of actual placement.

Another form of follow-on will be the establishment of a professional alumni network in the third year of project implementation (after the graduation of the first class of master's holders). This will consist of 1) the development of a constantly updated list of the names and current addresses and phone numbers of the graduates and 2) an annual meeting of graduates to allow professional networking and the exchange of ideas. Participants of the short courses will also be included in this network to the extent possible, but the primary focus will be the master's graduates.

Periodic assessments will also be done to determine the progress towards meeting the output indicator target of 40% female enrollment in these two master's programs by PACD. As stated above the current average enrollment of women in the graduate programs is 28%. If normal progress is not being made towards this target, the causes would be determined. Possibly adjustments would have to be made in the marketing strategy and in the selection criteria for the student assistantship fund.

B. Evaluation Plan

The Evaluation Plan will consist of two evaluations during the life of the project. At the purpose and goal levels project accomplishments will be compared to baseline data collected at the project's inception. These evaluations will be as follows:

1. Mid-Term Evaluation

There will be a mid-term evaluation between 18 and 24 months after project implementation begins. The evaluation will focus on preliminary impact and performance indicators. The evaluation will serve to validate basic strategy and approach, and to determine if the training provided under the project, both in-country and in the U.S., are promoting the improvement of selective technical and managerial skills within the public and private sectors of the country. This evaluation should also determine the extent to which the project is contributing to the attainment of the Mission's Strengthening Democracy Strategic Objective. The mid-term evaluation will include recommendations for the improvement of project implementation and for changes or modifications to the project design.

2. Final Evaluation

The final evaluation will serve to determine the overall impact of the project at the purpose level and how this has contributed to the Mission Strengthening Democracy Strategic Objective. The accomplishment of specific objectives of the project at the output and input levels will also be evaluated. Both participating institutions will be evaluated to determine their effectiveness in providing the training services under the project.

3. Evaluation Arrangements

The mid-term and final evaluations will be arranged and contracted by USAID/Bolivia and will be carried out by specialized teams/persons. The specific scopes of work for each one of the above cited evaluations will be developed at the most appropriate time in accordance with the project needs.

VIII. AUDIT PLAN

The proposed project will be implemented through a U.S. contract with the contractor to be selected and a cooperative agreement with CUB.

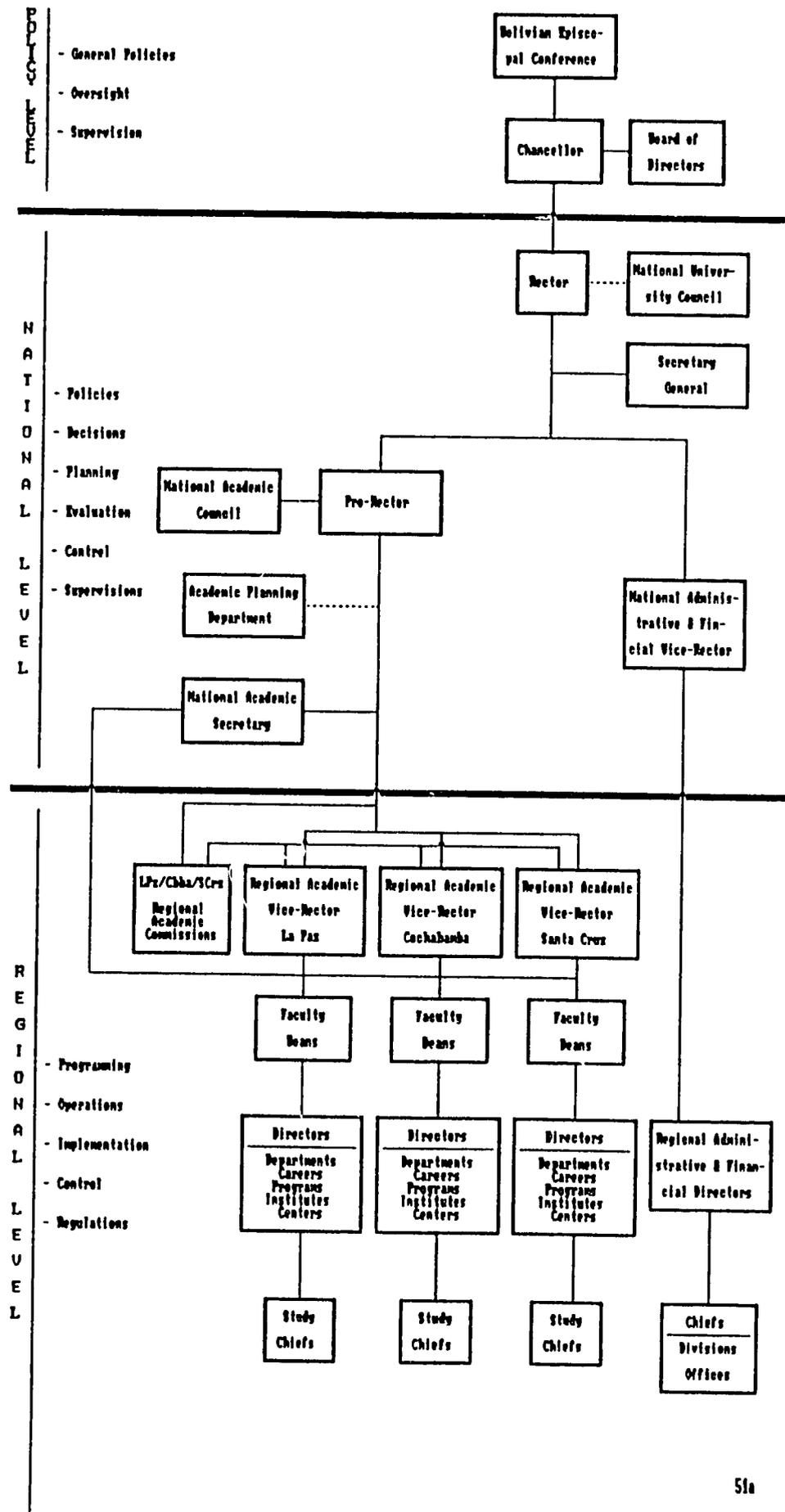
With respect to the contractor, AID audit standards for U.S.-based educational institutions require compliance with the Office of Management and Budget Circular A-133, which provides for an organization-wide systems audit rather than project specific financial and compliance audits. Responsibility for performing the A-133 audits rests with a cognizant U.S.-based federal agency, while the Overhead and Special Cost and Contract Branch (OP/PS/OCC) of the AID Office of Procurement is responsible for ensuring compliance. The Mission Regional Contracts Office will advise OP/PS/OCC when the cooperative agreement and the contract are signed.

The A-133 Circular requires annual U.S. based audits, which provide an opinion regarding a given institution's compliance with laws and regulations, a statement of positive assurance on items tested and negative assurance on programs that were not tested, a presentation of material findings, the relationship of the findings to particular awards as appropriate, and the auditor's recommendations for corrective action. Sample testing of various USG grants and contracts is used to establish the institution's ability to adequately manage and account for federal monies in compliance with Generally Accepted Accounting Standards and Generally Accepted Government Accounting Standards. This type of audit precludes the necessity of performing single audits of individual federal awards such as the grant contemplated under this project.

Since negotiated overhead rates include funding for A-133 audits, the Mission is not required to provide specific project funding for this purpose under the proposed grant to a contractor.

The direct cooperative agreement with CUB will be subject to the Inspector General's Recipient Audit Program. As such, CUB will be required to contract with a local, U.S.-affiliated audit firm annually, to perform annual financial and compliance audits. The Scope of Work for these audits will be provided by the Mission, and ultimate approval of the audits and any resulting recommendations will be the responsibility of the AID Regional Inspector General's Office in Tegucigalpa, Honduras. The Controller's Office and the Project Manager will share responsibility for ensuring compliance with this requirement.

FIG.3 ORGANIZATIONAL CHART-CATHOLIC UNIVERSITY OF BOLIVIA



IX. SUMMARY OF ANALYSES

A. Institutional Analysis

The Episcopal Conference of Bolivia's Catholic Church founded the Catholic University of Bolivia (CUB) in 1966. The same year the Government of Bolivia authorized the functioning of CUB under the aegis of the Episcopal Conference and gave CUB full authority to issue academic titles. CUB is recognized as a private institution and is the only private university able to issue academic titles on par with public universities as part of the national university system.

In this system, CUB is the only one organized at the national level with regional units established in the various departments of the country. Its legal residence is La Paz. The fundamental mission of the university is the constant search for truth, through research and dissemination of knowledge, for society's well-being as well as freedom of research and of teaching and the promotion of social justice. CUB searches for ways of making university education more accessible to everyone, especially the poor. The Board of Directors oversees the fulfillment of these objectives.

Over 80% of the university's income is from tuition and student fees with the balance from contracted research activities, training and special courses, and other services provided by the university and from private donations. In 1992 8.5% of this income supported undergraduate scholarships. CUB does not receive financial support from the GOB.

The Episcopal Conference designates the principal authorities of the university, and approves or modifies the university statutes and the opening or closing of academic units. The Conference, through the Chancellor, has traditionally granted authority to the Rector and the Board for the daily administration of the University. The Conference establishes a maximum amount which the Board of Directors can authorize in the contracting of financial obligations by the university. The Board must approve the budget and the agreements and contracts signed by university authorities.

The Rector is the maximum executive authority of the university and can contract obligations and sign agreements as the legal representative of the university in dealings with public or private bodies. The Pro-Rector is in charge of academic matters.

The Regional Academic Vice Rectors and the Regional Academic Commission report directly to the Pro-Rector. Other levels of authority in the Regional Academic Units are: Deans; Directors of Departments, Careers, Programs, or Institutes; and Study Chiefs, in that order. Figure 3 is an organizational chart of CUB.

CUB has a student body of about 4,800 undergraduate and 160 graduate students in La Paz (80%), Cochabamba and Santa Cruz. At the undergraduate level the programs of Business Administration, Economics, Social Communication, and Law have the largest number of students with another eight programs being offered. The Post Graduate Unit, established in La Paz, offers programs (M.A.) in Business Administration, Agricultural Economics, Enterprise Finance, Banking Finance, and International Trade. CUB has about 300 professors, but only 25 professors are full-time.

The Board of Directors approves the annual financial statements and designates the external auditors. The Administrative-Financial Vice Rector is responsible for overseeing all financial and administrative activities as well as for designing the regulations on internal control with the approval of the Board of Directors.

CUB's recent experience with the implementation of projects consisting of foreign financial, academic and technical support to the university has been very limited. In the areas of Economics, Management and Finance, the only substantial external assistance in recent years has been to the Institute of Socio-Economic Research (IISEC). The commitments and disbursements of funds coming from external donations to IISEC are managed jointly by the Administrative-Financial Unit of the university and the Director of IISEC. Separate accounts and in accordance with the specific requirements and guidelines of each donor. Since the donors have different accounting, legal and administrative requirements, there is a substantial administrative burden, and because CUB's Administrative-Financial Unit does not have an Office for Special Programs and Projects, some of the burden falls on IISEC.

In May 1992 USAID/Bolivia invited four private universities and a public university in La Paz, to submit proposals for the creation of a Graduate Program. The project selection committee selected UCB based on: i) academic and institutional capability; ii) preliminary project design; iii) expected counterpart contribution; and iv) other academic support. The purpose of the Project is to improve professional and managerial skills in both the public and private sectors. The proposed project will

provide institutional and financial assistance to UCB. It will build on and be integrated with its current graduate program.

CUB's statutes require a university project with external support to an existing academic program to have the approval of the Rector and the Board of Directors. Additional approval by the Episcopal Conference is needed for the creation of a new career or program, but not if the project is only an addition to the existing post-graduate programs as is the case in this project.

B. Administrative Analysis

The administrative machinery of CUB has not kept pace with the changing circumstances. Administrative methods that were suitable for a small university are becoming increasingly inadequate. CUB does not have adequate means to monitor the internal efficiency of the university. Management information systems are needed to enable the evaluation of costs and productivity in different units. Performance criteria need to be established to determine the allocation of resources within the university. University administrators would benefit from training in the design and application of mechanisms for evaluating program performance. A technical assistance component in these areas should be included in the Project.

An administrative unit (Office for Special Projects and Programs) should be created at CUB, to coordinate efforts towards implementation of this Project. It would be in charge of all the administrative, accounting and legal aspects of the Project, but it would also address substantive academic issues of project implementation in coordination with academic counterparts. This office would also coordinate other projects with foreign assistance at CUB as well as foreign advisors from the selected contractor, who would have some responsibility for co-managing activities under the Project. A monitoring unit should be established in this office to compare the actual performance with the initial benchmarks set out in the project design, and take corrective actions as necessary.

C. Social Soundness Analysis

1. The Project in Relation to the Socio-Cultural Context

1.a. Bolivia's Administrative Culture

Management education needs to be understood in the context of the country's administrative culture.

The fundamental economic changes implanted in Bolivia since 1985 have entailed new behavioral patterns in both government and the private sector, requiring a significant modification of their interrelationship. As a result of these changes, there is now a need to establish new patterns of management education in Bolivia, both for the government and for the private sector.

The public sector in Bolivia has traditionally faced the following deficiencies: i) lack of a stable cadre of qualified professionals; ii) selection of personnel not based primarily on merit; iii) low-level of pay and attendant corruption; and iv) until recently, insufficient mechanisms for enforcing transparency and accountability in public management.

The recent enactment and application of the SAFCO Law, of the Banking Law and of other laws designed to increase the transparency of procedures and transactions in the public and private sectors have revealed a serious deficiency of qualified accountants and auditors in the country. Although the country has a large number of auditors and accountants, graduated primarily from public universities, in general their level of preparation and qualifications seems inadequate, especially in the context of more stringent and complex laws and procedures that apply now to both public and private sectors. The Master's Program in Auditing and Financial Control at CUB will be designed to address the existing deficiencies in this area, by upgrading and updating the education of these professionals. It would also complement efforts under way at CUB to establish an undergraduate program in Accounting and Auditing.

A Civil Service Program has just been established. Although it proposes a long-term reduction in the number of government managers, there would be a substantial increase in professional and technical staff if a Civil Service Reform Law

is approved by the new government. There is considerable support for this reform from international donors.

There is a high level of interchange between government and private managers in Bolivia where the Civil Service Program is not yet established on a firm footing, and any government will continue to rely rather heavily on private sector managers. It would be desirable to consider the common elements between public and private managers in the design of the Program on Public Policy and Management, by introducing a greater degree of flexibility in the curricula and content of the subjects (with a more prominent private-sector emphasis than would be the case if the program were aimed solely at public managers) and by projecting at the outset a significant exchange of managers in Bolivia between the private and public sectors. In this way, the Program would also be able to attract a larger number of applicants from the private sector, interested in understanding the new relationship that is being forged with government by recent changes in the legal and public policy framework.

1.b. Bolivia's Higher Education System

In 1990 in Bolivia only 12% of enrollments in universities was private. The 100,000 students enrolled in public universities contribute little in tuition payments. Public universities absorb 30% of public resources allocated to the education sector. This is inconsistent with the low indices of academic performance in public universities and the existence of significant education needs in primary and secondary education, especially in rural areas. The state-financed universities confront a number of problems, particularly the following: i) inadequate systems of "governance", partly as a result of university "autonomy" and consequent lack of accountability to outside bodies; and ii) inefficiency, partly as a result of massive student bodies, poor screening of incoming students, and significant non-academic objectives such as student participation in the running of the universities and in political/ideological issues.

In recent years ten new private universities have been established in Bolivia. Their status is somewhat uncertain because they are not allowed to issue academic titles. Instead their graduates are given diplomas issued by the Ministry of Education. CUB accounts for about two fifths of the private enrollment in higher education. Despite its small size, CUB has played a leading role in setting higher academic standards among Bolivian universities. Economics and Business Administration have been the most significant areas of undergraduate study at CUB. The two Master's

Programs supported by this Project are expected to reaffirm the leading role of CUB in economics and management, and serve as a model for other Bolivian universities willing to enter into the fields of public and private management, and auditing and financial control systems.

2. Socio-Cultural Feasibility of the Project

The objective of graduating between 25 to 30 students per year in each program seems consistent with the prevailing market conditions. Most of the qualified employed professionals potentially interested would not be able to dedicate full-time to the programs. There is no tradition in either the public or private sectors of releasing employees for training over extended periods, much less of contributing to the financing of a two-year education. An intermediate option would be for the graduate programs at CUB to allow students to work half-time and dedicate the other half to study, provided the contracting enterprises agree to release their employees partially for the duration of the programs.

For current public sector employees, their interest in the graduate programs would also depend on the recognition that the government would eventually give to those graduating, e.g., promoting them to more responsible positions with higher salaries after completion of the program. Their interest would also depend on the availability of: i) at least partial compensation for foregone income while attending CUB; and ii) at least partial support for payment of tuition and other education costs. For the non-degree programs, the costs of participation would be smaller and the direct involvement of specialized government agencies in the design and financing of at least some of the short-term courses would ensure an adequate number of students.

Since there are only 25 full-time professors/administrators at CUB, they are not able to provide strong support and assistance to the students, especially as regards thesis preparation - a major constraint in current graduate programs. In the planned graduate programs a increased number of professors should be added as half-time or full-time positions, creating a core of Bolivian professors who would be the natural counterpart of the U.S. professors.

3. Direct and Indirect Beneficiaries of the Project

Potential direct program beneficiaries are: prospective high level government managers, professional auditors, and students enrolled in non-degree programs at CUB. There are three main groups of indirect beneficiaries: 1) the public sector, which will benefit from specialized management training for its higher-level staff, and from the training of its professional auditors; 2) the private sector, which will have access to the same kind of education available to the public sector; and 3) other Bolivian universities, which will benefit from the availability of new curricula, books and teaching material in the CUB Programs, and may be stimulated to upgrade their existing programs in related fields.

Regarding GOB commitment to the project, both the Office of the Controller General of the Republic, and the Civil Service Program have expressed support for the Project. In fact, the GOB, through the Controller General, will contribute with US\$600,000 from World Bank resources to the Project.

4. Participation of Major Beneficiaries in the Design, Implementation and Monitoring of the Project

CUB has participated significantly in the design of the Project, especially through its Post-Graduate Unit. In fact, the project components are based on CUB's proposal. In view of the Project's complexity and its diverse components, it is recommended that a separate administrative unit be created at CUB, both to implement and monitor the Project.

5. Expected Impact of the Project

The project activities and benefits would likely continue beyond the initial five-year project period. It is also likely that the Project will achieve some spread effects. It is probable that the program at CUB will stimulate an upgrading of existing programs at other universities in Economics, Auditing, and Business Administration.

6. Social Issues

The Project includes mechanisms to provide equality of opportunities to applicants seeking to participate as students in the various programs. In addition, CUB

has a long tradition of granting financial aid to qualified undergraduate candidates of limited means. Generally applicants to graduate programs represent a higher income group.

D. Financial Analysis

The purpose of this financial analysis is to demonstrate the financial viability and sustainability of the proposed project.

1. General Financial Situation of CUB

As of December 31, 1992, CUB's net worth was about US\$1.48 million and assets totaled about US\$3.5 million. At least since 1989, CUB has not incurred financial losses. Although over 85% of CUB's revenues derive from tuition charges, annual surpluses during the period have ranged from US\$75,000 to US\$350,000.

Most of CUB's available cash is used to honor its obligations, but this situation is not an impediment for project implementation. CUB's leverage ratio is not too high and its financial ratios are sound. In fact, the proposed project will strengthen CUB's financial situation in the long-term as shown in the next paragraphs.

2. CUB's Financial Situation with the Proposed Project

The first year of project implementation will be to work on curricula development, course coordination with the existing graduate programs, and prepare other academic activities before actual class lecturing which would mean only limited revenues. Table IX.C.1. shows CUB's cash flow of the proposed project. The first year of project implementation is shown as Year 0. In year 1, the two new Master's programs would enroll a total of 42 students, gradually increasing to 120 by the fourth year and beyond. Gradually, raising revenues through higher tuition charges would provide additional resources for financing recurrent expenditures during the second five years of the project and would reduce the gap between actual university costs and tuition charges. In addition, about 865 students are expected to enroll in short courses at CUB during the first five years of the life of project. Income from publications, beginning in the fourth year, is anticipated. Additionally, CUB's in-kind contribution (maintenance costs and an imputed rent value of the available infrastructure)

TABLE IX.C.1.

CUB'S CASH FLOW OF THE HRD PROJECT																
(US\$)																
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
1. CUB Revenues	137,000	209,250	320,500	373,920	444,040	427,040	456,944	498,800	528,800							
Master's Program	-	<u>79,750</u>	<u>145,500</u>	<u>217,920</u>	<u>279,040</u>	<u>279,040</u>	<u>306,944</u>	<u>346,800</u>								
No. of Students Enrolled	-	42	83	106	120	120	120	120	120	120	120	120	120	120	120	120
Introductory courses	-	50	60	80	80	80	80	80	80	80	80	80	80	80	80	80
1st year students	-	42	50	66	66	66	66	66	66	66	66	66	66	66	66	66
2nd year students	-	0	33	40	53	53	53	53	53	53	53	53	53	53	53	53
Fee of Introductory Courses	-	350	350	400	500	500	550	600	600	600	600	600	600	600	600	600
Tuition (\$/Yr)	-	1,500	1,500	1,750	2,000	2,000	2,200	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Short Courses	-	<u>42,000</u>	<u>60,000</u>	<u>75,000</u>	<u>82,500</u>	<u>75,000</u>										
No. of Students Enrolled	-	140	200	250	275	250	250	250	250	250	250	250	250	250	250	250
Average Tuition (\$/Yr)	-	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Publications	-	-	-	-	<u>3,000</u>	<u>3,000</u>	<u>5,000</u>									
Infrastructure (imputed value)	<u>70,000</u>															
Other CUB Revenues	<u>67,000</u>	<u>17,500</u>	<u>45,000</u>	<u>11,000</u>	<u>9,500</u>	<u>0</u>	<u>30,000</u>									
2. CUB Expenditures	136,873	209,046	318,857	361,785	393,339	393,806										
Master's Program	25,316	53,824	131,882	161,420	180,958	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065
Short Courses	4,013	13,416	36,102	45,948	55,794	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719
Student Assistanship Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing Strategy	0	0	0	0	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Admin & Maintenance Costs	98,512	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022
Contingencies	8,832	14,784	23,851	27,395	29,585	0	0	0	0	0	0	0	0	0	0	0
3. Net Balance (1-2)	27	204	1,643	12,135	50,701	33,234	63,138	102,994	132,994							
4. Cumulative Net Balance	27	231	1,874	14,009	64,710	97,944	161,082	264,075	367,069	470,062	573,056	676,049	779,043	882,036	985,030	1,118,024
Net Present Value at 12%	336,367															

Table IX.C.1. shows that CUB's cash flow during the life of project and beyond will not only be in equilibrium but will realize positive net balances. Not only would this project be financially viable and sustainable for CUB, but it is also financially attractive.

3. Project's Financial Viability and Sustainability

Table IX.C.2. shows the HRD project cash flow for the five-year life of project and beyond. After five years of technical assistance provided by the contractor with the financial help of AID and the GOB, it is expected that CUB would be financially self-sufficient and academically capable to run and manage the program by itself. That is, by the fifth year, CUB and the contractor would have, among other things, established the two Master's programs, upgraded the academic level of existing complementary graduate programs, trained qualified Bolivian professors and established a tenure system. Thus, after the fifth year, it is expected that CUB would continue with all of the activities established by this project.

4. Cost Effectiveness Analysis

The average (cumulative) cost per graduate would amount to US\$34,000 during the life of the project, sharply dropping to US\$5,300 in the sixth year. Similarly, the average (cumulative) cost per person trained through short courses is estimated at US\$1,480 during the first five years and US\$400 thereafter. Clearly, the average costs during the five year life of project are higher due to the "investment" made during the period in granting technical assistance to CUB. As expected, most of the financial benefits begin to accrue the sixth year.

The relative cost for the total number of graduates attributable to the project would be about 40% less during the life of project and 90% less thereafter. Regarding short-term training, costs under the proposed project would be 75-93% lower.

Both of the new in-country programs are cost-effective in relation to the option of sending students for training in the U.S. Nevertheless, this is only a partial justification of the project. Its economic merits are analyzed in the following section.

TABLE IX.C.2.

HRD PROJECT CASH FLOW (US\$)																
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
TOTAL INCOME	1,244,380	1,383,905	1,705,763	1,547,254	1,638,696	427,040	456,944	496,800								
USAID	989,016	947,637	1,140,960	1,181,249	1,241,137	0	0	0	0	0	0	0	0	0	0	0
CUB	136,673	209,046	318,857	361,785	393,339	427,040	456,944	496,800	496,800	496,800	496,800	496,800	496,800	496,800	496,800	496,800
GOB/SAFCO	118,391	227,222	245,946	4,220	4,220	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	1,244,380	1,383,905	1,705,763	1,547,254	1,638,696	393,806										
Master's Program	622,826	655,922	891,947	759,067	790,868	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065
Short Courses	17,827	77,075	146,794	175,091	184,524	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719
Program Support	536,862	555,971	550,034	510,822	554,326	130,022	130,022	130,022	130,022	130,022	130,022	130,022	130,022	130,022	130,022	130,022
Contingencies	66,865	94,937	116,988	102,274	108,978	0	0	0	0	0	0	0	0	0	0	0
NET BALANCE	0	0	0	0	0	53,234	63,138	102,994								
Net Present Value at 12%	293,636															

E. Economic Analysis

Bolivia has entered the 1990s with a stabilized economy after experiencing severely adverse economic conditions and hyperinflation during the first half of the 1980s. Over the past seven years, the 1985 stabilization program has been sustained even in the face of severe terms of trade losses and poor investor response to orthodox adjustment policies. Prudent macroeconomic management has helped to reduce internal and external imbalances and, together with on-going structural reforms, support economic recovery, although still to inadequate levels of growth.

Despite rapid increases in university enrollment in Bolivia in recent years, the quality of education is low and not consistent with the development needs of the country. The creation and development of the two Master's programs and the short courses proposed under this project will aim at alleviating some of the most critical bottlenecks, in both the private and public sectors, that impede a more vigorous economic recovery and sustained growth.

As part of the structural reform process, the public sector has begun a slow process of reform by implementing a civil service system. Even without a civil service system, the demand for both qualified professional auditors and public administrators are high. Government agencies will demand more and better prepared professional auditors than in the past simply to comply with the more strict standards implicit in the new SAFCO Law and its regulations.

Professional standards under the civil service system are higher than current practice and salary levels will be increased accordingly. Project benefits for both the long and short-term programs are estimated, based on the additional income that public officials would earn after obtaining a Master's degree and upgrading their technical skills, and assuming that their incomes would increase to similar salary levels paid by the civil service system (see Table IX.D.1.). Since project graduates would comprise both managers and professionals, an average of the two income differential, or US\$8,000/year, is used for purposes of calculating the additional yearly benefits per graduate. The same differential is assumed to apply to graduates that obtain employment in the private sector. This differential multiplied by the number of new graduates estimates the "private" benefits accruing to the graduates. Additional graduates from the complementary programs resulting from the implementation of this project making available more and

TABLE D.D.1.

PROJECT ECONOMIC ANALYSIS (US\$)																
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
1. Total Benefits	0	112,000	470,000	810,000	1,446,800	1,963,600	2,480,400	2,997,200	3,514,000	4,030,800	4,547,600	5,064,400	5,581,200	6,098,000	6,614,800	7,131,600
<u>Master's Program</u>																
No. of Students Enrolled	-	42	63	106	119	119	119	119	119	119	119	119	119	119	119	119
1st year students	-	42	50	66	66	66	66	66	66	66	66	66	66	66	66	66
2nd year students	-	0	33	40	53	53	53	53	53	53	53	53	53	53	53	53
New graduates	-	0	25	30	40	40	40	40	40	40	40	40	40	40	40	40
Cumulative No. of new graduates	-	0	25	55	94	134	174	213	253	292	332	372	411	451	490	530
Additional Income Gain of Graduates (\$8,000/yr)	-	0	196,000	436,000	754,800	1,071,600	1,388,400	1,705,200	2,022,000	2,338,800	2,655,600	2,972,400	3,289,200	3,606,000	3,922,800	4,239,600
<u>Short Courses</u>																
No. of Students Enrolled	-	140	200	250	275	250	250	250	250	250	250	250	250	250	250	250
Cumulative No. of persons trained	-	140	340	590	865	1,115	1,365	1,615	1,865	2,115	2,365	2,615	2,865	3,115	3,365	3,615
Additional Income Gain of Persons Trained (\$800/yr)	-	112,000	272,000	472,000	692,000	892,000	1,092,000	1,292,000	1,492,000	1,692,000	1,892,000	2,092,000	2,292,000	2,492,000	2,692,000	2,892,000
2. Total Costs	1,253,932	1,520,282	1,935,510	1,835,281	1,956,400	708,189	708,189	708,189	708,189	708,189	708,189	708,189	708,189	708,189	708,189	708,189
Project Costs	1,253,932	1,378,812	1,700,980	1,538,946	1,627,329	393,806	393,806	393,806	393,806	393,806	393,806	393,806	393,806	393,806	393,806	393,806
Opportunity Costs in the Master's Program	0	59,220	117,030	149,460	167,508	167,508	167,508	167,508	167,508	167,508	167,508	167,508	167,508	167,508	167,508	167,508
Opportunity Costs in the Short Courses	0	82,250	117,500	146,875	161,563	146,875	146,875	146,875	146,875	146,875	146,875	146,875	146,875	146,875	146,875	146,875
3. Net Economic Benefits	(1,253,932)	(1,408,282)	(1,465,510)	(925,281)	(508,599)	1,255,411	1,772,211	2,289,011	2,805,811	3,322,611	3,839,411	4,356,211	4,873,011	5,389,811	5,906,611	6,423,411
Economic Rate of Return	25.67%															
Net Present Value at 12% (in US\$)	6,649,620															
Benefit/Cost Ratio	1.82															

capable academic U.S. and Bolivian staff, are not included in this analysis, but are part of the project outputs.

The economic net balance of the proposed project is negative during the life of project but becomes positive after the end of the project. This indicates that the project constitutes an investment in the education sector that will generate high economic returns to Bolivia in the short and medium terms. Table IX.D.1. shows that the proposed project is viable and economically feasible. The real economic benefits derived from this project to the direct and indirect beneficiaries are not only positive but large. The project's economic rate of return is about 26% whereas the benefit/cost ratio is higher than unity and estimated at 1.82. This means that the discounted project benefits are almost twice the discounted project costs. Similarly, the net present value at 12%, the estimated opportunity cost in Bolivia, is about US\$7 million.

It is important to note that this analysis was able to estimate only the "private" benefits. However, the "social" benefits, particularly those that accrue to the economy as a result of improved efficiency in both the private and public sectors, and those that are derived from contributing to the effective implementation of structural reforms, were not included in the analysis and, presumably, are even larger than the "private" benefits included. Therefore, the economic benefits estimates under this analysis are greatly underestimated.

Clearly, the project can be conceived as a five-year investment in the development of an important sector of Bolivia's human resource base. Being an investment in education, this analysis shows that the project is not only financially viable, but also sustainable in the long run.

F. Technical Analysis

CUB provides an adequate environment for the Programs to be developed. The proposed creation of an Office for Special Programs and Projects at CUB would facilitate the implementation of the Project.

Some desirable features which have been included in the design of this Project are:

- i) A significant core of half and full-time Bolivian professors able to share teaching experiences with their U.S. counterparts and to continue the program once the external support has ended.**
- ii) A positive profile of the visiting professors.**
- iii) Complementary participation of a specialized international auditing firm.**
- iv) Videotaping of the lectures.**
- v) System of half-time (working only half-time, rather than full-time) students so as to reduce the number of years needed to complete graduation and an internship program.**

Elements to avoid in this Project are:

- i) Excessive reliance on the participation of many U.S. professors in the initial years of the Project.**
- ii) Requiring U.S. professors to stay for lengthy periods of time in Bolivia without an interlude.**
- iii) Strict full-time requirements for both students and Bolivian professors.**

The main project risks are:

- i) The most qualified candidates may not be able to participate.**
- ii) Students do not have sufficient time to study and to meet the course requirements.**
- iii) The Civil Service Program may fail to be implemented properly.**
- iv) The preparation of the Program's graduates may be perceived to be inadequate by potential employers.**
- v) The Programs may fail to maintain high academic standards.**

To mitigate some of the negative impact of these risks, the following measures are recommended:

- i) A focused campaign to attract talented students.
- ii) Develop monitoring mechanisms for anticipating market (or lack thereof) for graduates and for taking corrective action early on.
- iii) Maintaining high standards yet offering some flexibility as regards their content and orientation, to equip the graduates with skills that are recognized in the market.
- iv) Develop an effective long-term cooperative relation between the contractor and CUB.

It may be concluded that the Project constitutes a worthwhile investment from the perspective of the Bolivian economy, provided a horizon of at least ten years is considered. To ensure the project's durability and permanence, it is also necessary for CUB to establish a more lasting relationship with the selected contractor and for the Government to assign high priority to its civil service reform efforts.

X. CONDITIONS PRECEDENT AND COVENANTS

A. Conditions Precedent

Prior to USAID/Bolivia making disbursement to CUB under the proposed project, or issuance by USAID/Bolivia of documentation pursuant to which disbursement will be made, and prior to disbursement of local currency resources, Catholic University of Bolivia will, except as the Parties may otherwise agree in writing, furnish to USAID/Bolivia, in form and substance satisfactory to USAID/Bolivia the following:

1. The nomination of three official and legal representatives with a specimen signature of each person.
2. A signed legally binding Cooperative Agreement establishing two graduate programs in Auditing/Financial Controls and Public Policy

and Management, and providing for carrying out short courses in the two same areas plus structural reform related courses.

3. A statement of the name of a representative of the graduate program who will devote his/her time fully to the implementation of this project, and appointing initially a minimum of one faculty member for each of the two graduate programs.
4. Making available the necessary office space, initially for the two U.S. long term advisors, two Bolivian full time professors, and for the project's administrative unit.

In addition, prior to the signing of the Cooperative Agreement with Catholic University of Bolivia, the GOB, through the Office of the Controller General, will, except as the Parties may otherwise agree in writing, furnish to USAID/Bolivia a letter of confirmation from the World Bank local representative that the GOB counterpart funding is available for this Project.

B. Covenants

The Cooperative Agreement will include the following covenants:

1. Catholic University of Bolivia agrees to conduct periodic evaluations of the project in conjunction with the selected contractor and USAID/Bolivia and will take the necessary steps to implement the resulting recommendations.
2. All personnel financed by AID funding will be approved by USAID/Bolivia.
3. Catholic University of Bolivia agrees to assist in the development of strategies to assure the sustainability and institutionalization of the Human Resources for Development Project. By the end of the third year appropriate alternative strategies for sustainability will have been explored.
4. Making available appropriate classroom space.

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**HUMAN RESOURCES FOR DEVELOPMENT
PROJECT No. 511-0631**

ANNEXES

- ANNEX A: LOGICAL FRAMEWORK**
- ANNEX B: STATUTORY CHECKLIST**
- ANNEX C: HOST COUNTRY REQUEST FOR ASSISTANCE**
- ANNEX D: PROJECT ANALYSES**
- ANNEX E: DETAILED COST ESTIMATE**
- ANNEX F: CONTRACTIBLE SCOPE OF WORK FOR IMPLEMENTATION**
- ANNEX G: GENERAL ISSUES**
- ANNEX H: INITIAL ENVIRONMENTAL EXAMINATION**
- ANNEX I: PRE-AWARD SURVEY OF CATHOLIC UNIVERSITY OF BOLIVIA**
- ANNEX J: POST-GRADUATE PUBLIC AND PRIVATE SECTOR MANAGEMENT TRAINING:
A NEEDS ASSESSMENT**

ANNEX A
LOGICAL FRAMEWORK

**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

From FY _____ to FY _____
Total U.S. Funding _____
Date Prepared: _____

Project Title & Number : Human Resources for Development – Project No. 511–0631

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>To improve effectiveness and accessibility of key democratic institutions and practices.</p>	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> 1. GOB policy is made more responsive to Bolivia's needs as indicated by actual implementation of policies – e.g., pension reform, primary education reform, banking reform. 2. Increased GOB accountability as indicated by increased number of effective GOB audits. (% increase) 3. More professionals entering government. (%increase) 	<ol style="list-style-type: none"> 1. Official GOB document "La Gaceta Oficial" 2. Records of Controller General of Bolivia. Interviews with those entities audited. 3. Employment records of GOB. Interviews with new professionals in government. 	<p>Assumptions for achieving goal targets:</p> <ul style="list-style-type: none"> – Maintenance of political and economic stability. – That graduate degree and specialized training for individuals working in decision-making management positions will result in better performance. – That significant numbers of high potential Masters Degree candidates can be identified and enrolled in the development related areas of economics, public administration and related fields such as marketing and finance. – That significant numbers of graduates of the enriched Masters Degree program can be placed in decision-making positions in both the public and private sectors.

88

**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

From FY _____ to FY _____
Total U.S. Funding _____
Date Prepared: _____

Project Title & Number : Human Resources for Development – Project No. 511–C631

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose:</p> <p>To improve selective technical and managerial skills at the policy formulation and implementation levels in both the public and private sectors in order to assist in the transformation of the democratic and growth processes in Bolivia.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ol style="list-style-type: none"> 1. 169 Masters Degrees awarded in-country (94 from two new master's programs, 75 additional from existing master's programs). 2. 55 degree candidates near graduation (40 from two new master's programs, 15 additional from existing master's programs). 3. 865 individuals completed short-term specialized training through short courses in three areas (AFC, PPM and SR) in the three largest cities of Bolivia. 4. About 100 master's degree recipients hold policy making and mid-level positions (60 from two new master's programs, 40 additional from existing master's programs) in the public and private sectors. 5. Approx. 500 non-degree program participants are working in technical policy and mid-level positions. 6. 94 operational research case studies completed in the two new program areas. 7. The project is sustainable financially and institutionally after PACD: <ol style="list-style-type: none"> a) Income from non USAID sources is sufficient to meet costs of continuing the two master's programs. b) CUB has the faculty and infrastructure necessary to continue the two master's programs. 	<ol style="list-style-type: none"> 1. Official CUB records and academic transcripts. 2. Official CUB records and academic transcripts. 3. Officially verified project files and reports. 4. Evaluation of actual placement. 5. Evaluation of actual placement. 6. Evaluation of case studies. 	<p>Assumptions for achieving purpose:</p> <ol style="list-style-type: none"> 1-3. That the effective demand for training is sufficient to achieve indicators 1 to 3. 1-3. Candidates can obtain sufficient financial support to permit them to complete full programs. 4-5. That there is a need and demand for program participants. 6. Collaboration exists from public and private sector entities to permit research to be carried out.

**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

Project Title & Number :

Human Resources for Development – Project No. 511–0631

From FY _____ to FY _____
Total U.S. Funding _____
Date Prepared: _____

Page 3

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Outputs:</p> <p>1. Establishment of two new master's degree programs at CUB: a) Auditing and Financial Control (MAFC) and b) Public Policy and Management (MPPM).</p> <p>2. Improvement in existing master's degree programs.</p> <p>3. Institutional strengthening of CUB in the areas of:</p> <p>a) Curricula development</p> <p>b) Admission standards</p> <p>c) Faculty training/exchange</p>	<p>Magnitude of Outputs:</p> <p>1. Two master's degree programs established at CUB (MAFC and MPPM).</p> <p>2. Increases in: a) enrollment (increased by 40 students for 6/96, by 100 students for PACD); b) graduates (increased by 20 students for 6/96, by 75 students for PACD).</p> <p>3. a) Curricula developed for new and revised courses in the master's degree programs, short courses and undergraduate courses:</p> <p>(1) 6 for MPPM (2 new, 4 revised) and 6 for MAFC (2 new, 4 revised) by 6/95; 14 for MPPM (8 new, 6 revised) and 14 for MAFC (8 new, 6 revised) by PACD.</p> <p>(2) 8 for short courses in AFC (3 new, 5 revised) by 6/95; 14 for short courses in AFC (9 new, 5 revised) by PACD</p> <p>2 for short courses in PPM (new) by 6/95; 6 for short courses in PPM (new) by PACD.</p> <p>2 for short courses in Structural Reform (new) by 6/95 6 for short courses in Structural Reform (new) by PACD</p> <p>(3) 4 revised for undergraduate courses by 6/95. 8 revised for undergraduate courses by PACD.</p> <p>b) Admission standards developed for new master's programs by June 1994; Standardized admission test established for all master's programs by PACD.</p> <p>c) Faculty training/exchange program established:</p> <p>– 2–3 exchanges/training by 6/95 – 6–8 exchanges/training by PACD</p>	<p>1. Project records Periodic reports Annual audits Project evaluations</p> <p>2. CUB enrollment and graduation records.</p> <p>3. a)–h) Project records Periodic reports Annual audits Project evaluations</p>	<p>Assumptions for achieving outputs:</p> <p>1. – USAID funding is available in out years – CUB management continues to support addition of two master's programs. – Financial support from CUB and CGB is forthcoming.</p> <p>2.– Student interest exists or can be generated in existing master's programs. – Selection criteria are sufficiently stringent and appropriate to increase % of graduates.</p> <p>3.a) Qualified and available staff at CUB to work with contractors professors/consultants.</p> <p>b) Qualified and available staff at CUB to work with contractors professors/consultants.</p> <p>c) Qualified CUB professors available for training/exchange.</p>

**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

From FY _____ to FY _____
Total U.S. Funding _____
Date Prepared: _____

Project Title & Number :

Human Resources for Development – Project No. 511 – 0631

Page 3 cont.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Outputs:</p> <p>d) Library improvement</p> <p>e) Textbook supply</p> <p>f) Marketing strategy</p> <p>g) Fund raising strategy</p> <p>h) Student financial assistance</p> <p>i) Research</p>	<p>Magnitude of Outputs:</p> <p>d) Approximately 1,500 publications added to library by 6/95. Approximately 4,000 publications added to library by PACD.</p> <p>e) 160 books made available to students for use in new master's courses by 6/95 1,200 books made available to students for use in new master's courses by PACD.</p> <p>f) Preliminary marketing strategy established by June 1994 which consists of:</p> <p>(1) Strategy to attract quality students to both master's programs. (2) Strategy for placement of graduates. (3) Strategy for attracting female students to meet objective of 40% by PACD.</p> <p>g) Fundraising strategy established by 12/96 which consists of:</p> <p>(1) International donor strategy. (2) Bolivian private sector strategy.</p> <p>h) Establishment of fund for student financial assistance for graduate students by 6/95 which consists of:</p> <p>(1) Scholarships based on financial need including criteria for selection, with due consideration for women. (2) Scholarships based on academic excellence including criteria for selection, with due consideration for women. (3) Teaching assistanships based on financial need including criteria for selection, with due consideration for women.</p> <p>i) Research program established.</p>	<p>d) – h) See previous page</p>	<p>Assumptions for achieving outputs:</p> <p>d) Appropriate books in Spanish can be obtained by contractors.</p> <p>e) Appropriate books in Spanish can be obtained by contractors.</p> <p>f) Qualified and available staff at CUB with contractors professors/consultants.</p> <p>g) – Qualified and available staff at CUB to work with contractors professors/consultants. – International and private sector donors are interested in supporting project.</p> <p>h) – International and private sector donors are interested in supporting project. – Funds are available to establish fund.</p>

11

PROJECT DESIGN SUMMARY

Project Title & Number : **Human Resources for Development - Project No.511-0631**

From FY _____ to FY _____
 Total U.S. Funding _____
 Date Prepared: _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS			MEANS OF VERIFICATION:	IMPORTANT ASSUMPTIONS
Inputs:	Implementation Target (Type and Quantity)				Assumptions for providing inputs:
PROJECT ELEMENTS	AID DA GRANT	HOST COUNTRY	TOTAL		
1. Master's Program	2,643,623	1,077,009	3,720,632	- Project records	- Incremental AID funding is available
a. U.S. LT Technical Advisor (57 person months)	1,094,903	--	1,094,903	- Periodic project reports	- GOB (World Bank) funding is available
b. U.S. LT Technical Advisor (36 person months)	135,000	523,309	658,309		
c. Other U.S. Professors (79 person months)	1,016,407	--	1,016,407	- Annual audits	- CUB is able to make its projected contribution.
d. Bolivian Professors (132 person months)	273,713	485,820	739,533		
e. Materials & Supplies	--	37,880	37,880	- Project evaluations	
f. Equipment	123,600	50,000	173,600		
2. Short Courses	430,039	171,273	601,312		
a. U.S. Professors (26 person months)	338,802	--	338,802		
b. Bolivian Professors (44 person months)	91,237	155,273	246,510		
c. Materials & Supplies	--	16,000	16,000		
3. Program Support	2,101,414	456,600	2,708,014		
a. Bolivian Professors Training (1/sem for 4 yrs)	115,176	--	115,176		
b. Book and Video Fund and Internet Connection	156,547	--	156,547		
c. Marketing Strategy	40,000	--	40,000		
d. Student Assistanship Fund	102,000	--	102,000		
e. Administrative Costs	1,590,524	606,600	2,197,124		
1. U.S. university overhead	967,079	--	967,079		
2. CUB administrative & maintenance costs	234,900	606,600	841,500		
3. AID administrative costs	388,545	--	388,545		
f. Evaluations	32,389	--	32,389		
g. Audits	64,778	--	64,778		
SUBTOTAL	5,175,076	1,654,662	7,029,958		
4. Contingencies	324,924	165,116	490,042		
TOTAL	5,500,000	2,020,000	7,520,000		

17

ANNEX B
STATUTORY CHECKLIST

**HUMAN RESOURCES FOR DEVELOPMENT PROJECT
PROJECT 511-0631**

5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

Yes, the Country Checklist was submitted with PAAD for FY93 Economic Recovery Program (BOP).

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. **Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to:**
- (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, 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.

This is a higher education project

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

2. **U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance 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).**

A contractor will provide technical assistance and training. Books purchased (both textbooks and library) will be of U.S. source and origin. Computers purchased will be of Bolivian source, but of U.S. origin.

3. **Congressional Notification**

a. **General requirement (FY 1993 Appropriations Act Sec. 522; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the Appropriations Act notification requirement has been waived because of substantial risk to human health or welfare)?**

Congress was fully notified before obligation.

b. **Notice of new account obligation (FY 1993 Appropriations Act Sec. 514): If funds are being obligated under an appropriation account to which**

N/A. Unrestricted DA funds will be obligated.

they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

- c. Cash transfers and nonproject sector assistance (FY 1993 Appropriations Act Sec. 571(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted? N/A
4. Engineering and Financial Plans (FAA Sec. 611(a)): Prior to an 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? (a) Yes
(b) Yes
5. Legislative Action (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? Not required
6. Water Resources (FAA Sec. 611(b); FY 1993 Appropriations Act Sec. 501): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) N/A
7. Cash Transfer and Sector Assistance (FY 1993 Appropriations Act Sec. 571(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)? N/A. This is a DA funded education project.
8. Capital Assistance (FAA Sec. 611(e)): If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's N/A

15

capability to maintain and utilize the project effectively?

9. **Multiple Country Objectives (FAA Sec, 601(a)):** Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, 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. See No. A.1. above
10. **U.S. Private Trade (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). See No.2 above
11. **Local Currencies**
- a. **Recipient Contributions**
- (FAA Secs. 612(b), 636(h)): 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. The host country (Catholic University and the GOB) is contributing approximately 25.4% to the total project cost.
- b. **U.S.-Owned Currency (FAA Sec. 612(d)):** Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No
- c. **Separate Account (FY 1993 Appropriations Act Sec. 571).** If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:
- (1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into N/A. These matters are covered by the annual ESF Program Grant Agreements.

and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government? Yes

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes? Yes

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government? Yes

12. Trade Restrictions

a. Surplus Commodities (FY 1993 Appropriations Act Sec. 520(a)): 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

b. Textiles (Lautenberg Amendment) (FY 1993 Appropriations Act Sec. 520(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from u.s.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel? No. For narcotics-related assistance, Bolivia is covered by a waiver in Section 6 of the INCA 1990.

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)(as referenced in section 532(d) of the FY 1993 Appropriations Act): Will funds be used for any program, project or activity which would (a) (a) No
(b) (b) No

11

result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

14. PVO Assistance

a. Auditing and registration (FY 1993 Appropriations Act Sec. 536): If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

N/A

b. Funding sources (FY 1993 Appropriations Act, Title II, under heading "Private and Voluntary OrganizationS'): if assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

N/A

15. Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)): Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision)

USAID/Bolivia will comply with these requirements, as made applicable by HB3, after signing the Project Grant Agreement.

16. Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers)

N/A. The commodities to be procured are books and computers.

12

involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

17. Women in Development (FY 1993 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

Yes, for example, due consideration will be given to women in the awarding of scholarships.

18. Regional and Multilateral Assistance (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

No. A contractor (either public or private) is more efficient than consortia in the education field, especially if such consortia have no track record of having worked together previously.

19. Abortions (FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 524):

a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

No

b. Will any funds be used to lobby for abortion?

No

20. Cooperatives (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

No

21. U.S.-Owned Foreign Currencies

a. Use of currencies (FAA Secs. 612(b), 636(h); FY 1993 Appropriations Act Secs. 507, 509): Are steps being taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

The FY 93 ESF Program Grant Agreement will reserve approximately \$4 million worth of local currency for the administrative and operational needs of USAID.

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

No

76

22. Procurement

- a. Small business (FAA Sec. 602(a)): Are there arrangements to permit u.s. small business to participate equitably in the furnishing of commodities and services financed? **Yes**
- b. U.S. procurement (FAA Sec. 604(a) as amended by section 597 of the FY 1993 Appropriations Act): Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section? **Yes**
- c. Marine insurance (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the u.s., will commodities be insured in the United States against marine risk with such a company? **Yes**
- d. Non-U.S. agricultural procurement (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof 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. No agricultural procurement is planned for the project.**
- e. Construction or engineering services (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.) **N/A. No construction or engineering services will be procured under the project.**
- f. Cargo preference shipping (FAA Sec. 603): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent 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 **No**

40
D.A.

reasonable rates?

g. Technical Assistance

(FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, with private enterprise, and made available without undue interference with domestic programs? **Yes, Yes**

h. U.S. air carriers (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? **Yes**

i. Termination for convenience of U.S. Government (FY 1993 Appropriations Act Sec. 504): If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? **Yes**

j. Consulting services (FY 1993 Appropriations Act Sec. 523): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)? **Yes**

k. Metric conversion (Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for **Yes**

example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

1. Competitive Selection Procedures (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes

23. Construction

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

b. Construction contract (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

c. Large projects, Congressional approval (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 Congressional Presentation), or does assistance have the express approval of Congress? N/A

24. U.S. Audit Rights (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

25. Communist Assistance (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

26. Narcotics

a. Cash reimbursements (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? Yes

b. Assistance to narcotics traffickers (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?

Yes, USAID/Bolivia has designed and is implementing a screening system under Sec. 487.

27. Expropriation and Land Reform (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President?

Yes

28. Police and Prisons (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?

Yes

29. CIA Activities (FAA Sec. 662): Will assistance preclude use of financing for CIA activities?

Yes

30. Motor Vehicles (FAA Sec. 636 (i)) : Will assistance preclude use of financing 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

31. Military Personnel (FY 1993 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel?

Yes

32. Payment of U.N. Assessments (FY 1993 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearage or dues?

Yes

33. Multilateral Organization Lending (FY 1993 Appropriations Act Sec. 506): Will assistance Preclude use of financing to carry out provisions of

- FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? **Yes**
34. Export of Nuclear Resources (FY 1993 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? **Yes**
35. Repression of Population (FY 1993 Appropriations Act Sec. 511): Will assistance preclude use of financing 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? **Yes**
36. Publicity or Propaganda (FY 1993 Appropriations Act Sec. 516): Will assistance be used for publicity or propaganda purposes designed to support or defeat legislation pending before congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by congress? **No**
37. Marine Insurance (FY 1993 Appropriations Act Sec. 560): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that u.s. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate? **Yes**
38. Exchange for Prohibited Act (FY 1993 Appropriations Act Sec. 565): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law? **No**
39. Commitment of Funds (FAA Sec. 635(h)): Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement? **No**
40. Impact on U.S. Jobs (FY 1993 Appropriations Act, Sec. 599):

84

(a) Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business? No

(b) Will assistance be provided for the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U.S. No

(c) Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country? No

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. Agricultural Exports (Bumpers Amendment) (FY 1993 Appropriations Act Sec. 521(b), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers? N/A

2. Tied Aid Credits (FY 1993 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits? No

3. Appropriate Technology (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? No

4. Indigenous Needs and Resources (FAA Sec. 281(b)): Describe extent to which the activity 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 civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

The project responds to the needs of Bolivia for qualified managers and professionals with skills needed by transforming agents and institutions. There is a shortage of such skills at a critical time in the economic and political development of Bolivia. The project will upgrade the institutional capabilities of an existing Bolivian university in several areas so as to produce individuals with these skills who will or are contributing to the public and private sectors.

5. Economic Development (FAA Sec. 101(a)): Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes

6. Special Development Emphases (FAA Secs. 102(b), 113, 281(a)): Describe 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, dispersing investment 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 appropriate U.S. institutions; (b) encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

(a) The two master's programs to be established at CUB will be open to all income and social levels. There will be an attempt to include lower income persons by establishing a financial assistance fund.
(b) Graduates of the program will work in the public and private sectors thereby upgrading the capacity of these institutions.
(c) Project will help Bolivia to upgrade its human resource base.
(d) A special effort will be made to attract women students, with a PACD goal of 40% of graduates.
(e) Visiting professors/lecturers could be brought from neighboring LDCs.

7. Recipient Country contribution (FAA Secs. 110, 124(d)): Will the recipient country provide at least 25 percent 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)?

See No. A.11.a. above

8. Benefit to Poor Majority (FAA Sec. 128(b)): If 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

Yes, indirectly, by improving public and private sector institutions, more jobs may be created.

been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

9. Abortions (FAA Sec. 104()); FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 534):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? No

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations? No

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? No

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services? N/A

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning? N/A

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? No

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization? No

10. Contract Awards (FAA Sec. 601(e)): Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes

11. Disadvantaged Enterprises (FY 1993 Appropriations Act Sec. 563): What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, 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)?

The bidding will be full and open competition for the contractor technical assistance contract. Some of those universities bidding may very well be HBCUs.

12. Biological Diversity (FAA Sec. 119(g): Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

N/A. This is a higher education project.

13. Tropical Forests (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):

a. A.I.D. Regulation 16: Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

Yes

b. Conservation: Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end

N/A. See answer to No.B.12



destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

c. Forest degradation: Will assistance be used for: (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively

undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

No, to all questions

d. Sustainable forestry: If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

N/A

e. Environmental impact statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

Yes

14. Energy (FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A

15. Debt-for-Nature Exchange (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

N/A

16. Deobligation/Reobligation (FY 1993 Appropriations Act Sec. 515): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

N/A

17. Loans

a. Repayment capacity (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest. N/A

b. Long-range plans (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities? N/A

c. Interest rate (FAA Sec. 122(b)): If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter?

d. Exports to United States (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 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest? N/A

18. Development Objectives (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding 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; (2) 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; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries? See No.B.6. above

19. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):

a. Rural poor and small farmers: If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

N/A

b. Nutrition: Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

N/A

c. Food security: Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

N/A

20. Population and Health (FAA Secs. 104(b) and (c)): If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

N/A

92

21. Education and Human Resources Development (FAA Sec. 105): If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

(a) The two master's programs in accounting/financial control and public policy and management plus the accompanying short courses (non-degree) in the same areas plus in structural reform makes formal graduate level education more relevant because these are still areas lacking, yet needed for Bolivia's economic, political and social growth. (b) Planning and implementation of public and private development activities cannot be done effectively without a greater human resource base in the areas described in (a).

22. Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106): If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

N/A

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

N/A

c. research into, and evaluation of, economic development processes and techniques;

N/A

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

N/A

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

N/A

f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to

help urban poor participate in economic and social development. N/A

23. Capital Projects (Jobs Through Export Act of 1992, Secs. 303 and 306(d)): If assistance is being provided for a capital project, is the project developmentally sound and will the project measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level? N/A

C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1. Economic and Political Stability (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? C.1-6 All N/A. This is a DA-funded project.

2. Military Purposes (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes? N/A

3. Commodity Grants/Separate Accounts (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? (For FY 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).) N/A

4. Generation and Use of Local Currencies (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).) N/A

5. Cash Transfer Requirements (FY 1993 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 571(b)). If assistance is in the form of a cash transfer: N/A

a. Separate account: Are all such cash payments to be maintained by the country in a

separate account and not to be commingled with any other funds?

b. Local currencies: Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements?

c. U.S. Government use of local currencies: Will all such local currencies also be made available to the u.s. government as the U.S. determines necessary for the requirements of the U.S. Government, or to carry out development assistance (including DFA) or ESF purposes?

d. Congressional notice: Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance?

6. Capital Projects (Jobs Through Exports Act of 1992, Sec. 306, FY 1993 Appropriations Act, Sec. 595): If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided. (Please note the definition of "capital project" contained in section 595 of the FY 1993 Appropriations Act.)



ANNEX C
HOST COUNTRY REQUEST FOR ASSISTANCE



UNIVERSIDAD CATOLICA BOLIVIANA

Rectorado

RECT. 081/93
Mayo 27, 1992

Señor
Carl H. Leonard
DIRECTOR USAID/BOLIVIA
Presente.

De mi consideración:

Deseo, en primer lugar, agradecer la confianza que le ha merecido la Universidad Católica Boliviana, UCB, para llevar a cabo conjuntamente el proyecto HUMAN RESOURCES FOR DEVELOPMENT propuesto por USAID-BOLIVIA.

Este proyecto ha sido recibido por nuestra universidad con sumo agrado no sólo porque coincide con los objetivos de la UCB, sino, también por que contribuirá al desarrollo de Bolivia mediante la formación de profesionales idóneos.

Adjunto la propuesta de la UCB relativa a dicho proyecto para su consideración y espero que en la propuesta definitiva del proyecto concuerden los propósitos de ambas instituciones.

Con este motivo, me es grato reiterarle mi agradecimiento y saludarle.

DR. LUIS A. BOZA FERNANDEZ
RECTOR DE LA U. C. B.





ECON C

CONTRALORIA GENERAL DE LA REPUBLICA

La Paz, 1º de junio de 1993



CGR-1/333/93

Señor
Richard Goughnour
Contralor del Programa USAID/B
Presente.-

FILE	OFFICE	ACTION	INFO	Reo'y due... 6/23 Action tkn.....
	D PS ECON EXC DP F&I CONT HH A D PS			

Señor Contralor:

Me es grato dirigirme a usted, con el propósito de ratificar los términos expresados por esta Contraloría General a los funcionarios de la misión y al representante de la Universidad Católica Boliviana, en la reunión mantenida el día 21 de mayo de los corrientes, con relación a los programas de capacitación que se proyectan llevar adelante.

1. La Contraloría General de la República, en su Programa de Operaciones de la gestión 1992 (POA/92) para el componente capacitación (B - 4.4 al 4.7), tenía previsto iniciar el desarrollo del Programa de Maestría en "Contaduría Pública y Sistemas de Gerencia" así como de un programa de formación de "Técnico Administrativo Contable" y de "Cursos de Especialización" en administración pública.
2. El propósito de estos programas está orientado a apoyar la implementación de la Ley 1178 en el sector público boliviano, formando profesionalmente capacitados en gerencia pública y en sistemas de administración, a los efectos de que puedan desempeñarse en los siguientes campos:
 - a) Como auditores gubernamentales en la Contraloría General y en las unidades de Auditoría Interna de entidades públicas representativas en el medio.
 - b) Como gerentes operativos o financieros de las entidades públicas.
 - c) Como profesionales independientes (Contadores Públicos) especialistas en sistemas y en auditorías operacionales.
 - d) Como técnicos medio - alto, con formación para implementar (operativizar) los sistemas a los que se refiere la Ley 1178, con especial énfasis en Administración Financiera y Contabilidad Gubernamental.

98

3. El desarrollo de los programas, comprendía:
 - a) La formulación, con la Universidad Católica Boliviana, de un documento con los alcances y términos de referencia para la selección de una o dos universidades del exterior, que apoyen la preparación del programa de maestría, la formación de profesores locales y el dictado de algunas materias de especialidad. Estas acciones deberían terminar con la negociación y suscripción de un convenio tripartito entre las universidades y la Contraloría General.
 - b) La estructuración del contenido curricular del programa de maestría (pensum de materias); la elaboración de los exámenes y requisitos para la admisión de profesionales al programa; la selección de catedráticos y de becarios; y el reglamento del programa.
 - c) La evaluación de la educación media para administradores; el análisis del mercado potencial de empleo; y la formulación de un programa integrado de formación media, estableciendo los requerimientos de infraestructura, formación de profesores y costos de la enseñanza.
 - d) El diseño de un programa de cursos de especialización.
 - e) La formulación de una propuesta de financiamiento para lo descrito en los incisos anteriores.
4. Para el desarrollo de estos programas, el Banco Mundial, con el Proyecto SAFCO-ILACO, tenía previsto apoyar su financiamiento con alrededor de U\$ 600.000.- para lo siguiente:
 - a) La contratación de tres consultores internacionales de corto plazo "CPA", especializados en sistemas de administración, y de dos profesionales locales con maestría en Contabilidad o Sistemas.
 - b) La contratación de al menos cuatro profesionales locales en administración de empresas y especialistas en diferentes áreas en los programas (contabilidad y finanzas, educación, etc.).
 - c) La contratación de algunos profesores y becarios, durante el primer año del programa.
5. La Contraloría General, como es de su conocimiento, al priorizar su desarrollo interno durante la gestión 1992 y en lo que corre del presente año, no tuvo capacidad para encarar este proyecto. En tal sentido, vemos con interés la iniciativa de la misión AID en Bolivia y de la UCB, para llevar adelante un programa de esta naturaleza. Por lo tanto, estamos dispuestos a apoyarles, en tanto los objetivos del proyecto guarden relación con lo expuesto en los puntos precedentes.

En este orden de cosas, entendemos que el Banco Mundial esperaría un proyecto para viabilizar el compromiso de los fondos, y estamos seguros que de compatibilizar los objetivos originalmente planteados por la Contraloría a dicho financiador, sería posible viabilizar su participación; de estos aspectos tiene conocimiento la misión AID en Bolivia, pues en su oportunidad el Sr. John Davison, en su calidad de Director Técnico del Proyecto SAFCO/ILACO, trató el tema con el Banco Mundial.

Sin otro particular, quedo a su disposición para cualquier consulta o aclaración que desee formular con relación a la presente, reiterando nuestro interés en viabilizar el proyecto.

Con este motivo, reitero a Ud. las seguridades de mi atenta y distinguida consideración.



Lic. Marcelo Emilio Barrija
CONTRALOR GENERAL DE LA REPUBLICA

/MMM
PROYMAES AID

cc: Dr. Pascual Sanchiz - UCB

cc: ILACO

180

ANNEX D
PROJECT ANALYSES

ANNEX D
PROJECT ANALYSES

I. INSTITUTIONAL ANALYSIS OF THE CATHOLIC UNIVERSITY OF BOLIVIA (CUB)

A. Organization

1. Legal Status

The Episcopal Conference of Bolivia's Catholic Church, with the consent of the Vatican, founded the "San Pablo" Catholic University of Bolivia (CUB) on July 16, 1966. In August of 1966 the Government of Bolivia by Decree No. 07745 authorized the functioning of CUB under the aegis of the Episcopal Conference. It also gave CUB full authority to issue academic titles. On the basis of Article 188 of the Bolivian Constitution of 1967 and existing laws CUB is recognized as a private institution with full legal status and autonomy as regards its academic and administrative management. According to Article 3 of the Bolivian Constitution, CUB is the only private university recognized by the Executive Committee of the Bolivian University as a member of the National University System and able to issue academic titles backed by Nationally Registered Titles. Therefore, CUB is considered a public law institution like public universities.

2. University Objectives

In the national university system, CUB is the only university organized at the national level, with Regional Academic Units established in the various departments of the country. Its legal residence is in the city of La Paz. CUB is a community of scholars that extends over various fields of knowledge. The fundamental mission of the university is the constant search for truth through research and dissemination of knowledge for society's well-being. Freedom of conscience is recognized and respected. Other basic tenets of the university are: 1) freedom of research and of teaching, subject only to the principles and methods imposed by each discipline and the exigencies of truth and the common good; 2) the Christian spirit of service to others; and 3) the promotion of social justice. Within its capabilities CUB searches for ways to make university education more accessible to all, especially the poor. Through scientific research and the study of contemporary problems the university aims to provide answers to timely issues. The CUB Board of Directors oversees the activities of the university in relation to the fulfillment of these objectives.

3. Financial Status

Over 80% of the university's income is from tuition and student fees. The rest of its current income is the result of contracted research activities, training and special courses and other services provided by the university. Of this balance private donations and other non-current income account for about 8% of its total income. Since its creation CUB has received donations from private sources that have contributed to building its current infrastructure, which is becoming increasingly inadequate. Despite this and because of the importance that CUB attaches to its social function, it provides scholarships to undergraduate students. In 1992 scholarships accounted for about 8.5% of the university's income. The institution does not receive financial support from government.

4. Pattern of Organization

The government, management and administration of CUB in academic and administrative areas is carried out at the national level by the Episcopal Conference, the Chancellor of the CUB, the Board of Directors, and by the National Authorities of the University (Rector, Pro-Rector, Financial-Administrative Rector, Academic Secretary), in that order. The Chancellor is the direct representative of the Episcopal Conference at the University. Either directly or by delegating authority, the Episcopal Conference performs the following functions: 1) designates the principal authorities of the university; 2) approves or modifies the

16/2

university statutes; and 3) at the request of the Board of Directors, approves the opening of new careers or of regional academic units, or the closing of existing ones. The current university statutes were approved in July 1, 1992, and are scheduled to remain in effect until the middle of 1997. These statutes grant the Board of Directors the capacity to issue regulations and resolutions that it considers pertinent for the administration of the university. In effect, the Episcopal Conference, through the Chancellor and the university statutes, confers the necessary powers on the Board of Directors and on the Rector for the daily administration of the University.

The Board of Directors is presided over by the Chancellor and is comprised of seven members, including the Rector, the Pro-Rector, and the Administrative-Financial Vice Rector. The Episcopal Conference annually establishes by letter a maximum amount which the Board of Directors can authorize in the contracting of financial obligations by the university. The Board of Directors approves the university budget. The Board of Directors must also approve the reception of gifts, donations and financial assistance, conditioned upon not compromising the university's objectives. In addition, the Board of Directors acknowledges and approves relevant agreements and contracts signed by university authorities. A University Council comprised of the principal university authorities and student representatives meets twice a year and has mostly an advisory role. The following Figure is an organizational chart of CUB.

B. Managerial Levels and Delegation of Authority

The Rector is the maximum executive authority of the university. As the legal representative of the university the Rector can contract obligations and sign agreements in dealings with public or private bodies. Other duties of the Rector are the following: 1) to direct, coordinate, control and evaluate the functioning of the university; 2) to implement the university budget in coordination with the Administrative-Financial Vice Rector; 3) to present to the Board of Directors the Annual Academic Report and the Annual Financial Statements of the university; and 4) to propose to the Board of Directors the opening of new careers or of regional academic units, or the closing of existing ones. The Pro-Rector acts in the absence of the Rector.

The Pro-Rector is in charge of academic matters. The Regional Academic Vice Rectors of La Paz, Cochabamba and Santa Cruz and the Regional Academic Commission report directly to the Pro-Rector. Other levels of authority in the Regional Academic Units are: 1) Faculty Deans; 2) Directors of Departments, Careers, Programs, or Institutes; and 3) Study Chiefs, in that order.

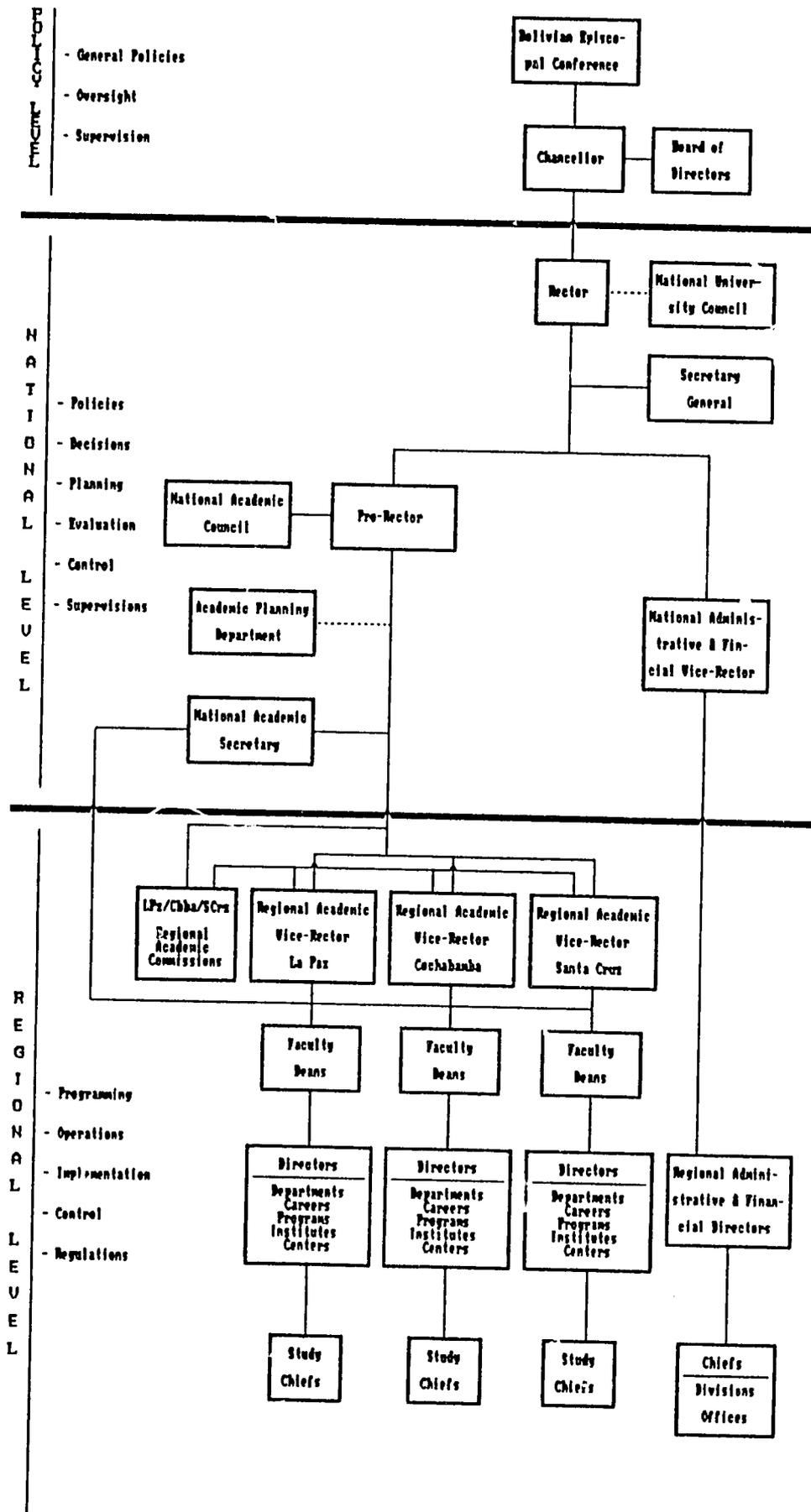
C. Student Body and Staffing

CUB has a student body of about 4,800 undergraduate and 160 graduate students distributed as follows: 3,260 in La Paz, 1,580 in Cochabamba and 120 in Santa Cruz.¹ Business Administration, Economics, Social Communication, and Law are the undergraduate careers with the largest number of students - more than 600 students are enrolled in each. Other undergraduate careers are: Systems Engineering, Psychology, Administration of Tourist Enterprises, Public Relations, and Philosophy and Theology. Scholarships were given to over 400 undergraduate students in 1992. The Post Graduate Unit, established in La Paz, offers Programs in Business Administration, Agricultural Economics, Enterprise Finance, Banking Finance, and International Trade.

Of the 300 professors that teach at CUB, only 25 professors are full-time, including Department Directors and some professors with managerial responsibilities. University authorities and full-time professors tend to be fairly permanent. Managers tend to be experienced in their areas of responsibility. However, there

¹ In addition, UCB has two programs at the technical level: Nursing and Agricultural Training with 750 students. Including these technical fields, the total student body totals about 5,700 students.

ORGANIZATIONAL CHART-CATHOLIC UNIVERSITY OF BOLIVIA



1971

has been significant rotation of part-time professors, since teaching is a secondary activity for many. The administrative staff consists of about 110 persons. All personnel designations, both academic and administrative, must be jointly signed by the Rector and the Administrative-Financial Vice Rector.

D. Financial Accountability

1. Audit and Financial Practices

The Board of Directors approves the Annual Financial Statements of the University and designates the external auditors. The external audit for 1992 has not yet been completed. The external audit for 1991 indicates that because of insufficient information on their value, as of December 31, 1991 there was no registration of some investments by CUB in other companies and of an account receivable. With that exception the external audit concluded that the financial statements of CUB portray reasonably the financial situation and the results of university operations during 1991.

The Administrative-Financial Vice Rector is responsible for assuring that all financial and administrative activities of the university are carried out in accordance with the law and the university statutes and regulations. The regulations on internal control of administrative matters, including procurement policies, are designed by the Administrative-Financial Vice Rector with the approval of the Board of Directors. The Administrative-Financial Vice Rector is in charge of presenting to the Rector the Annual Budget Proposals and the financial statements of the university. The Vice Rector can also authorize commitments and disbursements in accordance with the approved budget limits. The Vice Rector's office also has the authority to commit and disburse funds from outside sources for specific university projects with outside financing, subject to the specific requirements of each donor. Each Regional Unit has an Administrative Financial Director reporting directly to the Administrative Financial Vice Rector. The financial personnel of the Vice Rector's office must be professional accountants or auditors.

2. Closing and Liquidation Provisions

The Episcopal Conference can determine the closing, partial or total, temporary or definitive, of the university, as well as its reopening. If the university were dissolved, a balance of liquidation would be carried out. The Episcopal Conference would then assume both the assets and the liabilities of CUB in their entirety.

E. CUB's Recent Experience with External Projects

CUB's recent experience with the implementation of projects consisting of foreign financial, academic and technical support to the university has been very limited. In the areas of Economics, Management and Finance the only substantial external assistance in recent years has been to the Institute of Socio-Economic Research (IISEC), which is a prestigious research center, well-known in Bolivia and abroad. IISEC receives funding from CUB and from three external sources. The most significant external source is Canada's International Development Research Center (IDRC), which provided a three-year grant for the period 1991-1993, to finance its research activities. The second most important external source was the Inter American Development Bank (IDB), which provided a six-month grant for the study of stabilization mechanisms against external shocks in Bolivia. Finally, the Canadian International Development Agency (CIDA) provided a grant for a Latin American Economic Policy Seminar, through a joint agreement between IISEC and CIEPLAN of Chile. The commitments and disbursements of funds coming from external donations to IISEC are managed jointly by the Administrative-Financial Unit of the university and the Director of IISEC. Separate accounts are maintained in accordance with the specific requirements and guidelines of each donor. Since donors have different accounting, legal and administrative requirements, there is a substantial administrative burden. Because

CUB's Administrative-Financial Unit does not have an Office for Special Programs and Projects, some of the administrative burden falls on IISEC.

F. Background of the Proposed Project

In May 1992 USAID/Bolivia invited four private universities and a public university in La Paz, to submit proposals for the creation of a graduate programs in Auditing and Financial Control and Public Policy and Management. The project selection committee selected CUB based on: 1) academic and institutional capability; 2) preliminary project design; 2) expected counterpart contribution; and 4) other academic support. The purpose of the Project is to improve professional and managerial skills in both the public and private sectors. The proposed project will provide institutional and financial assistance to CUB. It will build on and be integrated with its current graduate program.

According to CUB's Statutes, a university project with external financial and technical support to an existing academic program requires the approval of the Rector and of the Board of Directors. No additional approval is required from other public or private entities in order for CUB to carry out its responsibilities in relation to the project. However, according to the university statutes, additional approval by the Episcopal Conference would be needed for the creation of a new career or program. For instance, if the creation of a Master's Program in Public Policy and Management were to be regarded as a new career at the university, it would need an additional approval by the Episcopal Conference. On the other hand, such an additional approval might not be needed if the project were to be regarded only as an addition to the existing Post-Graduate Unit at CUB and to its various academic programs.

G. Main Elements of the Proposed Project

The Project will consist primarily of the development of two graduate programs at CUB, one in Public Policy and Management ("Maestría en Políticas Públicas y Gestión Empresarial"), the other in Auditing and Financial Control. An objective is to graduate about 25 to 30 students per year. In the design and teaching of the programs at CUB, the Project envisages a significant participation of a well known contractor with experience in these programs for a period of five years. The contractor, to be selected under competitive terms, and CUB will jointly develop the curricula for each program, which will be taught in Spanish. The programs will be tailor-made to the needs of the country, and will maintain high international academic standards, incorporating modern teaching and research methods. It is expected that the programs will evolve into a long-term cooperative relationship between the contractor and CUB.

In addition, the Project will include the following components: 1) curricula development in areas related to the indicated fields, including economics, business administration, and accounting; 2) upgrading of CUB faculty and of existing graduate programs in related areas, including training and the gradual shift to a tenure system for Bolivian professors; 3) preparation of short courses aimed at public and private sectors on specific topics, including courses directly aimed at the Office of the Controller General of the Republic, such as accounting, auditing and systems of financial control; 4) development of research activities at CUB in the indicated fields, 5) library support, including acquisition of books and teaching-related equipment and materials; and 6) establishment of modern communication technology to connect the contractor with CUB and possibly other private universities via satellite for seminars, and via computer systems for data and other information transfers.

The following sections provide a detailed assessment of the proposed project. Section II presents an Administrative Analysis of the Project; and has to be read against the background provided by this Institutional Analysis of CUB. Section III presents a Social Soundness Analysis of the Project, highlighting its relation to the socio-cultural context of Bolivia, particularly as regards its management and administrative culture, and its higher education system, describing possible implementation problems in that regard, and main beneficiaries and

impact of the project. Section IV provides a Financial Analysis of the Project, and compares the cost effectiveness of this project against other alternatives. Section V carries out an Economic Analysis of the Project, and presents its economic justification. Finally, Section VI presents a Technical Analysis of the Project, comparing alternative courses of action with the main project components.

II. ADMINISTRATIVE ANALYSIS OF THE PROJECT

A. Administrative Constraints

CUB has grown rapidly in the past few years, but its administrative machinery has not kept pace with the changing circumstances. Administrative methods that were suitable for a small university are becoming increasingly inadequate. Foreign resources may become a more significant source of financing university programs than in the past, which may bring additional accounting, legal and administrative burdens on an already overextended internal system (as mentioned above). Presently there is no office to administer special programs or projects financed with external resources.

University administrators at CUB at present do not have sufficient means to monitor the internal efficiency of the university. The introduction of management information systems on student and resource flows is recommended, so as to enable the evaluation of costs and productivity in different units. It is also recommended that in addition to the assessment of costs, performance criteria be established to allocate resources among the different units of the university. University administrators would benefit from training in the design and application of mechanisms for evaluating program performance. It is recommended that a technical assistance component on these aspects be included in the Project.

B. Office for Special Projects and Programs

In view of the Project's complexity and its diverse components in teaching, research, and technical assistance affecting different units of the university, it is recommended that an Office for Special Projects and Programs be created at CUB to coordinate efforts towards implementation of this Project. Such an Office could be placed under the Administrative- Financial and Academic Vice Rectors, and would oversee all aspects of the Project. It would be in charge of all the administrative, accounting and legal aspects of the Project, but it would also address substantive academic issues of project implementation in coordination with academic counterparts. Initially this office would be dedicated exclusively to the implementation of the Project, but as it gains experience and ability, it could also coordinate other projects with foreign assistance at CUB.

C. Selection of a contractor

Once the Project is authorized by USAID/Bolivia, a contractor will be selected on a competitive basis. The selected university will provide technical assistance and qualified personnel to CUB under a long-term contract with USAID/Bolivia. Regarding project management, the selected university will assist CUB in: 1) conceptualizing, organizing and implementing the basic work plan, identifying strengths and weaknesses; 2) coordinating the use of human resources; and 3) formulating scopes of work for short-term advisors and co-managing with CUB their activities. In addition, the selected university will manage and assume responsibility for certain procurement, logistics and control of equipment and material purchases under the Project.

All personnel directly involved with the implementation of this Project will be integrated into the Office for Special Projects and Programs, except for the Director of the Post-Graduate Unit and the Director of IIS, who would maintain their current positions. This office would be headed by a Project Coordinator, who would be in charge of coordinating all project operations. The Project Coordinator would be an experienced administrator, with background in economics, financial management and auditing. The office would also work

closely with the long-term foreign advisors from the selected contractor, who would have some responsibility for co-managing activities under the Project, as described in the previous paragraph. This office would maintain separate books for all the operations financed by the Project, incorporating standard accounting principles and adequate internal control mechanisms, including those suggested by foreign donors. The operations of this Office would be subject to annual external audits conducted by USAID/Bolivia. An illustrative interrelationship of the project institutions is provided in the following figure.

D. Monitoring Unit

It is recommended that a Monitoring Unit be set up in this Office to evaluate the performance of the various programs, including an assessment of the entrance and graduation "standards", and of the perceived "attributes" of the graduates and corresponding job placements in both the public and private sectors. This Unit would compare the actual performance with the initial benchmarks set out in the project design, and take corrective actions as necessary. For instance, if the goal to graduate a given number of students per year was not met because of the need to maintain high standards, then it would become necessary to analyze the reasons for the divergence with the initial estimates, and to take additional corrective actions as needed such as widening the search for qualified applicants. If on the other hand, the planned number of graduates per year was met, but the graduates had difficulty in finding adequate placements in the public and private sectors, then some concern should be raised about the "quality" or skills of the graduating class and measures should be taken to reorient the program or its emphasis. This shift would also be necessary if the lack of absorption of the graduates in the public sector were due to failure to implement the Civil Service Reform.

III. SOCIAL SOUNDNESS ANALYSIS OF THE PROJECT

A. The Project in Relation to the Socio-Cultural Context

1. Bolivia's Administrative Culture

Management education needs to be understood in the context of the country's administrative culture. An authoritative review of the subject indicates that:

"Management education in any national or regional context can only be understood in relation to the assumptions, rules and conventions that govern interactions among individuals, productive enterprises, and the state, including concepts of property, competition, the regulation of prices, and other rules of the game."²

As a result of the fundamental economic changes implanted in Bolivia since 1985, there is now a need to establish new patterns of management education in the country, both for the government and for the private sector. These changes have entailed new behavioral patterns in both government and the private sector, requiring a significant modification of their interrelationship. As Harvard professor Alfred Chandler has said in another context, there is a need for a managerial revolution when a country and its economy enter a period of development that requires new ways of thinking and managing change. An issue that is at the center of this Project and which will be addressed later is whether there are benefits to be obtained by providing specialized education and training to prospective managers in the public sector. If so, what type of education profile would

² Paul, Samuel, John C. Hicks, & Jacob Levitaky, Educating Managers for Business and Government, A Review of International Experience, World Bank Working Paper 126, November 1988, p.2

be most suitable in Bolivia's current situation? The following section provides a discussion of the setting that needs to be taken into account in adapting management concepts to Bolivia.

a. Main Deficiencies in the Public Administration System

Since 1985 the role of government in the economy has changed significantly in Bolivia, but the system of public administration has not evolved to the extent required, acting in effect as a bottleneck on the implementation of major government reforms. A significant number of qualified professionals has been employed in high level positions in the public sector since the reforms of 1985, but their number is still insufficient in relation to the tasks at hand. With the exception just mentioned and not referring for the moment to the recent efforts to implant a Civil Service Program, the public sector in Bolivia has traditionally faced the following deficiencies: 1) lack of a stable cadre of qualified professionals; 2) selection of personnel not based primarily on merit; 3) low-level of pay and attendant corruption; and 4) until recently, insufficient mechanisms for enforcing transparency and accountability in public management.

b. Recent Reform Efforts in the Public Sector

Among the most significant reforms in recent years is the Public Administrative Reform Law, also known as the SAFCO Law, which was enacted in July 1990. This Law establishes a strict system of accountability in all the operations of the public sector. It sets norms for the administration of public resources, for the implementation of control systems within the public sector, and for the integration of public investment programs within the framework of national plans, programs and budgets. It also defines areas of responsibility for some public sector institutions, including the Central Bank, and the Superintendency of Banks and Financial Intermediaries. The recently promulgated Banking and Financial Intermediaries Law further defines the domain of these institutions, and establishes a modern system for the regulation and supervision of all forms of financial intermediation in the country. Finally, the Law of Privatization, enacted in April 1992, defines the legal framework for the privatization of public enterprises.

c. A New Legal Framework for Private Investments

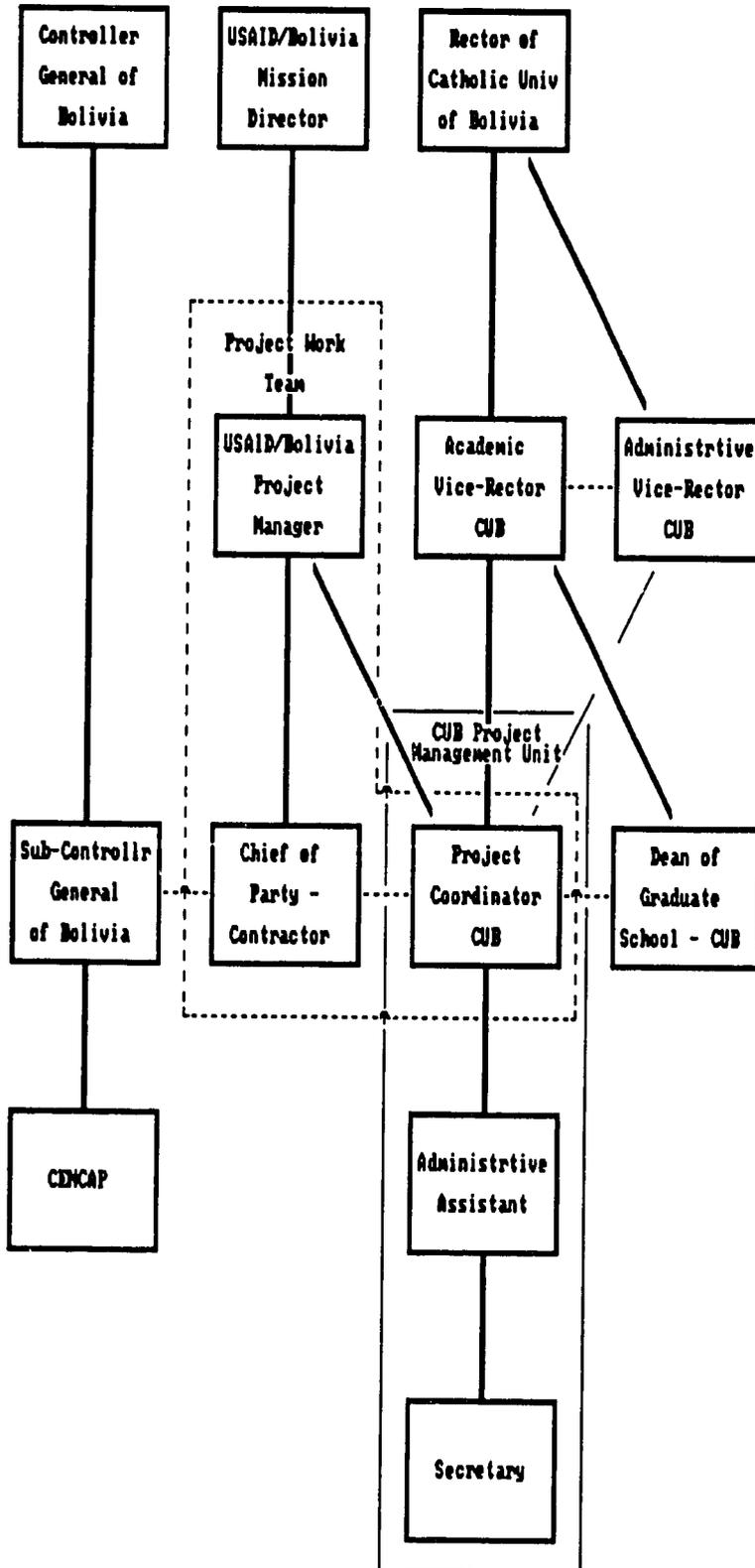
A new legal framework for private investments has been established with the recent enactment of three laws: 1) the Investment Law, which guarantees stable rules of the game for private investment, and establishes a well-defined legal framework; providing equality of treatment to domestic and foreign investment; 2) the Mining Code, which provides a legal framework for public investments in the sector, including joint ventures with private foreign or domestic investments; and 3) the Hydrocarbons Law, which enables private sector participation in all phases of the industry, including exploration, well development, production, construction and marketing. It also allows foreign investment in the sector, and joint ventures with the state oil company.

d. Insufficient Availability of Qualified Professionals in Auditing and Financial Control

The enactment and application of the SAFCO Law, of the Banking Law and of other laws designed to increase the transparency of procedures and transactions in the public and private sectors have revealed a serious deficiency of qualified accountants and auditors in the country. The Office of the Controller General of the Republic, which is responsible for assuring that the public sector operates within the framework and norms of the SAFCO Law, is one of the institutions that confronts most closely the scarcity of qualified professionals in this area.

This is also a significant constraint in the private sector. Specialized accounting and auditing firms underscore the importance of this limitation, and although they have designed and carried out training courses to alleviate the problem, their efforts are marginal in the context of the existing deficiencies. It appears

ILLUSTRATIVE INTERRELATIONSHIP OF INSTITUTIONS HUMAN RESOURCES FOR DEVELOPMENT PROJECT



that Bolivia's private sector is currently operating under serious inadequacies in the areas of Financial Management, Auditing and Control, as a result of the above mentioned deficiencies.

Although the country has a large number of auditors and accountants, graduated primarily from public universities, in general their level of preparation and qualifications seems inadequate, especially in the context of more stringent and complex laws and procedures that apply now to both public and private sectors. The Master's Program in Auditing and Financial Control at CUB would be designed to address the existing deficiencies in this area, by upgrading and updating the education of these professionals. It would also complement efforts under way at CUB to establish an undergraduate program in Accounting and Auditing.

e. Civil Service Reform

Starting in 1993 a Civil Service Program has been established. It is expected to incorporate some 250 professionals in some important Ministries and decentralized agencies before August 1993. As regards the Central Administration, the Reform envisages a reduction of personnel, from a current level of 12,200 to about 7,200 employees over a ten-year period, affecting primarily administrative and support staff. There would be a long-term reduction in the number of government managers (by about a third), but a substantial increase in professional and technical staff, accompanied by a significant increase in the levels of remuneration for all these categories. However, a Civil Service Reform Law has not yet been approved and a new administration will be inaugurated in August 1993 following general elections. As a result, the stability and future progress of the recently initiated Civil Service Reform are not guaranteed. However, there is considerable support for it from the international donors assisting Bolivia, including USAID.

f. The Transplant and Adaptation of "Management" Concepts

Most business schools abroad train potential managers for enterprises, whereas schools of public administration are engaged in the preparation of professionals who will manage the government sector.³ There is, however, a new trend that attempts to integrate some of these activities, by recognizing the common elements in the management education of such a diverse group as the following: managers of large-scale enterprises; entrepreneurs and small businessmen; and public administrators:

"...[Though the] sectors are distinctly different, there are interesting linkages between the educational institutions and processes involved. For example, there is much in common in the concepts and tools of the management education and training for these different groups [managers of large-scale enterprises; entrepreneurs and small businessmen; and public administrators]. It is not surprising, therefore, that in a growing number of countries, training for the three target groups tends to be offered by the same institution. Thus in the U.S.A., the Yale School of Management and the Stanford Business School cater to the training needs of both the private and public sectors. [...] Furthermore, effective management training in the enterprise and government sectors is mutually beneficial and reinforcing. Governments do draw upon private managerial personnel, and enterprises often hire experienced government administrators."⁴

The high level of interchange between government and private managers noted above is certainly applicable to the circumstances in Bolivia where the Civil Service Program is not yet established on a firm footing, and any government will continue to rely rather heavily on private sector managers. The

³This section relies heavily on Paul, S., John Hicks, & Jacob Levitaky, p.2

⁴ Paul, S., John Hicks, & Jacob Levitaky, p.2.

111

"management concepts" most suitable to Bolivia would be those pertaining to the management education programs for entrepreneurs and managers of small businesses, since large-scale enterprises are uncommon in Bolivia and unlikely to become the norm in the foreseeable future.⁵

It would be desirable to take these aspects into account in the design of the Program on Public Policy and Management, by introducing a greater degree of flexibility in the curricula and content of the subjects (with a more prominent private-sector emphasis than would be the case if the program were aimed solely for public managers) and by projecting at the outset a significant exchange of managers in Bolivia between the private and public sectors. In this way the Program would also be able to attract a larger number of applicants from the private sector interested in understanding the new relationship that is being forged with government by recent changes in the legal and public policy framework and in the incentive structure.

2. Bolivia's Higher Education System

In Latin America private institutions account for one-third of total enrollments in higher education.⁶ In Bolivia such a proportion is considerably lower, having risen from only 9% in 1988 to 12% in 1990. In Bolivia approximately 100,000 students enrolled in public universities depend mostly on the public sector budget, and contribute little in the form of tuition payments. Public universities absorb about 30% of all public resources destined to the education sector (including the 5% share of Departmental taxes earmarked to public universities), but educate less than 5% of all students receiving government support. This is illogical in view of the low indices of academic performance in public universities and the existence of significant education needs in primary and secondary education that are still not adequately met, especially in rural areas. The government-financed universities confront a number of problems, particularly the following: 1) inadequate systems of "governance"⁷, partly as a result of university "autonomy" and consequent lack of accountability to outside bodies; and 2) inefficiency, partly as a result of massive student bodies, poor screening of incoming students, and significant non-academic objectives such as student participation in the running of the universities and in political/ideological issues.

In recent years ten new private universities have been established in Bolivia under legal authorizations issued by the Ministry of Education. Their scope and academic standards are diverse. Their status is somewhat uncertain because they are not allowed to issue academic titles. Instead, their graduates are given diplomas issued by the Ministry of Education.

CUB accounts for about two fifths of the private enrollment in higher education. Despite its small size, CUB has played a leading role in setting higher academic standards among Bolivian universities. Economics and Business Administration have been traditionally the most significant areas of study at CUB. Since the creation of the university until mid-1992, 565 persons graduated - 190 in Business Administration (one-third of the total) and 167 in Economics (30%). The graduates in other fields were distributed as follows: Psychology (16%), Communications (14%), Tourism (4%) and Public Relations (2%).

⁵In recent years the private sector has not played an active role in Bolivia; private investment remains low and has not responded adequately to the changing outlook. The possibility and advantages of reorienting the undergraduate programs on Business Administration at UCB, by focusing more effectively on the development of medium and small enterprises, should be explored as part of the curricula development component in fields related to this Project. The yields may be high in embracing the concept of entrepreneurship and attempting to identify and overcome the many constraints faced by the enterprising private sector in Bolivia.

⁶This section draws from Winkler, Donald Higher Education in Latin America, issues of Efficiency and Equity, World Bank Discussion Papers 77, 1990.

⁷According to Winkler, "Governance is the institutional framework for setting priorities, making policy decisions and allocating resources." p.14

B. Socio-Cultural Feasibility of the Project: Review of implementation obstacles that may arise from the socio-cultural context

1. Student Interest in the Programs

Would there be a sufficiently large number of able students interested in the academic and non-academic programs to be offered by CUB? The existing graduate programs at CUB reveal that there is a large number of people educated in related fields at state universities who recognize the inadequacies of their professional formation and who want to upgrade or update their education at CUB as a means of re-certification and as an advancement of their career prospects in the competitive market for professionals in Bolivia. Many of the participants in these programs have expressed interest in the new Master's programs, especially if that in Public Policy and Management is conceived in broad enough terms to make it attractive also to private sector managers. Interest in the Programs would depend to a large extent on whether the students would be able to continue working or not. Most of the qualified professionals that might be interested in the Programs would be employed, and in general they would not be able to dedicate themselves full-time to the pursuit of a graduate degree. With rare exceptions, there is no tradition in either the public or private sectors of releasing employees for training over extended periods and even less of employers contributing to the financing of a two-year education. An intermediate option would be for the graduate programs at CUB to allow students to work half-time and dedicate the other half to study, provided the contracting enterprises agree to release their employees for the duration of the programs on a partial basis.

Student interest for the Master's Program in Public Policy and Management would depend to a large extent on the perceived "quality" of the program in terms of whether it would provide skills adequately recognized by the market including the government and its ability to place professionals in positions of influence. In the latter case, the effective implementation of the Civil Service Reform would be crucial. The content and relative emphasis of the Program would be determinant in attracting private sector managers, as discussed above. For current public sector employees, their interest in the graduate programs would also depend on government recognition given to those graduating; for instance, by promoting them to higher positions after completion of the program. The interest of public employees would also depend on the availability of: 1) at least partial compensation for foregone income while attending CUB; and 2) at least partial support for payment of tuition and other education costs.

One may conclude that the goal of graduating between 25 to 30 students per year in each Program is not high in relation to the prevailing market conditions, especially if: 1) there is flexibility in the design of the Programs to include significant private-sector orientation; 2) the Programs permit the enrollment of part-time students; and 3) the Civil Service Reform Program is implemented. However, there would be a need for strict admission standards to the graduate programs in view of the high variance in the qualifications of potential applicants. For the non-degree programs, the costs of participation would be smaller and the direct involvement of specialized government agencies in the design and financing of at least some of the short-term courses would ensure an adequate number of students.

2. Faculty Interest in the Programs

At present there are only 25 full-time professors (some with managerial responsibilities as well) at CUB. As a result, professors are generally not able to provide strong support and assistance to the students, especially as regards thesis preparation, which has been highlighted as a major constraint in current graduate programs. It is recommended that in the planned graduate programs a significant number of half-time or full-time professors be incorporated, thereby creating a core of Bolivian professors who would be the natural counterpart of the visiting professors from the contractor. This would probably require a significant revision in current pay scales to attract qualified professors. The shift towards half-time or full-time positions is also

recommended for current graduate programs at CUB, to strengthen faculty participation in assisting students in thesis preparation, which would improve the internal efficiency of the programs.

3. Motivation of Participating University (CUB)

Exposure to the methods and systems of a leading foreign university will be beneficial to CUB, not only on academic issues, but also on ways of improving the internal and external efficiency of the university. CUB has grown significantly over the past five years, but its administrative machinery has not evolved to the extent now required by a larger university. The modernization of the university's administrative methods may be one element for inducing its participation in the project. In addition, the development of the two Master's Programs and the strengthening of related academic programs constitutes a powerful incentive for the participation of CUB. The two Master's Programs supported by this Project are expected to reaffirm the leading role of CUB in economics and management. These programs will also serve as a model for other Bolivian universities willing to enter into the fields of public and private management, and auditing and financial control systems, where at present there are no graduate programs except in business administration.

C. Direct and Indirect Beneficiaries of the Project

1. Prospective Government Managers

The Master's Program in Public Policy and Management at CUB will aim at educating those persons who aspire to become, or are already, members of the middle and top echelons of the government or of the Civil Service in Bolivia, while recognizing that the skills learned in the Program will also be useful in the private sector. In line with the prevalent tendency in advanced centers of learning for government managers abroad, the CUB Program will place less emphasis on Law and Administration, and more upon the disciplines required for policy analysis.^{8 9} The Program aims at providing a broad-based education not only in public management, but also in economics and financial management and control complemented by a detailed analysis of problems in specific contexts (case-by-case approach) that provides insights on operational solutions. Skills to be developed in the Program include: 1) the application of modern information technology; 2) the ability to design innovative approaches and solutions to major public policy issues; 3) the capacity to conceptualize on what are the essential elements for the creation of a suitable policy environment, that recognizes the financial and administrative constraints of the public sector, and takes into account the considerable body of knowledge from other parts of the world on economic adjustment and reform.¹⁰ The Program would also place emphasis on creating among students an understanding of the international environment, to gain an adequate perspective on Bolivia's external sector, especially its exports.

⁸ Consul Paul, S., John Hicks, & Jacob Levitsky.

⁹ Incoming students would be required to demonstrate sufficient competence in the following areas: i) economics; ii) non-financial management; iii) financial management; iv) accounting, auditing, and financial control; v) quantitative methods; vi) information technology and research methods (including the ability to write and express ideas clearly, and process information effectively.) All applicants to the Master's Program will have to pass strict exams on each of the above subjects. Applicants in good standing who are not qualified in the above areas will have to attend and approve intensive courses on the above subjects (of up to seven months) specifically designed to prepare the students for the program.

¹⁰ The lessons learned from the approaches that have "worked" and from those that have failed in various areas.

2. Professional Auditors

The Master's Program in Auditing and Financial Control will contribute to alleviating the widely felt need for qualified professionals in this area. While most incoming students to the Program would be expected to be professional auditors, the participation of professionals from related areas is also a possibility.¹¹

The Program aims at providing a specialized education in all the disciplines related to accounting, auditing, financial control, and to a lesser extent to financial management complemented by a detailed analysis of problems in specific contexts (case-by-case approach) that provides insights on operational solutions. Skills to be developed in the Program include: 1) application of modern information technology; and 2) ability to design and implement accounting and auditing systems that are not only effective, but that comply with the higher standards implicit in the new financial laws and regulations, including the SAFCO Law. As far as auditing and financial control is concerned, the Program will develop and apply state-of-the-art approaches to the search and detection of financial irregularities and fraud, both in public and private sectors. A significant objective of the Program is to prepare qualified auditors that can later contribute to enhancing the role and effectiveness of the Office of the Controller General of the Republic, which is in charge of overseeing the public sector and making it more accountable for its operations.

3. Students Enrolled in Non-degree Programs at CUB

About 80 persons per year are expected to participate in these courses. A number of the planned short-courses will be on accounting and auditing. Some courses will be designed in conjunction with the Office of the Controller General to train its personnel. Other short-term courses will be related to government's structural reforms envisaged for the next few years, including privatization, education reform, social security reform, and decentralization.

4. CUB's Current Graduate Programs

While the programs are generally well-regarded both inside and outside of the university, their internal efficiency as measured by the number of graduates is low. Between 1988 and 1991 an average of 59 students were registered per year in the various two-year graduate programs at CUB. In the corresponding period one year later (between 1989 and 1992) an average of only 21 students per year completed all the course requirements ("egresados"), and only 1 student graduated (in 1992). There is a wide gap or an excessively long lag between the fulfillment of course requirements and the completion of the thesis, which is required for graduation.¹² Even if all but one of the 83 persons that completed course requirements between 1988 and 1992 were to graduate in 1993, the average lag for thesis completion would still be over two years. The issue of insufficient number of graduates has to do partly with the problem of part-time students and faculty, who cannot dedicate sufficient time to thesis preparation within the two-year scheduled duration of the programs. It may also be related to insufficiently stringent admission procedures for students, and to deficiencies in the pre-admission preparatory courses for students applying to the programs.

¹¹ Incoming students would be required to demonstrate sufficient competence in the following areas: i) non-financial management; ii) financial management; iii) accounting, auditing, and financial control; iv) quantitative methods; v) information technology and research methods (including the ability to write and express ideas clearly, and process information effectively.) All applicants to the Master's Program will have to pass strict exams on each of the above subjects. Applicants in good standing who are not qualified in the above areas will have to attend and approve intensive courses on the above subjects (of up to seven months) specifically designed to prepare the students for the Program.

¹² For 22 students completing their course requirements in 1989, at least four years will have lapsed until graduation, if they ever reach that point. Similarly, for 12 and 14 students completing course requirements in 1990 and 1991 respectively, the corresponding lags until graduation will be at least three and two years, if they ever manage to complete the thesis.

Starting in 1992 the number of students registered in graduate programs at CUB has more than doubled in relation to the average number of students per year during 1988-91. A record number of 168 students are registered in the current academic year - almost two-fifths in Business Administration, and the rest distributed among the following: Enterprise Finance, Agricultural Economics, Banking Finance, and International Trade. A program on Agro-Business Administration was phased out due to lack of applicants. There appears to be strong student interest in each of the existing programs, but there seems to be some unevenness within and among these programs, reflected in a relatively high variance in the qualifications of incoming students. In some cases, the emphasis and basic content of the programs may not fit with standards elsewhere. For instance, the International Trade Program introduced in 1991 focuses on applied trade mechanisms, and has insufficient coverage of economics and trade theory.

The Post-Graduate Unit at CUB forms the basis on which the new Master's Programs will be developed, and is likely to gain the most from the implementation of the new programs. First, there is affinity in the areas of economics and management between the existing programs and the two programs to be created. Second, there is a small group of Bolivian professors with M.A. and Ph.D. degrees in economics and related areas that teach at the Post-Graduate Unit, and who could also teach in the new Programs. Third, it is recommended that the Post-Graduate Unit consider ways of rationalizing the existing programs, so as to increase the possible linkages with the new programs.

5. Indirect Beneficiaries

There are three main groups of indirect beneficiaries in this Project: 1) the Public Sector, which will benefit from specialized management training for its higher-level staff, and from the training of its professional auditors; 2) the Private Sector, which will have access to the same kind of education available to the public sector, and will also benefit by the content of the programs, which is not focused entirely on government management; and 3) other Bolivian universities, which will benefit from the availability of new curricula, books and teaching material in the CUB Programs, and may be stimulated to upgrade their existing programs in related fields.

6. Host Country's Commitment to the Project

CUB is of course the main institution committed to the Project. On the Government side, both the Office of the Controller General of the Republic, and the Civil Service Program have expressed support for the Project. However, there is not yet a formal commitment to the Project from Government.

D. Participation of Major Beneficiaries in the Design, Implementation and Monitoring of the Project

CUB has participated significantly in the design of the Project, especially through its Post-Graduate Unit. The Office of the Controller General of the Republic and the Civil Service Program have been consulted on the design of the Project, as have some current students in the graduate programs at CUB.

E. Expected Impact of the Project

First, if as expected the contractor and CUB develop a long-term relationship, the project activities and benefits would likely continue beyond the initial five-year period in which the major investments of the project will be undertaken. Second, it is likely that the Project will achieve some spread effects beyond the immediate circle of target beneficiaries. In particular, some project activities related to education and training will be replicated. While it is unlikely that other universities would establish in the immediate future a Master's Program in Public Policy and Management, or in Auditing and Financial Control, it is probable that the program at CUB will stimulate an upgrading of their existing programs in Economics, Auditing, and Business

Administration, especially among the better run public universities. The main obstacle to the establishment at public universities of a program similar to the Master's Programs at CUB is the poor overall management and administration of public universities, including deficient systems of governance.

F. Social Issues that may Require Special Attention During Project Implementation

While the Project itself does not include mechanisms to provide equality of opportunities to applicants seeking to participate as students in the various programs, CUB has a long tradition of: 1) granting financial aid to qualified candidates who do not have sufficient means, and 2) providing significant access to women, who represent close to 30% of the student body. However, until now CUB assistance has been limited to undergraduate students. In general the applicants to graduate programs represent a higher income group. The case for providing scholarships to this group is less compelling than in the case of undergraduates. The issue of whether to provide scholarships would depend primarily on the individual circumstances of the students. As regards women who may seek a career in the public or private sectors, the evidence shows that while there is no equal access, there are no significant barriers to high level positions. For instance, a female professional economist is the current Director at the National Statistical Institute.

IV. FINANCIAL ANALYSIS OF THE PROJECT

The purpose of this financial analysis is to demonstrate the financial viability and sustainability of the proposed project.

A. General Financial Situation of CUB

As of December 31, 1992, CUB's net worth was about US\$1.48 million and assets totaled about US\$3.5 million. At least since 1989, CUB has not incurred financial losses. Although over 85% of CUB's revenues derive from tuition charges, annual surpluses during the period have ranged from US\$75,000 to US\$350,000. As shown below, CUB's financial ratios for 1992 reflect a relatively sound financial situation.

<u>Financial Ratios</u>	
Profitability ratio (Net surplus/Net worth)	13 %
Liquidity ratio (Cash available/Net worth)	-5 %
Capitalization ratio (Net worth/Total Assets)	42 %
Leverage ratio (Total liabilities/Net worth)	1.2 times

As of December 31, 1992, CUB did not have any liquid assets. In fact, its short-term obligations with commercial banks to build a large auditorium, which is currently taking place, were higher than available cash. Thus, most of CUB's available cash is used to honor its obligations. However, this situation is not an impediment for project implementation. First, although the proposed project is a grant and will not represent

any increase in CUB's debt situation, its leverage ratio is not too high. Second, CUB's financial ratios are sound. In fact, the proposed project will strengthen CUB's financial situation in the long-term as shown in the next paragraphs.

B. CUB's Financial Situation with the Proposed Project

The first year of project implementation will be to work on curricula development, course coordination with the existing graduate programs, and prepare other academic activities before actual class lecturing. Table IX.C.1.

shows CUB's cash flow of the proposed project. The first year of project implementation is shown as Year 0.

In year 1, the two new Master's programs would enroll a total of 42 students, gradually increasing to 120 by the fourth year and beyond. Additionally, as is current practice in CUB's graduate programs, three-month preparatory courses will be provided to refresh or upgrade the academic potential of entering students. Thus, an additional number of students in these preparatory courses will be enrolled for this three-month period. It is also expected that with the introduction of these two new programs supported and implemented jointly with a contractor, enrollment would increase in the complementary graduate programs. Although the additional enrollment and resulting graduates are part of the project's outputs (see Section III.D.), for calculation purposes and to focus the analysis only in the new Master's programs, this additional benefits are not included.

Based on CUB's experience, it is assumed that 80% of first year students will pass on to the second year. Of these, 75% would be expected to graduate. Tuition costs will start at US\$1,500 per year (current tuition charge at CUB) and will gradually increase to US\$2,500 by the seventh year as the new programs become established and build a reputation. Raising revenues through higher tuition charges would provide additional resources for financing recurrent expenditures during the second five years of the project. This would reduce the gap between actual university costs and tuition charges, while allowing significant improvement in local professors' salaries consistent with expected upgraded teaching skills and responsibilities. A secondary objective envisioned as part of strengthening CUB's financial situation, but not included in the estimates, is establishment of a fund-raising campaign encouraging donations from private sector friends of the university.

In addition, about 865 students are expected to enroll in short courses at CUB during the first five years of the life of project. Again, such training is not expected to take place during the first year of project implementation. Although course fees will be a function of topic, duration, and demand, for purposes of calculation, it is assumed at US\$300 per course.

Income from publications, beginning in the fourth year, is anticipated. Additionally, CUB's in-kind contribution (maintenance costs and an imputed rent value of the available infrastructure) amounts to US\$350,000, and US\$150,000 in cash contribution from its own resources which will include funding of contingencies equivalent to about US\$85,000.

CUB's cash expenditures are derived from Table VI.4. of the Financial Plan (see Section VI.).

Table IX.C.1. shows that CUB's cash flow during the life of project and beyond will not only be in equilibrium but will realize positive net balances. Cumulative gains will amount to almost US\$65,000 by the end of the project, increasing to more than US\$1 million over fifteen years. The project's financial net present value at 12% is estimated at US\$336,367. Not only would this project be financially viable and sustainable for CUB, but it is also financially attractive.

C. Project's Financial Viability and Sustainability

Table IX.C.2. shows the HRD project cash flow for the five-year life of project and beyond.

TABLE IX.C.1.

CUB'S CASH FLOW OF THE HRD PROJECT																
(US\$)																
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
1. CUB Revenues	137,000	209,250	320,500	373,920	444,040	427,040	456,944	496,800	526,800							
Master's Program	-	<u>79,750</u>	<u>145,500</u>	<u>217,920</u>	<u>279,040</u>	<u>279,040</u>	<u>306,944</u>	<u>346,800</u>								
No. of Students Enrolled	-	42	83	106	120	120	120	120	120	120	120	120	120	120	120	120
Introductory courses	-	50	60	80	80	80	80	80	80	80	80	80	80	80	80	80
1st year students	-	42	50	66	66	66	66	66	66	66	66	66	66	66	66	66
2nd year students	-	0	33	40	53	53	53	53	53	53	53	53	53	53	53	53
Fee of Introductory Courses	-	350	350	400	500	500	550	600	600	600	600	600	600	600	600	600
Tuition (\$/Yr)	-	1,500	1,500	1,750	2,000	2,000	2,200	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Short Courses	-	<u>42,000</u>	<u>60,000</u>	<u>75,000</u>	<u>82,500</u>	<u>75,000</u>										
No. of Students Enrolled	-	140	200	250	275	250	250	250	250	250	250	250	250	250	250	250
Average Tuition (\$/Yr)	-	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Publications	-	-	-	-	<u>3,000</u>	<u>3,000</u>	<u>5,000</u>									
Infrastructure (imputed value)	<u>70,000</u>															
Other CUB Revenues	<u>67,000</u>	<u>17,500</u>	<u>45,000</u>	<u>11,000</u>	<u>9,500</u>	<u>0</u>	<u>30,000</u>									
2. CUB Expenditures	136,973	209,046	318,857	361,785	393,339	393,806										
Master's Program	25,616	53,824	131,882	161,420	180,958	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065
Short Courses	4,013	13,416	36,102	45,948	55,794	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719
Student Assitanship Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing Strategy	0	0	0	0	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Admin & Maintenance Costs	98,512	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022	127,022
Contingencies	8,832	14,784	23,851	27,395	29,565	0	0	0	0	0	0	0	0	0	0	0
3. Net Balance (1 - 2)	27	204	1,643	12,135	50,701	33,234	63,138	102,994	132,994							
4. Cumulative Net Balance	27	231	1,874	14,009	64,710	97,944	161,081	264,075	367,068	470,062	573,056	676,049	779,043	882,036	985,030	1,118,024
Net Present Value at 12%	336,367															

After five years of technical assistance provided by the contractor with the financial help of AID and the GOB, it is expected that CUB would be financially self-sufficient and academically capable to run and manage the program by itself (see also the Implementation Plan, Section IV.). That is, by the fifth year, CUB and the contractor would have, among other things, established the two Master's programs, upgraded the academic level of existing complementary graduate programs, trained qualified Bolivian professors and established a tenure system. Thus, after the fifth year, it is expected that CUB would continue with all of the activities established by this project.

The project has three sources of income. Funds from AID are derived from the Financial Plan, Table VI.1.. AID's contribution of US\$5.5 million will be disbursed over the five-year life of project. Year 0 is the first year of project implementation and little to no teaching activity is expected during the period (see the Implementation Plan, Section IV). After the fifth year (year 4 in table IX.C.2.) USAID would no longer contribute funding to the project.

As seen in the preceding section, CUB's contribution would derive from tuition and other income generated by the project, and from its own funds.

The Financial Plan (Section VI) also shows the GOB's contribution to the project of US\$600,000. As with USAID funding, no additional resources are included beyond five years, though additional funding from the GOB may be available if the project proves to be successful and beneficial to the country, particularly, for public administration staffing needs.

Total income during the life of project from these three sources amount to US\$7.52 million, or an average annual income flow of about US\$1.5 million. Beyond the fifth year, total income would drop to about US\$430,000 a year, increasing to about US\$500,000 (in constant 1993 dollars) by year fifteen (see Table IX.C.2.).

Total expenditures are derived from Table VI.1. of the Financial Plan (Section VI). As seen on Table IX.C.2., annual budget expenditures drop drastically after the life of project (year 5 in the table). This is mainly due to: 1) a sharp reduction in the time allocated to the design and development of the Master's Programs with the contractor and 2) the replacement of U.S. professors with qualified Bolivian professors. Thus, compared to the 374 person/months of professors and technical assistance time at an average cost of over US\$10,000 during the first five years of the project, 192 person/months would be required in the second five years, at an average cost of about US\$5,300 per month.

Total expenditures drop to about 23%, after the life of project, which includes financing for both the short and long-term programs of the core Bolivian professors established with this project, costs of materials, and a marketing activity to support CUB's enrollment efforts and image. The main source of revenues are derived from a) tuition charges which gradually increase by 25% three years after the project ends, b) fees from short courses which, on average, are not expected to increase, c) small revenue generated from publications, and d) its imputed infrastructure value.

The project achieves a cumulative small surplus of about US\$64,000 by the fifth year (year 4 in table IX.C.2. Beyond the life of project, project profits increase gradually.

While it is generally difficult to envision an education project that is not only financially self sufficient and has positive net balances over a period as short as five years, the proposed project is also cost effective.

TABLE IX.C.2.

HRD PROJECT CASH FLOW (US\$)																
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
TOTAL INCOME	1,244,380	1,383,905	1,705,763	1,547,254	1,638,696	427,040	456,944	496,800								
USAID	989,016	947,637	1,140,960	1,181,249	1,241,137	0	0	0	0	0	0	0	0	0	0	0
CUB	136,973	209,046	318,857	361,785	393,339	427,040	456,944	496,800	496,800	496,800	496,800	496,800	496,800	496,800	496,800	496,800
GOB/SAFCO	118,391	227,222	245,946	4,220	4,220	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	1,244,380	1,383,905	1,705,763	1,547,254	1,638,696	393,806										
Master's Program	622,826	655,922	891,947	759,067	790,868	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065	196,065
Short Courses	17,827	77,075	146,794	175,991	184,524	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719	67,719
Program Support	536,862	555,971	550,034	510,822	554,326	130,022	130,022	130,022	130,022	130,022	130,022	130,022	130,022	130,022	130,022	130,022
Contingencies	66,865	94,937	116,988	102,274	108,978	0	0	0	0	0	0	0	0	0	0	0
NET BALANCE	0	0	0	0	0	33,234	63,138	102,994								
Net Present Value at 12%	293,636															

D. Cost Effectiveness Analysis

By the end of the project, the project would have graduated some 94 persons with Master's degree in the two new areas to be developed and would have trained about 865 persons through short courses. In addition, it is estimated that the proposed project will increase the quantity and quality of graduates in the existing complementary graduate programs at CUB without incurring additional costs. These graduates are conservatively estimated at 75 over the life of the project (an additional 3 graduates per year per program).

Total financial costs of the project will be US\$7.52 million. Consistent with the assumption that 75% of professors costs are attributable to the long-term program and 25% to the short-term program, program support costs are similarly weighted for purposes of calculation. Thus, the total cost of the long-term and short-term programs would amount to US\$5.75 million and US\$1.28 million (excluding contingencies), respectively.

Therefore, the average (cumulative) cost per graduate would amount to US\$34,000 during the life of the project, sharply dropping to US\$5,300 in the sixth year. Similarly, the average (cumulative) cost per person trained through short courses is estimated at US\$1,480 during the first five years and US\$400 thereafter. Clearly, the average costs during the five year life of project are higher due to the "investment" made during the period in granting technical assistance to CUB. As expected, most of the financial benefits begin to accrue the sixth year.

These figures overstate units costs as a) they ignore other project outputs, such as the improvement in other university programs (particularly in the other graduate programs), improvement in the library facilities and other outputs, and b) as stated, all costs during the life of project are implicitly treated as recurrent costs where, in fact, most costs are related to the design and development of programs whose expected life will extend beyond the life of project. These gains are, in fact, reflected in the lower unit costs after the life of project once the "investment" starts to pay off.

If these average unit costs per student for both the long and short-term programs at CUB are compared with the average cost for sending participants to the U.S., costs compare as follows:

	<u>Master's Program</u>	<u>Short Courses</u>
HRD Project		
(first five years)	US\$34,000	US\$1,480
(beyond the fifth year)	US\$5,300	US\$ 400
U.S. Participant Training	US\$55,000	US\$6,000

Hence, the relative cost for the total number of graduates attributable to the project would be about 40% less during the life of project and 90% less thereafter. Regarding short-term training, costs under the proposed project would be 75-93% lower.

Both of the new in-country programs are cost-effective in relation to the option of sending students for training in the U.S. Nevertheless, this is only a partial justification of the project. Its economic merits are analyzed in the following section.

V. ECONOMIC ANALYSIS OF THE PROJECT

Bolivia has entered the 1990s with a stabilized economy after experiencing severely adverse economic conditions and hyperinflation during the first half of the 1980s. Over the past seven years, the 1985 stabilization program has been sustained even in the face of severe terms of trade losses and poor investor response to orthodox adjustment policies. Prudent macroeconomic management has helped to reduce internal and external imbalances and, together with on-going structural reforms, support economic recovery, although still to inadequate levels of growth.

A. Economic Stability and Growth

Economic conditions in 1986, the first year following initiation of a comprehensive stabilization and adjustment program, remained extremely difficult, owing mainly to the collapse of the price of tin in the international markets in late 1985. As a result, GDP declined by 2.6% in 1986. In 1987, for the first time in nearly a decade, the economy achieved a positive GDP growth rate of 2.6%, while the average annual rate of inflation declined to 14.6%.

During the past five years (1988-1992), inflation was generally contained within a range of 10-20% per annum and annual GDP growth averaged 3.3%. By 1992, the fiscal deficit of the non-financial public sector was reduced to 3.8% of GDP, and the level of net international reserves increased to \$252 million. Despite substantial external assistance since 1986, the GOB also made significant efforts to reduce the country's outstanding public external debt, which declined from a peak of \$4.3 billion in 1987, to \$3.77 billion by December of 1992.

The economy is estimated to have grown by 3.5% in 1992, the second year of significant increase in GDP per capita after fourteen years of negative or nil growth rates. The end of period inflation rate was 10.5%.

A fundamental challenge facing the Bolivian economy in the 1990s will therefore be to make the transition from stabilization at low levels of growth to more vigorous and continued growth. Hence, it is imperative to accelerate growth by creating a more stable and favorable investment climate, and by deepening and widening the economic reforms implemented to date. It is also essential that public sector efficiency improves to support private sector activities. The decentralization of government activities, deregulation or the establishment of a proper regulatory framework for the operation of natural monopolies, privatization, and the professionalization of government personnel through the implementation of the civil service system, are among the reforms that the public sector has to carry out to improve overall economic efficiency in the economy.

B. Project Economic Justification

According to GOB strategy documents, the social and private returns to higher education in Bolivia have declined in recent years as the quality of public university programs has deteriorated. Despite rapid increases in university enrollment in recent years, the quality of education is low and not consistent with the development needs of the country. The creation and development of the two Master's programs and the short courses proposed under this project will aim at alleviating some of the most critical bottlenecks, in both the private and public sectors, that impede a more vigorous economic recovery and sustained growth.

For example, the lack of qualified human resources in the public sector has made difficult efficient implementation of structural reforms. The deep economic, social and political crises that affected Bolivia until 1985, also affected institutional structures; causing an administrative disorder, particularly in the State ministries and other government institutions.

As a result, and as part of the structural reform process, the public sector has begun a slow process of reform by implementing a civil service system. This public program intends to incorporate or upgrade the skills of close to 200 new managers per year over the next five years and more than 300 technicians per year over the next ten years. Even if the civil service system were to be implemented only partially, it would appear that the future demand for highly qualified professionals in government would be strong, at least over the next five years.

The demand for both qualified professional auditors and public administrators are high. For example, the Office of the Controller General currently employs 250 professional auditors whom, as stated by the Controller General, need urgently to upgrade their skills. The Internal Revenue Office, the Central Bank of Bolivia, the Superintendency of Banks are government agencies that also employ a significant number of auditors. Moreover, smaller government agencies, such as the municipalities, and private accounting and other firms, such as Moreno Muñoz, will demand more and better prepared professional auditors than in the past simply to comply with the more strict standards implicit in the SAFCO Law and its regulations.

Similarly, all these and other government agencies, as described in Section III.F. (Beneficiaries), will require the skills of modern public managers who have the knowledge and are capable of adjusting to the dynamic transformation that the public sector and the economy are going and will be going through for at least the next decade.

Professional standards under this system are higher than current practice and salary levels will be increased accordingly. According to official information,¹³ current annual earnings of public sector managers average about US\$4,700, and for government professional and technical personnel the average is US\$4,200. Public officials in the civil service system earn significantly higher. The average annual income for the first group is about US\$15,700 whereas annual income for the second group average about US\$9,350.

Project benefits for both the long and short-term programs are estimated, based on the additional income that public officials would earn after obtaining a Master's degree and upgrading their technical skills, and assuming that their incomes would increase to similar salary levels paid by the civil service system (see Table IX.D.1.). Since project graduates would comprise both managers and professionals, an average of the two income differential, or US\$8,000/year, is used for purposes of calculating the additional yearly benefits per graduate. The same differential is assumed to apply to graduates that obtain employment in the private sector. This differential multiplied by the number of new graduates estimates the "private" benefits accruing to the graduates. As stated in the Financial Analysis (Section IX.C.), additional graduates from the complementary programs resulting from the implementation of this project making available more and capable academic U.S. and Bolivian staff, are not included in this analysis. Nevertheless, these are part of the project outputs as described in Section III.D.

Furthermore, the "social" benefits of this project are more difficult to estimate. For instance, if each graduate were to manage public or private resources more efficiently by an amount larger than the US\$8,000 per year, an additional benefit accrues to the entire economy. Thus, the economic benefits of the project shown in Table IX.D.1. are actually underestimated.

Based on these estimates, it is assumed that the "private" benefits accrued to the persons trained in the short courses accounts for only 10% of those accrued to the persons with a Master's degree. That is, given that these courses are shorter, though more focused and specialized, it is conservatively assumed that the person would earn 10% more than the income differential, or US\$800 more per year. The estimated benefits of the short-term program shown in Table IX.D.1. are the product on this percentage of the income differential and

¹³) Ministry of Finance, Administrative Reform Program in Bolivia: The Civil Service System, Page 23, 1992.

TABLE D.D.1.

PROJECT ECONOMIC ANALYSIS (US\$)																
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
1. Total Benefits	0	112,000	470,000	910,000	1,446,800	1,963,600	2,480,400	2,997,200	3,514,000	4,030,800	4,547,600	5,064,400	5,581,200	6,098,000	6,614,800	7,131,600
<u>Master's Program</u>																
No. of Students Enrolled	-	42	83	106	119	119	119	119	119	119	119	119	119	119	119	119
1st year students	-	42	50	66	66	66	66	66	66	66	66	66	66	66	66	66
2nd year students	-	0	33	40	53	53	53	53	53	53	53	53	53	53	53	53
New graduates	-	0	25	30	40	40	40	40	40	40	40	40	40	40	40	40
Cumulative No. of new graduates	-	0	25	55	94	134	174	213	253	292	332	372	411	451	490	530
Additional Income Gain of Graduates (\$6,000/yr)	-	0	196,000	438,000	754,800	1,071,600	1,388,400	1,705,200	2,022,000	2,338,800	2,655,600	2,972,400	3,289,200	3,606,000	3,922,800	4,239,600
<u>Short Courses</u>																
No. of Students Enrolled	-	140	200	250	275	250	250	250	250	250	250	250	250	250	250	250
Cumulative No. of persons trained	-	140	340	590	865	1,115	1,365	1,615	1,865	2,115	2,365	2,615	2,865	3,115	3,365	3,615
Additional Income Gain of Persons Trained (\$800/yr)	-	112,000	272,000	472,000	692,000	892,000	1,092,000	1,292,000	1,492,000	1,692,000	1,892,000	2,092,000	2,292,000	2,492,000	2,692,000	2,892,000
2. Total Costs	1,253,932	1,520,282	1,935,510	1,835,281	1,956,400	708,189	708,189	708,189	708,189	708,189	708,189	708,189	708,189	708,189	708,189	708,189
Project Costs	1,253,932	1,378,812	1,700,980	1,538,946	1,627,329	393,806	393,806	393,806	393,806	393,806	393,806	393,806	393,806	393,806	393,806	393,806
Opportunity Costs in the Master's Program	0	59,220	117,030	149,480	167,506	167,506	167,506	167,506	167,506	167,506	167,506	167,506	167,506	167,506	167,506	167,506
Opportunity Costs in the Short Courses	0	82,250	117,500	146,875	161,563	146,875	146,875	146,875	146,875	146,875	146,875	146,875	146,875	146,875	146,875	146,875
3. Net Economic Benefits	(1,253,932)	(1,408,282)	(1,465,510)	(925,281)	(509,599)	1,255,411	1,772,211	2,289,011	2,805,811	3,322,611	3,839,411	4,356,211	4,873,011	5,389,811	5,906,611	6,423,411
Economic Rate of Return	25.67%															
Net Present Value at 12% (in US\$)	6,849,620															
Benefit/Cost Ratio	1.62															

the number of persons trained. The "social" benefits, though not estimated, would tend to be even higher since these courses would be highly focused and specialized aiming at breaking critical bottlenecks in the private and public sectors, particularly in regards to the implementation of structural reforms.

Total costs are estimated based on the total project costs derived from the Financial Plan (Section VI), plus any opportunity costs accrued to the persons attending the long and short-term programs.

Estimates of the opportunity costs of students in the long-term program are based on the assumption that, although they will continue working in their jobs, their productivity would decline by 20% as a result of the additional time spent on their studies while they continue their working hours. The imputed value of the reduction in productivity is based on a 20% reduction of the current income earnings of public officials, and on double that income level for professionals working in the private sector, assuming that half of the potential students enrolled work in this sector.

Assuming that each of the short courses will be a month in duration and that students have to attend the entire full day, the opportunity costs is estimated based on the current average monthly salary foregone multiplied by the number of persons being trained. Thus, total "economic" costs of the proposed project would add up to more than US\$8 million during the life of project.

Clearly, the economic net balance of the proposed project is negative during the life of project but becomes positive after the end of the project. This indicates that the project constitutes an investment in the education sector that will generate high economic returns to Bolivia in the short and medium terms. Table IX.D.1. shows that the proposed project is viable and economically feasible. The real economic benefits derived from this project to the direct and indirect beneficiaries are not only positive but large. The project's economic rate of return is about 26% whereas the benefit/cost ratio is higher than unity and estimated at 1.82. This means that the discounted project benefits are almost twice the discounted project costs. Similarly, the net present value at 12%, the estimated opportunity cost in Bolivia,¹⁴ is about US\$7 million.

It is important to note that this analysis was able to estimate only the "private" benefits. However, the "social" benefits, particularly those that accrue to the economy as a result of improved efficiency in both the private and public sectors, and those that are derived from contributing to the effective implementation of structural reforms, were not included in the analysis and, presumably, are even larger than the "private" benefits included. Therefore, the economic benefits estimates under this analysis are greatly underestimated.

Clearly, the project can be conceived as a five-year investment in the development of an important sector of Bolivia's human resource base. Being an investment in education, this analysis shows that the project is not only financially viable, but also sustainable in the long run.

VI. TECHNICAL ANALYSIS OF THE PROJECT

A. Technical Feasibility: Means, Methods and Cost Effectiveness of the Project

Past experience of higher education projects in Bolivia and in other developing countries show that the university where a program is established tends to instill its own culture into the program. This could be detrimental to the program if, for instance, certain patterns of overly centralized decision-making were to prevail, or if the environment for academic and research activities was insufficiently supportive. Fortunately, in all these aspects CUB provides a suitable environment for the Programs to be developed there. In addition, the

¹⁴) This discount rate is estimated and used by the World Bank and the GOB.

proposed creation of an Office for Special Programs and Projects at CUB would facilitate the administrative aspects of the Project, and its implementation

This section intends to demonstrate the technical feasibility of the Project, by relating the main inputs and activities to the expected outputs. The main outputs of the Project are: 1) a Master's Program in Public Policy and Management that will graduate between 25 to 30 students per year, and short-term courses in related areas; 2) a Master's Program in Auditing and Financial Control that will graduate between 25 to 30 students per year, and short-term courses in related fields; 3) upgrading of the existing graduate programs; 4) development of curricula designed to suit the country's needs in the programs mentioned earlier, considering CUB's strengths and weaknesses, and the degree of availability of qualified professionals in the respective areas; 5) upgrading of skills of eight to ten Bolivian faculty members at CUB; 6) improvement of research capabilities at CUB; 7) improvement of curricula in undergraduate programs in economics, management and accounting; 8) improvement of the library system (up to 4000 new books) and of communications technology; and 9) development of a marketing strategy to attract suitable candidates to the Programs, and of a fund raising campaign for the university.

The main input in all the outputs described in the previous paragraph is the professors' time. This time has been divided into four categories for each Program: 1) Long-Term Training which refers to the actual time required for teaching in the Master's Program, including lecture preparation; 2) Short-term courses; 3) Research, Seminars and Publications; and 4) Project Design, Monitoring and Evaluation, including time spent in curricula design, and in upgrading of existing graduate and related undergraduate programs. A total of 515 man-months of professors' time is estimated to be required for the first five-years of the Project, divided almost evenly between the two Master's Programs. About two-fifths of the time corresponds to long-term training. Short-term courses account for about one-fifth of the professors' time. A higher fraction corresponds to auditing and financial control where there is a more pressing need for upgrading the skills of those professionals, particularly in response to the requirements of the Office of the Controller General of the Republic. Research, Seminars, and Publications account for slightly less than one-fifth of the professors' time. The corresponding share is higher in the Master's Program in Public Policy and Management. Finally, Project Design, Monitoring and Evaluation, account for about one-fifth of the time.

On this basis, each Master's Program utilizes the full-time equivalent of about five persons per year over the first five-years of the Project. The input of professors' time has been priced according to a differentiated scale between foreign and Bolivian professors, and is reflected in Table A.1. A suitable and cost-effective balance has been achieved in the composition of Bolivian and foreign professors, taking into account the skills required for developing the programs initially and for sustaining them subsequently. The input of professors' time, as described in this and in the previous paragraph, is deemed suitable and effective for the attainment of all the expected outputs detailed above, except for the last two which refer to less crucial aspects of the Project.

Some features which have proved to be successful in other higher-education contexts have been incorporated into this Project. The main elements are as follows:

1) Within each program there must be a significant core of Bolivian professors working half-time or full-time that are able to share teaching experiences with their U.S. counterparts, and who are able to carry the program forward once the external support has diminished or ended. The Project envisages the gradual establishment of a tenure faculty program of four to eight Bolivian professors in the two Master's Programs. Without such a tenure system there would be an excessive and unsustainable reliance on the participation of foreign professors in the initial years of the Project, with a possible breakdown in the programs subsequently as these professors cannot be replaced adequately.

2) The profile of the visiting professors is crucial for the success of the Project. Among the most desirable features are the following: a) Proficiency in Spanish is necessary; b) Tenure in a prestigious contractor

is not a pre-requisite, but is highly desirable; c) For the Master's in Public Policy and Management, working experience in a developing country as an economic policy advisor or as an economics or management professor at a university are clear advantages; d) For tenured professors, some working experience as Research Director, Dean or University administrator would be advantageous. These features are part of the selection criteria for the participating contractor. It would also be desirable to incorporate some flexibility for contracting visiting professors from other universities, if the right kind of skills were not available in the participating contractor.

3) The Project will avoid to the extent possible the requirement of lengthy periods of stay in Bolivia for U.S. professors, which may affect their tenure in U.S. universities. Otherwise the pool of professors potentially interested in participating in the Programs may be reduced unnecessarily; perhaps even ruling out those most qualified for the task.

4) The Master's Program in Auditing and Financial Control is likely to have some different modalities than the one on Public Policy and Management. For instance, the arrangement between the contractor and CUB may have to be complemented by the participation of a specialized international auditing firm.

5) Videotaping of the lectures is recommended for the following reasons: a) to have a lasting and valuable documentation of the teachings that can be used subsequently in other courses in the same program, or elsewhere in short courses as a part of the spread effects of the Project outside CUB; and b) to facilitate the subsequent teaching of the same subject by Bolivian professors once the participation of the U.S. professors in the program has been phased out.

6) On the students' side, the experience at CUB indicates the desirability of shifting to a system of half-time students (working only half time) so as to establish high academic standards while reducing the number of years needed to complete graduation. In addition, the Project envisages an internship program for students during the second year of studies. The internship would have the following advantages: a) to gain practical experience and confidence; b) to earn some additional income; c) to facilitate the access to a potential employment after graduation; and d) to develop case studies based on the internships, which can be valuable as teaching materials.

B. Risks and Contingency Aspects of the Project

This section identifies variables in the project environment which could lead to future implementation problems, and which are not subject to control in the project design. In this regard, the main project risks are listed below, followed by possible actions that can be taken to counteract their effects.

1) Well qualified candidates for the Master's Programs may not be able to participate because of lack of means or, more likely, because their employers fail to release them for the duration of the education programs. A well focused campaign should be designed and implemented to attract talented students to the Programs, and to inform employers about the merits of the Programs, and about the advantages of an intensive-training for suitable employees.

2) The Government's Civil Service Program may fail to be implemented properly and thus there may be insufficient absorption of graduates from the Master's Programs at CUB.

3) The skills and preparation of the Program's graduates may be perceived to be inadequate or insufficient by potential sources of demand, including the Government's Civil Service, and there may be a problem of accommodating these graduates in good positions. Monitoring mechanisms are crucial for anticipating these developments and for taking corrective action early on, as needed. In addition to maintaining high standards, the Programs may require some flexibility as regards their content and orientation, so as to equip the graduates with skills that are duly recognized in the market.

4) The Programs may fail to maintain high academic standards and lose momentum in attracting qualified students and professors after the first five years of the Project, when the contractor's participation is reduced or phased out. A five-year project may not be sufficient for establishing proper and lasting credentials to the CUB Programs; all efforts should be made to develop an effective long-term cooperative relation between the contractor and CUB. In addition, CUB should develop and maintain a competitive salary structure to attract qualified Bolivian professors.

C. Conclusion

The Project, as conceived and defined above, constitutes a worthwhile and cost-effective investment from the perspective of the Bolivian economy, provided a horizon of at least ten years is considered. To ensure the project's durability and permanence, it is also necessary for CUB to establish a more lasting relationship with the selected contractor, and for the Government to assign high priority to its Civil Service Reforms.

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124

ANNEX E
DETAILED COST ESTIMATE

ANNEX E

DETAILED COST ESTIMATE

This annex provides information on how the project's cost estimates, presented in Section VI - Summary Financial Plan - was developed. The explanation of these estimates follow the presentation in Table VI.2., Projected Financial Plan by Year.

Both the long and short term programs will benefit from the coordination and development activities of two U.S. long-term advisors. U.S. and Bolivian professors will participate actively in both programs. For budget purposes, the costs regarding the U.S. and Bolivian professors were weighted for the long-term training program (75%), and for the short-term training program (25%).

In addition, all costs in U.S. dollars include an allowance for inflation estimated at 3% per annum. A budget in dollars would protect costs in local currency from Bolivian inflation.

All U.S. professors are entitled to USAID's post differential and other fringe benefits since most of them are expected to stay more than 43 working days. In addition, budgets items or personnel (U.S. and Bolivian) include travel and per diem for the implementation of short courses in other cities of the country.

The U.S. university's overhead is estimated at 30%, applied to the total costs of all U.S. technical assistance, except procurement, and an additional 10% applied to all local costs, except procurement and administrative costs.

1. MASTER'S PROGRAM

U.S. PROFESSORS

1a. U.S. Long-term Technical Advisor (57 person/months)

The project will establish an administrative-technical unit within CUB. The long-term technical advisor, who will be the U.S. university's chief of party, will coordinate and implement all project activities and teach on a part-time basis. The project will provide housing for him/her and his/her family for the duration of the contract planned at 4 years and 9 months.

	<u>Annual</u>	<u>Total</u>
	(in US\$)	
<u>Personal Services</u>	<u>138,400</u>	<u>657,400</u>
Annual salary	86,500	410,875
Post Differential (25%)	21,625	102,719
Fringe Benefits (35%)	30,275	143,806
<u>Airfare</u> (2 round trips/yr for 5 persons)	<u>15,000</u>	<u>75,000</u>
<u>Transportation</u>	-	<u>33,740</u>
Unaccompanied baggage (800 lbs. gross x 2 x 2.50/lb)	4,140	
Household goods (7,200 lbs. net x 2 x 1.5/lb)	21,600	
Privately owned vehicle	8,000	
<u>Allowances</u>	<u>40,350</u>	<u>230,750</u>
Living quarters (incl. utilities)	24,000	114,000
Furniture	35,000	
Education allowance (3 children)	13,350	66,750
Registration (3 children)	3,000	15,000
<u>In-Country travel</u>	<u>3,450</u>	<u>17,250</u>
(3 round trips/year)	450	2,250
(30 days per diem/year)	3,000	15,000
<u>SUBTOTAL</u>	<u>197,200</u>	<u>1,014,140</u>
Allowance for inflation (3%/yr)		80,763
<u>TOTAL</u>	<u>1,094,903</u>	
<hr/>		
<u>FUNDING</u>	<u>1,094,903</u>	
AID/DA	1,094,903	
<hr/>		

12/2

1b. U.S. Long-term Technical Advisor (36 person/months)

A deputy to the Chief of Party, this person will stay as a long-term contract for three years. His activities will include administrative as well as academic activities. Being a long-term advisor, the project will furnish a house for him/her and his/her family.

	<u>Annual</u>	<u>Total</u>
	(in US\$)	
<u>Personal Services</u>	<u>128,000</u>	<u>384,000</u>
Annual salary	80,000	240,000
Post Differential (25%)	20,000	60,000
Fringe Benefits (35%)	28,000	84,000
 <u>Airfare</u> (2 round trips/yr for 5 persons)	 <u>15,000</u>	 <u>45,000</u>
 <u>Transportation</u>	 -	 <u>33,740</u>
Unaccompanied baggage (800 lbs. gross x 2 x 2.50/lb)	4,140	
Household goods (7,200 lbs. net x 2 x 1.5/lb)	21,600	
Privately owned vehicle	8,000	
 <u>Allowances</u>	 <u>40,350</u>	 <u>156,050</u>
Living quarters (incl. utilities)	24,000	72,000
Furniture		35,000
Education allowance (3 children)	13,350	40,050
Registration (3 children)	3,000	9,000
 <u>In-Country travel</u>	 <u>3,450</u>	 <u>10,350</u>
(3 round trips/year)	450	1,350
(30 days per diem/year)	3,000	9,000
 <u>SUBTOTAL</u>	 <u>186,800</u>	 <u>629,140</u>
Allowance for inflation (3%/yr)		29,169
 <u>TOTAL</u>		 <u>658,309</u>
 <u>FUNDING</u>		 <u>658,309</u>
AID/DA		135,000
GOB/SAFCO		523,309

123

Short-term U.S. professors are expected to devote 75% of their time to the long-term program (including curricula development and research) and 25% to the short-term program (including curricula development). Therefore, the total cost estimates for each short-term U.S. professor are weighted by those proportions. No family members are expected to accompany the U.S. professors since they will be assigned to the project on a short-term basis. The project will furnish a "guest house" for all short-term U.S. professors. For purposes of calculation the cost of this budget item is weighted for each individual. An estimated per diem of \$45 is included in the calculations.

1c. Short-term U.S. Professor (21 person/months)

This short-term professor is expected to join project implementation after the period of the Deputy Chief of Party ends. That is, this person will complement the U.S. staff, devoting most of his/her time to academic activities starting the fourth year of project implementation.

	<u>Daily Working</u>	<u>Total</u>	
	<u>Rate</u>	<u>Days</u>	<u>Days</u>
	(in US\$)		
<u>Personal Services</u>			<u>182,000</u>
Daily salary	320	455	-
Post Differential (25%)	80	455	-
			<u>7,500</u>
<u>Airfare</u> (2 round trips for 5 persons)			<u>7,500</u>
<u>Allowances</u>			<u>56,350</u>
Living quarters in a guest house (\$2,500/mo for 21/105 person/months)			21,000
Furniture			7,000
Per Diem	45		630
			<u>5,775</u>
<u>In-Country travel</u>			<u>5,775</u>
(2 round trips/year)			525
(30 days per diem/yr)	100		30
			<u>5,250</u>
<u>SUBTOTAL</u>			<u>251,625</u>
Allowance for inflation (3%/yr)			20,039
<u>TOTAL</u>			<u>271,664</u>
<u>WEIGHTED TOTAL (75%)</u>			<u>203,748</u>
<hr/>			
<u>FUNDING</u>			<u>203,748</u>
AID/DA			203,748
<hr/>			

134

1d. Short-term U.S. Professor (42 person/months)

This person will devote his/her time fully to academic activities designed under the project. It is expected that he/she will join the first two long-term technical advisors/faculty beginning the second year of full project implementation (lecturing) until the end of the project.

	<u>Daily</u>	<u>Working</u>	<u>Total</u>	
	<u>Rate</u>	<u>Days</u>	<u>Days</u>	<u>Total</u>
	(in US\$)			
<u>Personal Services</u>				<u>364,000</u>
Daily salary	320	910	-	291,200
Post Differential (25%)	80	910	-	72,800
<u>Airfare</u> (1 round trips for 8 persons)				<u>12,000</u>
<u>Allowances</u>				<u>113,510</u>
Living quarters in a guest house (\$2,500/mo for 42/105 person/months)				42,000
Furniture				14,000
Per Diem	45		1,278	57,510
<u>In-Country travel</u>				<u>12,300</u>
(2 round trips/year) (30 days per diem/yr)	100		30	1,050 11,250
 <u>SUBTOTAL</u>				 <u>501,810</u>
Allowance for inflation (3%/yr)				39,963
<u>TOTAL</u>				<u>541,773</u>
<u>WEIGHTED TOTAL</u> (75%)				<u>406,329</u>
<u>FUNDING</u>				<u>406,329</u>
AID/DA				406,329

132

1e. **Short-term U.S. Professor** (42 person/months)

Like the previous U.S. professor, this person will join the faculty staff one and half years into project implementation until the end of the project.

	<u>Daily Working Total</u>			
	<u>Rate</u>	<u>Days</u>	<u>Days</u>	<u>Total</u>
	(in US\$)			
<u>Personal Services</u>				<u>364,000</u>
Daily salary	320	910	-	291,200
Post Differential (25%)	80	910	-	72,800
<u>Airfare</u> (2 round trips for 8 persons)				<u>12,000</u>
 <u>Allowances</u>				 <u>113,510</u>
Living quarters in a guest house (\$2,500/mo for 42/105 person/months)				42,000
Furniture				14,000
Per Diem	45		1,278	57,510
<u>In-Country travel</u>				<u>12,300</u>
(2 round trips/year)				1,050
(30 days per diem/yr)	100		30	11,250
 <u>SUBTOTAL</u>				 <u>501,810</u>
Allowance for inflation (3%/yr)				39,963
<u>TOTAL</u>				<u>541,773</u>
<u>WEIGHTED TOTAL (75%)</u>				<u>406,329</u>
<hr/>				
<u>FUNDING</u>				<u>406,329</u>
AID/DA				406,329
<hr/>				

BOLIVIAN PROFESSORS

It is expected that CUB will gradually form a core faculty of at least four full time Bolivian professors during the life of the project. Two of them will join the project in its initial stages (beginning to participate in the development of curricula), and two will join the Bolivian for the initiation of the second year of course lecturing.

No allowance for inflation is included in the cost estimates. Local professors, although being paid in Bolivianos, are protected from Bolivian inflation since the budget is estimated in dollars. The budget allows for the maintenance of their purchasing power, except from dollar devaluation.

1f. Full-Time Bolivian Professors (108 person/months)

	(in US\$)	<u>Annual</u>	<u>Total</u>
<u>Personal Services</u>		<u>60,900</u>	<u>548,100</u>
Annual salary		42,000	378,000
Social Benefits (45%)		18,900	170,100
<u>In-Country travel</u>			<u>29,700</u>
(2 round trips/year)			2,700
(30 days per diem/yr)	100	30	27,000
<u>TOTAL</u>			<u>577,800</u>
<u>WEIGHTED TOTAL (75%)</u>			<u>433,350</u>
<hr/>			
<u>FUNDING</u>			<u>433,350</u>
AID/DA (42%)			180,563
CUB (58%)			252,790
<hr/>			

1g. **Full-Time Bolivian Professors** (72 person/months)

	(in US\$)	<u>Annual</u>	<u>Total</u>
<u>Personal Services</u>		<u>60,900</u>	<u>365,400</u>
Annual salary		42,000	252,000
Social Benefits (45%)		18,900	113,400
<u>In-Country travel</u>			<u>19,800</u>
(2 round trips/year)			1,800
(30 days per diem/yr)	100	30	18,000
<u>TOTAL</u>			<u>385,200</u>
<u>WEIGHTED TOTAL (75%)</u>			<u>288,900</u>
<hr/>			
<u>FUNDING</u>			<u>288,900</u>
AID/DA (30%)			86,670
CUB (70%)			202,230
<hr/>			

1h. **Part-Time Bolivian Professors** (8)

These professors will be contracted to teach a specific course as needed. No allowance for inflation rate is included.

	<u>Hourly Rate</u>	<u>Hours/Year</u>	<u>No. of Prof.</u>	<u>Total</u>
	(in US\$)			
<u>Personal Services</u>				
Hourly salary	40	148	8	23,040
<u>WEIGHTED TOTAL (75%)</u>				<u>17,280</u>
<hr/>				
<u>FUNDING</u>				<u>17,280</u>
AID/DA (38%)				6,480
CUB (62%)				10,800
<hr/>				

12/2

ii. Materials and Supplies

Based on the number of students expected to be enrolled every year in each of the Master's programs, (see Financial Analysis, Section X.C.), it is assumed some \$40 per year, per student, in materials and supplies, plus \$20 per student for each introductory period. In addition, there are \$20,000 assigned for the publication of the research activities. No allowance for inflation is included since these are, again, local costs. The dollar budget protects them from Bolivian inflation.

327 students x \$40	13,080
240 students x \$20	4,800
Research publications	20,000

<u>TOTAL</u>	<u>37,880</u>
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<u>FUNDING</u>	<u>37,880</u>
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CUB	37,880
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1k. Equipment

Hardware and software computer equipment is estimated for all academic and administrative activities - 12 computers and 3 dot matrix printers for use of graduate students; 6 microcomputers, 2 dot matrix printers, 2 laser printers and two LAN servers for the administrative unit at UCB; two microcomputers, a server, a printer and other accessories for the library; and supplies. This equipment is expected to be purchased during the first year of project implementation. Therefore, a one-year allowance for inflation is calculated.

18 microcomputers at \$2,000	36,000
2 servers and accessories for LAN \$15,000	30,000
2 laser printers at \$2,500	5,000
5 dot matrix printers at \$600	3,000
Software for LAN and applications	6,000
Supplies	5,000
Other teaching material (e.g. projectors, video machines)	15,000

2 microcomputers, a server, a printer and accessories for library	20,000
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TOTAL EQUIPMENT	<u>120,000</u>
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Allowance for inflation (3/yr)	3,600
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Replacement & Maintenance contract for 5 yrs.	50,000
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<u>TOTAL</u>	<u>173,600</u>
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<u>FUNDING</u>	<u>173,600</u>
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AID/DA	123,600
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CUB (Maintenance contract)	50,000
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1. TOTAL LONG-TERM TRAINING 3,714,151

FUNDING	3,714,151
AID/DA	2,637,142
GOB/SAFCO	523,309
CUB	553,700

14

2. SHORT-TERM TRAINING

All assumptions of the long-term training budget apply to this project component. As stated before, all budget numbers are the same weighted out by 25%, except for materials and supplies. This component does not include the cost estimated of: both long-term advisors (100% of the costs are included in the long-term program), the short-term technical assistance, and the equipment.

2a. Short-term U.S. Professor (21 person/months)

This short-term professor is expected to join project implementation after the period of the Deputy Chief of Party ends. That is, this person will complement the U.S. staff devoting most of his/her time to academic activities.

	<u>Daily</u>	<u>Working</u>	<u>Total</u>	<u>Total</u>
	<u>Rate</u>	<u>Days</u>	<u>Days</u>	
	(in US\$)			
<u>Personal Services</u>				<u>182,000</u>
Daily salary	320	455	-	145,600
Post Differential (25%)	80	455	-	36,400
<u>Airfare</u> (2 round trips for 5 persons)				<u>7,500</u>
 <u>Allowances</u>				 <u>56,350</u>
Living quarters in a guest house (\$2,500/mo for 21/105 person/months)				21,000
Furniture				7,000
Per Diem	45		630	28,350
<u>In-Country travel</u>				<u>5,775</u>
(2 round trips/year)				525
(30 days per diem/yr)	100		30	5,250
 <u>SUBTOTAL</u>				 <u>251,625</u>
Allowance for inflation (3%/yr)				20,039
 <u>TOTAL</u>				 <u>271,664</u>
 <u>WEIGHTED TOTAL (25%)</u>				 <u>67,916</u>
<hr/>				
<u>FUNDING</u>				<u>67,916</u>
AID/DA				67,916
<hr/>				

2b. Short-term U.S. Professor (42 person/months)

This person will devote his/her time fully to academic activities designed under the project. It is expected that he/she will join the first two long-term technical advisors/faculty beginning the second year of full project implementation (lecturing).

	<u>Daily</u>	<u>Working</u>	<u>Total</u>	
	<u>Rate</u>	<u>Days</u>	<u>Days</u>	<u>Total</u>
	(in US\$)			
<u>Personal Services</u>				<u>364,000</u>
Daily salary	320	910	-	291,200
Post Differential (25%)	80	910	-	72,800
<u>Airfare</u> (1 round trip/each for 8 persons)				<u>12,000</u>
<u>Allowances</u>				<u>113,510</u>
Living quarters in a guest house (\$2,500/mo for 42/105 person/months)				42,000
Furniture				14,000
Per Diem	45		1,278	57,510
<u>In-Country travel</u>				<u>12,300</u>
(2 round trips/year)				1,050
(30 days per diem/yr)	100		30	11,250
<u>SUBTOTAL</u>				<u>501,810</u>
Allowance for inflation (3%/yr)				39,963
<u>TOTAL</u>				<u>541,773</u>
<u>WEIGHTED TOTAL (25%)</u>				<u>135,443</u>
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<u>FUNDING</u>				<u>135,443</u>
AID/DA				135,443
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132

2c. **Short-term U.S. Professor** (42 person/months)

Like the previous U.S. professor, this person will join the faculty staff one and half years into project implementation.

	<u>Daily Working Total</u>			<u>Total</u>
	<u>Rate</u>	<u>Days</u>	<u>Days</u>	
	(in US\$)			
<u>Personal Services</u>				<u>364,000</u>
Daily salary	320	910	-	291,200
Post Differential (25%)	80	910	-	72,800
<u>Airfare</u> (1 round trip/each for 8 persons)				<u>12,000</u>
<u>Allowances</u>				<u>113,510</u>
Living quarters in a guest house (\$2,500/mo for 42/105 person/months)				42,000
Furniture				14,000
Per Diem	45		1,278	57,510
<u>In-Country travel</u>				<u>12,300</u>
(2 round trips/year) (30 days per diem/yr)	100		30	1,050
				11,250
<u>SUBTOTAL</u>				<u>501,810</u>
Allowance for inflation (3%/yr)				39,963
<u>TOTAL</u>				<u>541,773</u>
<u>WEIGHTED TOTAL (25%)</u>				<u>135,443</u>
<u>FUNDING</u>				<u>135,443</u>
AID/DA				135,443

142

2d. Full-Time Bolivian Professors (108 person/months)

	<u>Annual</u>		<u>Total</u>
	(in US\$)		
<u>Personal Services</u>	<u>60,900</u>		<u>548,100</u>
Annual salary	42,000		378,000
Social Benefits (45%)	18,900		170,100
<u>In-Country travel</u>			<u>29,700</u>
(2 round trips/year)			2,700
(30 days per diem/yr)	100	30	27,000
<u>SUBTOTAL</u>			<u>577,800</u>
<u>WEIGHTED TOTAL (25%)</u>			<u>144,450</u>
<hr/>			
<u>FUNDING</u>			<u>144,450</u>
AID/DA (42%)			60,187
CUB (58%)			84,263

2e. Full-Time Bolivian Professors (72 person/months)

	<u>Annual</u>		<u>Total</u>
	(in US\$)		
<u>Personal Services</u>	<u>60,900</u>		<u>365,400</u>
Annual salary	42,000		252,000
Social Benefits (45%)	18,900		113,400
<u>In-Country travel</u>			<u>19,800</u>
(2 round trips/year)			1,800
(30 days per diem/yr)	100	30	18,000
<u>SUBTOTAL</u>			<u>385,200</u>
<u>WEIGHTED TOTAL (25%)</u>			<u>96,300</u>
<hr/>			
<u>FUNDING</u>			<u>96,300</u>
AID/DA (30%)			28,890
CUB (70%)			67,410

2f. **Part-Time Bolivian Professors (8)**

	<u>Hourly Rate</u>	<u>Hours/Year</u>	<u>No. of Prof.</u>	<u>Total</u>
	(in US\$)			
<u>Personal Services</u>				
Hourly salary	40	144	8	23,040
<u>WEIGHTED TOTAL (25%)</u>				<u>5,760</u>
<hr/>				
FUNDING				<u>5,760</u>
AID/DA (34%)				2,160
CUB (63%)				3,600
<hr/>				

2g. **Materials and Supplies**

The project is expected to implement 32 short-term courses during the life of project. It is estimated 20 persons per course for a total of 640 students. The cost of materials for each short course is estimated at \$25.

640 students x \$25	16,000
<u>TOTAL</u>	<u>16,000</u>
<hr/>	
FUNDING	<u>16,000</u>
GOB/SAFCO	16,000
<hr/>	

2. **TOTAL SHORT TERM TRAINING** **601,312**

FUNDING	<u>601,312</u>
AID/DA	430,039
GOB/SAFCO	16,000
CUB	155,273
<hr/>	

3. PROGRAM SUPPORT

3a. Professors Training (8 Bolivian professors)

As per Handbook 10, the following are the allowance rates for short-term courses in the U.S.

	<u>Daily</u> <u>Rate</u> (in US\$)	<u>Total</u> <u>Days</u>	<u>No. of</u> <u>Prof.</u>	<u>Total</u>
Transportation (1 round trip for for 8 persons)	at \$1,500			12,000
Tuition per Semester	at \$6,000			48,000
Room & Board	at \$1,039/mo			41,560
Book Allowance	at \$65/mo			2,600
Insurance	at \$63/mo			2,520
<u>SUBTOTAL</u>				<u>106,680</u>
Allowance for inflation (3%/yr)				8,496
<u>TOTAL PROFESSORS TRAINING</u>				<u>115,176</u>
<hr/>				
FUNDING				<u>115,176</u>
AID/DA				115,176
<hr/>				

3b. Book and Video Fund and Computer Network Connection

4,000 books at an ave. price of \$25				100,000
Subscription to periodicals (at \$150/yr. x 5 yrs. x 20 periodicals)				15,000
Computer Network Connection				30,000
<u>SUBTOTAL</u>				<u>145,000</u>
Allowance for inflation (3%/yr)				11,547
<u>TOTAL BOOK SUPPLY</u>				<u>156,547</u>
<hr/>				
FUNDING				<u>156,547</u>
AID/DA				156,547
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140
1

3c. **Marketing Strategy**

500 brochures at \$10	5,000
Posters	2,000
Other	33,000
<u>TOTAL MARKETING STRATEGY</u>	<u>40,000</u>

FUNDING	<u>40,000</u>
AID/DA	40,000

3d. **Student Assistanship Fund**

As described in the Financial Analysis (Section X.C.), tuition costs for the Master's degree at CUB are estimated at an average of US\$1,700/year for the life of the project. The project proposes to provide seed money equivalent to 30 two-year scholarships of about US\$3,400 each.

TOTAL STUDENT ASSISTANSHIP FUND **102,000**

FUNDING **102,000**

AID/DA 102,000

3e. Administrative Costs (4.5 years)

1. U.S. University: (30% of total costs of the long-term advisors, professors and short-term technical assistants, and 10% of the total cost of the Bolivian professors personnel expenditures)

U.S. long-term technical advisor (57 person/months)	1,094,903
U.S. long-term technical advisor (36 person/months)	658,309
Short-term U.S. professor (21 person/months)	271,664
Short-term U.S. professor (42 person/months)	541,773
Short-term U.S. professor (42 person/months)	541,773
Bolivian professors training (40 person/months)	<u>115,176</u>
SUBTOTAL	3,223,598
30% U.S. University Overhead on U.S. Costs	967,079
<u>TOTAL U.S. UNIVERSITY OVERHEAD</u>	<u>967,079</u>
FUNDING	<u>967,079</u>
AID/DA	967,079

14/12

2. Catholic University of Bolivia: (Administrative Unit)

	<u>Annual</u>	<u>Total</u>
	(in US\$)	
<u>Personal Services</u>	<u>87,000</u>	<u>391,500</u>
Salaries:	60,000	270,000
Proj. Coordinator at CUB	36,000	162,000
Adm. Assistant at CUB	18,000	81,000
Secretary at CUB	6,000	27,000
Fringe Benefits:	27,000	121,500
Proj. Coord. at CUB (45%)	16,200	72,900
Adm. assistant at CUB (45%)	8,100	36,450
Secretary at CUB (45%)	2,700	12,150
<u>Other Indirect Costs:</u>	<u>20,000</u>	<u>100,000</u>
<u>TOTAL ADMINISTRATIVE COSTS</u>	<u>97,000</u>	<u>491,500</u>
<u>INFRASTRUCTURE MAINTENANCE COSTS</u>	<u>70,000</u>	<u>350,000</u>
<hr/>		
FUNDING		<u>841,500</u>
CUB		606,600
AID/DA		234,900

3. USAID:

	<u>Annual</u>	<u>Total</u>
	(in US\$)	
<u>Personal Services</u>	<u>61,300</u>	<u>304,650</u>
Salaries:	46,800	234,000
Proj. assistant	36,000	180,000
Secretary	10,800	48,600
Fringe Benefits:	14,500	70,650
Proj. assistant	10,800	54,000
Secretary	3,700	16,650
<u>Other Direct Costs: (20% of</u> <u> Personal Services)</u>	<u>15,310</u>	<u>68,895</u>
<u>Travel:</u>	<u>15,000</u>	
<u>TOTAL ADMINISTRATIVE COSTS</u>		<u>388,545</u>
<hr/>		
FUNDING		<u>388,545</u>
AID/DA		388,545

3f.	<u>Evaluations</u>	
	One mid-term evaluation	10,000
	One final evaluation	20,000
	Allowance for inflation (3%/yr)	2,389
	<u>TOTAL</u>	<u>32,389</u>
<hr/>		
	FUNDING	<u>32,389</u>
	AID/DA	32,389
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3g.	<u>Audits</u>	
	Four annual audits	40,000
	One final external audit	20,000
	Allowance for inflation (3%/yr)	4,778
	<u>TOTAL</u>	<u>64,778</u>
<hr/>		
	FUNDING	<u>64,778</u>
	AID/DA	64,778
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3.	<u>TOTAL PROGRAM SUPPORT</u>	2,660,014
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	FUNDING	<u>2,660,014</u>
	AID/DA	2,101,414
	CUB	558,600
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ANNEX F
CONTRACTIBLE SCOPE OF WORK FOR IMPLEMENTATION
Contractor Technical Assistance and
Teaching Component

ANNEX F

CONTRACTIBLE SCOPE OF WORK FOR IMPLEMENTATION
Contractor Technical Assistance and
Teaching Component

The present statement of work is to provide the potential contractor with the necessary guidelines and information for the submission of proposals. The Contractor, with the Catholic University of Bolivia, will jointly implement the Human Resources for Development Project (Project No. 511-0631) by developing and establishing two Master's programs, transferring higher education technology and, to the extent possible, establishing an on-going relationship with the local university.

This will be a completion type contract. The descriptions of personnel and level of effort are illustrative only. Offerors may propose other personnel and Level of Effort (LOE) which will result in the deliverables (Section V).

For proposal preparation purposes: offerors should submit, as part of the technical proposal, names and supporting data for all key personnel. All key personnel must dedicate 100% time to the contract unless otherwise stated below. Curriculum vitae, letters of commitment, and proposed field placements should be included in the proposal for in-country staff and key U.S. based administrators. Prior Contract Officer's approval and concurrence will be required for all professional staff and consultants hired by the contractor and paid under the contract.

I. Illustrative Key Personnel, Short-Term Advisors and Level of Effort

The suggested key personnel to be furnished by the Contractor under this contract are the following:

<u>Long-Term Key Personnel</u>	<u>Person/Months</u>
a) Chief of Party & Master's Degree Program, Graduate Auditing/Financial Control (MAFC) Advisor.	57
b) Master's Degree Program, for Graduate Public Policy and Management (MPPM) Advisor.	<u>36</u>
<u>SUBTOTAL LONG-TERM PERSONNEL</u>	93

- 152 -

Additional U.S. Professors who may complement the academic activities of the long-term personnel are:

	<u>Person/Months</u>
- One Professor for the Public Policy and Management Graduate Program	36
- One Professor for the Public Policy and Management Graduate Program	42
- One Professor for the Auditing/Financial Controls	<u>42</u>
<u>SUBTOTAL SHORT-TERM PERSONNEL</u>	120
<u>TOTAL PERSON/MONTHS</u> (Long & Short-Term)	213

II. Illustrative Roles and Responsibilities

A. Long-Term Personnel:

1. Chief of Party/MAFC Advisor

The suggested Chief of Party/MAFC Graduate Program Advisor has two roles: 1) Chief of Party and 2) graduate program development in auditing/financial control, and will have the following suggested responsibilities:

a. Role of the Chief of Party

- 1) Assume specified, agreed to authorities and responsibilities for project implementation in Bolivia according to the terms and conditions to be specified in a long-term technical assistance contract to be signed between USAID/Bolivia and the contractor, with CUB concurrence;
- 2) Assist Catholic University of Bolivia in conceptualizing, organizing and implementing a basic work plan, identifying strengths and needs and in coordinating use of personnel;
- 3) Assist in implementation and co-managing of the proposed graduate programs in auditing/financial control and public policy and management and the long and short-term training and educational programs;
- 4) Formulate individual scopes of work for short-term professors, including a work plan for each;

- 5) Participate in the selection of candidates for the two master's programs and the short-term training programs;
- 6) Coordinate faculty training/exchange and in-country faculty seminars;
- 7) Communicate and liaise with Contractor home office, USAID/Bolivia and the Catholic University of Bolivia;
- 8) Participate in coordination of research activities utilizing and in co-managing of long-term advisors and U.S. and Bolivian professors;
- 9) Co-design and co-manage with counterparts a marketing program for graduate degree programs and short courses;
- 10) Assist the Catholic University administration and faculty to design and execute a financial plan for long-term sustainability for graduate and other programs developed under the project;
- 11) Collaborate in the design and implementation of a fund raising campaign for partially financing long-term sustainability of graduate and other programs developed under the project;
- 12) Manage procurement activities assigned to the contractor and assume responsibility for purchasing, receiving, storing and shipping materials including textbooks and related instructional materials;
- 13) Write all progress reports (quarterly, annual, and special);
- 14) Collaborate with USAID/Bolivia and auditors in monitoring, evaluation and audits of program;
- 15) Administratively approve contract bills/invoices and exercise other authorities in Bolivia for purchases under the contract and assume responsibility through the end of the contract for annual reports on U.S. Government property in contractor's custody, keeping adequate property inventory verifications;
- 16) Provide recommendations for restocking current textbooks and periodicals, both for library and for sale to students.

b. Role of the Graduate Auditing/Financial Control Advisor

- 1) Assist in the development of curricula plans and frameworks for each area and level of the auditing/financial control graduate program;

- 2) Provide overall direction of the curricula development effort to the technical team (contractor and Catholic University) charged with developing broad competencies and teaching guides for existing texts;
- 3) Conduct workshops and assist the curricula staff in the development of short course modules and other appropriate schemes for short-term training;
- 4) Develop instructional materials and field test them during the start-up phase and during the life of project, as appropriate;
- 5) Collaborate with subject matter teams formed from the Catholic University faculty, the contractor and short-term subject matter specialists, augmented from other institutions when appropriate;
- 6) Assist in developing and refining new curricula and instructional materials, by testing and systematic evaluation; and
- 7) Assist in the development of standards and tests (including admission standards and tests) for the accounting/financial control graduate program.

c. Academic Background

The suggested academic background of the COP/MAFC Advisor consists of:

- Ph.D., professor in accounting/auditing at the Master's level.
- Knowledge of accounting and financial control systems.
- Management experience in graduate programs, preferably in Latin America.
- Proven ability in the design of curricula.
- Research experience.
- Spanish language proficiency (full professional competency) at the minimum foreign service level of R3/S3.

2. Deputy Chief of Party/MPPM Advisor

The second long term advisor will also have two roles with the following suggested responsibilities:

a. Role of the Deputy Chief of Party

Assume all of the legal, administrative, academic and other functions of the Chief of Party in his absence.

b. Role of the Graduate in Public Policy and Management Advisor

- 1) Provide backup and support to the Chief of Party;
- 2) Assist in the development of curricula plans and frameworks for each area and level of the public policy and management graduate program;
- 3) Provide overall direction of the curricula development effort to the technical team (contractor and the Catholic University) charged with developing broad competencies and teaching guides for existing texts;
- 4) Conduct workshops and assist the curricula staff in the development of short course modules and other appropriate schemes for short-term training;
- 5) Develop instructional materials and field test during the start-up phase and during the life of project, as appropriate;
- 6) Collaborate with subject matter teams formed from the Catholic University faculty, the contractor and short-term subject matter specialists augmented from other institutions when appropriate;
- 7) Assist in developing and refining curricula and instructional materials by testing and systematic evaluation; and
- 8) Assist in the development of standards and tests (including admission standards and tests) for the public policy and management graduate program.

c. Academic Background

The suggested academic background of the Deputy COP/MPPM Advisor consists of:

- Ph.D., professor in public policy and administration at the Master's level.
- Knowledge of civil service systems in developing countries.
- Management experience in graduate programs, preferably in Latin America.
- Proven ability in the design of curricula.
- Research experience.
- Spanish language proficiency (full professional competence) at the minimum foreign service level of R3/S3.

B. Short Term Personnel:

It is suggested that the team of U.S. professors support and work with the key long-term U.S. personnel, and their Catholic University counterparts in implementing the activities

identified above under key-personnel activities, as well as any other professional areas identified in individual work plans, including training needs assessments, short-term training seminars and workshops. The specific activities have purposely been left open so that offerors may propose improvement, and refinements in planned scopes of work in order to facilitate the attainment of desired project objectives. The offeror should propose a staffing pattern for technicians, professors and administrative personnel including an organizational chart, both locally and in the United States which it believes is justifiable explaining the reasons for staffing requirements. Local requirements will include the staffing and equipping of an administrative unit for the contractor, to be located in the space provided by the Catholic University. Offerors are encouraged to employ local Bolivian staff as appropriate.

The provision of some technical assistance may be provided through subcontracts and/or consultants but must be justified. Such subcontracts will require the prior written approval of the USAID/B Regional Contract Officer, and consultant selection may require the prior written approval of the USAID/B Project Officer and/or Regional Contract Officer. Although the level of effort described above reflects significant analysis and discussion during the design stage of the project, offerors are encouraged to propose alternative staffing and level of effort consistent with the project objectives.

It is suggested that the short term personnel should be professors at the Master's level of a given area to be taught in a specific semester, should have research experience and should have a Spanish language proficiency at the minimum level of R3/S3.

III. Contractor Deliverables

It is anticipated that the successful contractor will assist the Catholic University of Bolivia (CUB) in attaining project outputs, thereby contributing to the accomplishment of the purpose and the goal as described in the background section of this PIO/T. The U.S. Contractor will provide the necessary resources to complete the following deliverables:

1. development of curricula in the two Master's programs designed specifically to meet the country's needs considering the existing situation of Bolivian professionals and of CUB's strengths and needs;
2. upgrading of the existing graduate programs which the project will build on;
3. assist in the development and execution of short courses and seminars;
4. development of admission standards for the Master's programs;
5. upgrading of full-time Bolivian faculty for the Master's programs through training abroad;
6. improvement of the library system at CUB through the addition of approximately 4,000 books (including periodicals and videos) and computer network connection;
7. making available 1,200 books to students for use in the new Master's courses;

8. establishment of a promotional program for the Master's degree programs and related academic activities;
9. design and operation of an appropriate fundraising campaign; and
10. establishment of a student assistantship fund for graduate students to provide grants and loans to qualified students in need.

Offerors will provide a schedule to indicate the sequence of these deliverables during the life of the contract.

In addition to providing the resources necessary to attain project deliverables, the Contractor shall, under each of the following project components:

A. Two Master's Level Programs for Auditing/Financial Controls and Public Policy and Management

- Collaborate with CUB in the design, development and execution of curriculum plans and frameworks for each area and level of the two new graduate programs.
- Collaborate with CUB in the design and development of instructional materials required for carrying out the curriculum design.
- Collaborate with CUB in the design, development and implementation of workshops for curriculum staff and instructors in the development of curriculum modules.
- Conduct subject matter team training for Catholic University, Contractor and other institutions.
- Test, evaluate, produce and refine curriculum and instructional materials.
- Develop standards and examination tests for each graduate program.
- Collaborate in the instruction and graduation of the number of students targeted under this project from each of the two new graduate programs and existing graduate programs at CUB.
- Prepare approximately eight Catholic University professors for core university teaching and research, each of whom will have participated in the faculty exchange program and in-country training by contractor advisors.

B. Short-Term Courses and Seminars

- Collaborate with CUB in the design, development and implementation of approximately thirty short-term sessions/courses aimed at providing training to 865 persons by the end of the life of project.

155

- Collaborate with CUB in the design and development of instructional materials for all training activities sponsored by the HRD project.
- Train the core university professors, co-teaching with the contract team in the long and short-term components as required for the long and short-term courses and the in-service training that will be accomplished during the life of project.

C. Faculty Training

- Construct a faculty training/exchange program in the U.S., in-country and in third countries, if necessary, acceptable to CUB and USAID/Bolivia, identifying participants jointly with CUB, aimed at strengthening the academic, research, administrative skills of CUB staff.

D. Textbook and Video Acquisition, Computer Network Connection and Library Improvement

- Design a procurement plan and a textbook and video system jointly with CUB which supplies the quantities and quality of material appropriate for teaching, research and case study preparation for the two new graduate programs that will be established in CUB.
- Coordinate jointly with CUB in the necessary tasks that will enable it access and actively participate in a computer network with other international university libraries connected to this system.

E. Establishment of a Marketing Program

- Collaborate with CUB in the establishment of a functioning marketing program to attract qualified students to the Master's programs and place the new graduates, that includes a fundraising mechanism that will support the financial sustainability of the project. Recruitment of qualified women will be emphasized as an integral part of the program.

The contractor shall develop in concert with the USAID/B project officer an Annual Implementation Plan (AIP) during the first three months of the contract which after approval by the USAID/Bolivia project officer will be the basis for monitoring project implementation. This plan will establish in detail the Contractor's proposed activities, calendar and allocation of human and financial resources, and overall strategy for year one.

IV. Reports

In addition to the requirements for submission of reports mentioned above, the contractor shall submit to the USAID/Bolivia project officer the following management reports:

A. Annual Implementation Plan (AIP)

The proposed AIP shall be submitted for approval not less than 30 days prior to the relevant year. These annual plans shall reflect needs, priorities, and resources, including

all significant activities proposed: location, timing, and budget (person-months and dollars); staff requirements and skills; and scheduling. The AIP will detail each project component in sequence on the project's critical path and will measure planned progress toward obtaining project milestones and objectives. The AIP will detail how progress toward such objectives and milestones will be measured. The Contractor will prepare an AIP for each year of the project. The AIP shall be updated quarterly or as often as necessary to reflect actual project progress and implementation.

B. Annual Report

At the end of each year during the project, the Contractor, in collaboration with the Catholic University, shall undertake an intensive review of the preceding year based on workplans and progress reports. This review will examine planned objectives and outputs, problems encountered, lessons learned and feedback on the adequacy of logistics and resource application in Bolivia and the United States. This report will discuss accomplishments, problems, and suggest alternatives in carrying out the scope of work. This annual report shall be the basis for drafting subsequent workplans for each succeeding year of the project.

C. Quarterly Report

The Contractor shall prepare progress reports which follow the format of the work plan and indicate progress and problems related to achieving objectives, deliverables, outputs, etc. during the period, expenditure data and activities to be completed for the next period. Expenditure data shall include the budgeted cost of work performed as well as the actual cost of work performed.

D. Financial Reports

The contractor shall prepare monthly financial reports that will include monthly vouchers and planned expenditures for the following month.

E. Other Reports

The contractor shall also prepare any other reports required by USAID, in formats to be determined by USAID. For example, the contractor will prepare statistical expenditure reports, and submit timely vouchers in formats acceptable to USAID.

F. Final Report

This final report shall be submitted one month prior to the contract's termination. The report will summarize all project activities and outputs achieved. It will synthesize what has been learned and suggest opportunities for future programs and ways to correct programs may be continued. The precise format of this report shall be jointly determined by the USAID project manager and the contractor at the beginning of the final year of this project.

All reports shall be submitted to the USAID Project Officer and Contract Officer in English. Financial reports shall be submitted to the Project Officer and Contract Officer and Controller's Office.

V. Logistic Support

A. The following will be supplied in kind at no cost to the contract by the Catholic University in La Paz, or other regions of the country as may be called for:

1. Office space for contractor advisors and professors.
2. Teaching and research space and facilities.
3. Library facilities and storage space for textbooks, instructional materials, equipment and supplies.

B. The Contractor will be responsible for all logistic support for its personnel. USAID/Bolivia will provide household-furniture and appliances for both long-term advisors but not for a conceivable "guest house" for the short-term professors. Contractor will be responsible for housing arrangements. Customs clearance services may be provided by USAID/Bolivia and billed to the Contractor for authorized personal effects and commodities.

C. The Contractor, in coordination with CUB, will be responsible for the provision of other logistic support, including the following:

1. Specialized office furniture, equipment (computers, fax, telephone) for its long-term advisor(s).
2. International transportation for personal effects, a privately owned vehicle, and authorized commodities for long-term personnel.
3. International transportation of all personnel.
4. In-country transportation of contract persons.
5. Appropriate insurance coverage for all employees.
6. Procurement for implementation of the project, including:
 - a. Book and Video Fund and Computer Network Connection
 - approximately 4,000 books for both the library and for the use of students.
 - subscription to an estimated 20 periodicals.
 - an appropriate number of videos for academic purposes.
 - b. Other Teaching Material
 - video equipment, projectors and other teaching material as jointly determined by the contractor and CUB.

c. Materials and Supplies

- for the total student enrollment in the two Master's programs.
- for about 865 short-term students participating in seminar/courses.

VI. EVALUATION CRITERIA FOR AWARD OF CONTRACT

The technical evaluation panel will be composed of members of USAID/Bolivia, a representative from each CUB and the Office of the Controller General of Bolivia and will evaluate and score the technical proposals submitted.

The criteria set forth below shall serve as the basis upon which technical proposals will be evaluated. Information relevant to these criteria should be presented in a logical manner within the formal format of proposals. The technical criteria are presented by major category, with relative order of importance indicated by approximate weighing. Total possible points is 100, of which 80 are for technical evaluation and 20 for the cost evaluation.

The criteria below, and the numerical weighing, have been tailored to the requirements of this particular solicitation. These criteria are intended to (a) serve as the standard against which all technical proposals will be evaluated and (b) serve to identify the significant areas offerors should address in their technical proposals.

A. Technical Evaluation

	<u>Points</u>
1. Qualifications of Bidding Organization	30
a. Demonstrated, relevant and successful experience in programs and activities similar to those of the RFP.	
b. Experience working in developing countries with similar programs.	
c. General knowledge of typical third country problems and issues in the project's two programs areas, and proven ability to provide technical assistance in policy formulation and implementation.	
d. Proven ability to establish long-term institutional relationships with local counterparts.	
2. Technical Approach to Accomplish Project Objectives	20
a. Understanding of the contract requirements as reflected by the analysis of the work statement,	

	the proposed composition of staff, proposed position descriptions, proposed work plan and the offeror's proposed approaches to achieving project objectives.	
	b. Innovativeness, pragmatism, and creativity of proposed strategy, management plans, and methodology to assure satisfactory coordination and complementarity of activities with CUB.	
	c. Scope and sequence of Implementation Plan for proposed contract activities and deliverables.	
	d. Degree to which offeror incorporates CUB and other Bolivian specialists in implementation plan.	
3.	Qualifications of Proposed Personnel	25
	a. Academic and technical qualifications, professional competence and demonstrated experience.	
	b. Spanish Language proficiency of U.S. personnel at the level of R3-S3.	
4.	Capacity for Commodity Procurement	5
	a. USG approved procurement system.	
	b. Demonstrated experience in procuring commodities or ability to contract same.	
	<u>TOTAL TECHNICAL EVALUATION</u>	80

Four copies of the Technical proposal should be submitted.

B. Cost Evaluation

The cost evaluation criterion can provide up to a maximum of 20 points of the total evaluation. The proposed cost plus fixed fee (as applicable) will be closely evaluated in terms of cost realism in relation to the overall proposal, taking into consideration the completeness and clarity of the supporting cost and pricing data. Consequently, each offer should be submitted on the most favorable terms from a cost and technical standpoint, as the proposed contract award will be made to the responsive and responsible offeror whose combined technical and cost scores promise the greatest value to the U.S. Government. The expressed willingness of offerors to minimize Government exposure to increases in indirect costs by the offeror placing a ceiling on indirect rates and salary annual increases will be more

163

favorably /evaluated. Cost will not be as significant a factor as will the technical evaluation. However, in the event that technical scores are close, cost may be the determining factor.

C. Determination of Competitive Range and Contractor Selection

The competitive range of offerors with whom negotiations will be conducted (if necessary) will be determined by the Contracting Officer based on the above technical and cost evaluation factors, and will be comprised of all Offerors whose proposals, through negotiation and discussion, have a reasonable chance of being selected for award considering such technical and cost factors.

D. Contracting with Gray Amendment Entities and Small Business Concerns

A.I.D. encourages the participation to the maximum extent possible of Gray Amendment entities and small business concerns in this project, in accordance with Part 19 of the Federal Acquisition Regulation (48 CFR Chapter 1), and Part 726 of the A.I.D. Acquisition Regulation (48 CFR Chapter 7). In this respect, it is anticipated that every reasonable effort will be made to identify and make use of such concerns.

Offerors shall submit their cost proposals using Lotus Spreadsheet preferably release 2.3. or 3.1. The offeror may provide the information on 3 1/2 inch diskette. Two (2) hard copies of the cost proposal shall be included in the proposal.

The basic categories of costs shall include salaries, fringe benefits, overhead, allowances, and other direct costs as well as travel, equipment, training, general administration costs, and profit or fixed fee.

Following are the criteria definitions:

1. **Reasonableness**

The degree to which elements of proposed costs compare to the costs a reasonable and prudent person would be expected to pay for the same or similar item or services.

2. **Realism**

The degree to which elements of the proposed cost demonstrate that the offeror understands the objectives and requirements of the contract. The evaluation will consider evidence that the offeror can successfully complete the requirements for the proposed cost/price. Cost risk analysis will be performed based upon technical uncertainties reflected in the technical and cost proposals.

3. **Completeness**

The degree to which the offeror complies with the instructions for preparation of cost proposals as specified.

ANNEX G
GENERAL ISSUES

UNITED STATES GOVERNMENT
memorandum

DATE: June 25, 1993
PDI/M-335/93
REPLY TO
ATTN OF: Mahlon Barash, PD&I *MB*
SUBJECT: Issue from Review of Project Paper, Human Resources for Development Project, 511-0631
TO: See Distribution

The following issues were discussed in the Project Paper review of subject project on June 18, 1993. Their discussion and resolution by the committee follows:

1. Funding: Will there be sufficient funding available in future years to fully fund this project?

Discussion: Due to reduction in funding levels throughout the Agency, it is perhaps more uncertain than normal if and how much funding will be available to this project in the out years. A total of \$1 million in DA funds has been allocated to this project for FY 93.

Resolution: Given the uncertainty of our future funding levels, we have no way of knowing at this point whether funding for this project will offer any problems. In any case, there will be close coordination with DP to assure that the yearly allocations for this project are secured at an appropriate level.

2. Number of activities: Is this project trying to accomplish too many activities and can these activities be adequately managed?

Discussion: Given potential funding constraints, should some of the activities have a lower priority, be delayed or be entirely curtailed? The only way that significant reductions could be made in the budget is to cut one of the master's programs out entirely (approximately a 50% reduction). The short courses are taught by the same professors as teach in the

1/6

master's programs, so eliminating these courses would not reduce the expenditures. The cost of the books and computers is relatively low, but with a high return. The same is true of the cost of the faculty training/exchanges. Therefore, cutting either or both of these expenses would not result in a significant reduction in costs.

In addition to the funding issue, there is a concern about the Mission's ability to manage project activities, particularly those outside the "core" two master's programs. To address this issue a full-time PSC project manager will be contracted by USAID. As far as the U.S. university and CUB are concerned, adequate controls and reporting mechanisms will be built into the contract and MOU to keep Mission management well-informed and involved in project activities.

Resolution: The issue that came up was not so much the DA funding, the resolution of which has been stated above, but the probability that the World Bank proposed contribution via the Controller General would materialize. A letter from the World Bank/La Paz was requested that would offer "reasonable assurance of this contribution before authorization. A letter of commitment from World Bank headquarters (Washington) would be a Condition Precedent to disbursement. A meeting was held with Connie Bernard, World Bank Rep/La Paz who said she had no problem with the proposed contribution, but that she would need a letter from the Controller General requesting that the funds be used for the HRD project. This letter will be requested as soon as the Controller General returns to the country. Mr. Leonard agreed that we could go ahead with authorization on the verbal assurance of Connie Bernard, but that the World Bank letter (resulting from a Controller General letter) would be a CP to obligation and consequent disbursement.

3. Project Goal: Should the project goal reflect the democracy or non-coca trade strategic objective or perhaps both?

Discussion: Originally the project goal was related to the non-coca trade S.O., but was changed to reflect the democracy S.O. because the project supports the development/improvement of democratic institutions.

Resolution: It was determined that the project primarily supports the Strengthening Democracy strategic objective and secondarily the Trade and Investment strategic objective.

Clarification: When necessary the project will coordinate the design and offering of all in-country short courses with IDEA and other Mission training programs. The Project Paper will be adjusted to reflect the project's relationship with IDEA and other similar programs.

147

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ANNEX H
INITIAL ENVIRONMENTAL EXAMINATION
I E E



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

LAC-IEE-93-33

REQUEST FOR A CATEGORICAL EXCLUSION

Project Location : Bolivia
Project Title : Human Resources for Development
Project Number : 511-0631
Funding : \$5,500,000
Life of Project : 5 years
IEE Prepared by : Mahlon A. Barash
 USAID/Bolivia
Recommended Threshold Decision: Categorical Exclusion
Bureau Threshold Decision : Concur with Recommendation
 Comments : None

James S. Hester Date 6/29/93
 James S. Hester
 Chief Environmental Officer
 Bureau for Latin America
 and the Caribbean

Copy to : Carl H. Leonard, USAID/Bolivia
 Mission Director
 Copy to : Lewis Lucke, USAID/Bolivia
 Copy to : Mahlon Barash, USAID/Bolivia
 Copy to : Mike Yates, MEO
 USAID/Bolivia
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170

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AIDAC LA PAZ FOR M.BARASH, QUITO FOR H.CLARK
E.O. 12356: N/A

Reply due 7/8

TAGS:

SUBJECT: ENVIRONMENTAL THRESHOLD DECISION FOR HUMAN
RESOURCES FOR DEVELOPMENT (511-0631)

Action tkn

NAN
6/30/93

REF: BOLIVIA FAX, BARASH TO MENCZER, JUNE 25, 1993

1. LAC CHIEF ENVIRONMENTAL OFFICER, JAMES HESTER, HAS
REVIEWED AND HEREBY APPROVES MISSION REQUEST FOR A
CATEGORICAL EXCLUSION FOR SUBJECT PROJECT.

2. IEE NUMBER IS LAC-IEE-93-33. COPY OF ENVIRONMENTAL
THRESHOLD DECISION IS BEING SENT TO MISSION FOR INCLUSION
IN PROJECT FILES.

CHRISTOPHER
BT
#7118

NNNN

UNCLAS AIDAC SECSTATE 197118

171

ANNEX I
INSTITUTIONAL ANALYSIS OF THE
CATHOLIC UNIVERSITY OF BOLIVIA

**INSTITUTIONAL ANALYSIS OF THE
CATHOLIC UNIVERSITY OF BOLIVIA**

- I. PURPOSE**
- II. BACKGROUND**
- III. SCOPE OF WORK**
- IV. ORGANIZATION**
 - 1. Legal Constitution and Legal Capacity**
 - 2. By-Laws and Internal Regulations**
 - 3. Structure of the Organization**
 - 4. Handbooks**
 - 5. Personnel**
- V. ADMINISTRATION**
 - 1. Accounting System and Internal Control**
 - 2. Financial Statements**
 - 3. Budget and Budget Control**
 - 4. Periodic Reports**
 - 5. Internal and External Audits**
 - 6. Acquisition Procedures and Service Contracts**
 - 7. Inventory Control**
 - 8. Travel Procedures**
 - 9. Publications**
- VI. INFRASTRUCTURE AND INSURANCE**
- VII. CONCLUSIONS AND GENERAL RECOMMENDATIONS**

INSTITUTIONAL ANALYSIS OF THE CATHOLIC UNIVERSITY OF BOLIVIA

I. PURPOSE

The purpose of the current work is to present the results of the institutional analysis of the "San Pablo" Catholic University of Bolivia, in reference to the administrative and financial systems of the university.

II. BACKGROUND

Currently, USAID/Bolivia is in the process of completing the project design of the "Human Resources for Development Project", the objective of which is to improve the professional and administrative capacity of the public and private sectors to formulate and implement policies. The project will provide direct technical assistance from a U.S. Contractor, for the development of Masters programs in: Financial Controls/Auditing and Public Management and Policy. This project will be integrated to the existing academic programs at the "San Pablo" Catholic University of Bolivia and it will be developed on the basis of these programs; particularly, with programs related to business administration and international trade. It is estimated that the project will last five years.

The "San Pablo" Catholic University of Bolivia (CUB) has had an accelerated growth in the past five years, which has caused many changes in its organic structure as well as in its administrative, infrastructure and personnel systems, etc.

Currently, CUB has regional universities in Cochabamba and Santa Cruz. Although these are independent academically only the regional university in Cochabamba is self-sufficient. The Santa Cruz Catholic University started its academic activities in 1993 with a loan from the main University in La Paz.

CUB is empowered to issue academic degrees which are recognized by the National University System. CUB grants issues B.S/B.A. degrees for 19 careers, Associate degrees in 5 and Masters in 6. (See Annex No. 1).

III. SCOPE OF WORK

USAID/Bolivia's Controller's Office has performed a survey of the administrative and financial capacity of the CUB in La Paz. For that purpose interviews were conducted with CUB personnel in charge of administrative and financial activities. Likewise, a revision of the pertinent documentation for this purpose was also performed.

This survey has been divided into the following areas: organizational, administrative, infrastructure and insurance aspects.

IV. ORGANIZATION

1. Legal Constitution and Legal Capacity

The "San Pablo" Catholic University of Bolivia (CUB) was created on July 16, 1966 by the Bolivian Episcopal Conference. The Conference is the entity that encouraged CUB's formation and is University's founder and owner. CUB obtained the authority for its operations through Supreme Decree No. 07745, dated August 1, 1966, under the responsibility and control of the Bolivian Episcopal Conference. The Conference has legal authority for the academic and administrative management.

CUB is an organization that allots all its income and its net worth to non-profit purposes. Under no circumstances are these resources distributed directly or indirectly to its associates. In the event of a liquidation, net worth will be distributed among entities that have the same objectives, if there are any remaining resources these will be absorbed by the Episcopal Conference.

CUB's legal address is in the city of La Paz (Bolivia), without definition of a specified location. The Bolivian Episcopal Conference has the authority to determine the university's closure of operations (partly, totally, temporary or definitive), as well as its reopening.

CUB is organized nationally as an institution of the Catholic Church. It is divided into Regional Academic Units.

CUB is dedicated to research, teaching and many forms of services related to its cultural mission.

2. By-Laws and Internal Regulations

In addition to the authorization for CUB's operations, the By-Laws were approved under Decree No. 07745, dated August 1, 1966. Currently, CUB has modified its By-Laws as a result of the increase in its operations and responsibilities. The new CUB By-Laws are in force since July, 1992 and have been approved by the Bolivian Episcopal Conference. They only need to be approved by the Vatican. According to its administrators, CUB does not require legal formalities to put its new By-Laws into effect due to its special characteristics.

The new By-Laws contain 15 titles and 98 articles. These are set up in an experimental fashion for the next five years. The aspects that they encompass are detailed in Annex 2.

CUB's internal regulations are currently being modified. However, it was possible for us to analyze the draft regulations which are currently being reviewed. These regulations include: general application standards, organization and administration, appointment of personnel, hiring of personnel, salary regime, social security, training of personnel,

secunding, cultural and social incentives, unions, rights and obligations of the workers, occupational security and general dispositions. CUB estimates that they will complete and implement these regulations by the end of the year.

3. Structure of the Organization

The organization's structure was modified in 1992 in agreement with the new CUB's By-Laws (see Annex 3), which is in agreement with the size of the organization and its needs.

The Bolivian Episcopal Conference is the maximum authority within CUB's structure. It is in charge of establishing the general guidelines of the organization, in the academic as well as in the administrative area. The Chancellor is the direct representative of the Bolivian Episcopal Conference. He is in charge of assuring that the university responds to the objective of being an institute for superior education, guided by the standards of the Catholic faith, promoting initiatives that lead to this end. Likewise, the Conference grants the Rector or, in any event the Pro-Rector, the necessary powers for representation of the university.

The Bolivian Episcopal Conference is in charge of appointing the seven members that make up the Board of Directors of the University. This is the decision making organization in the academic and administrative fields. It oversees compliance with the goals and objectives and is chaired by the Chancellor. Some of its duties include submitting the list of three candidates in order for the Bolivian Episcopal Conference to select the Rector. The Board appoints Vice-Rectors, the Academic Secretary, the Secretary General, Deans of Faculties and Career Directors, as proposed by the Rector. It approves the annual budget; the Annual Balance Sheet and the Financial Statements. It appoints external auditors every year and approves agreements and contracts signed by the university authorities. etc.

The Rector is the maximum university executive and academic authority and is the legal representative. The Pro-Rector is under the Rector and represents him when absent. He is the executive authority responsible for the academic areas of the university at a national level. The National Administrative-Financial Vice-Rector is in charge of supporting the Rector and the Board of Directors on administrative matters.

By the end of 1992 a new classification of employees began, in accordance with the requirements of the new By-Laws. This has been mostly implemented. Some vacant positions (i.e., Pro-Rector, Administrative and Financial Director for La Paz, Regional Academic Vice-Rector for La Paz, etc) will be filled in the near future.

To date there are two regional offices in Cochabamba and Santa Cruz. The La Paz office is part of the national office. The university operations are divided into two areas - academic and the administrative-financial. The maximum authority in the regional offices is the Academic Vice-Rector.

4. Handbooks

Since late 1979 the university has a "Handbook of Information and Academic-Administrative Procedures" that contains information on: the organization and administration of the university (objectives, organizational chart, description of functions of the executive, consulting and deliberating bodies of the university, functions of the administration and organization of academic personnel); academic responsibilities and relations (admissions and registration, transference, revalidations, instruction standards, academic titles and grades and academic regimes); administrative personnel, (hiring personnel, work schedules, administrative standards, etc.); help for teaching and research; and institutional services.

The above-mentioned manual is now outdated within the CUB and is being reviewed. Although several operations are handled in accordance with existing needs, it is necessary to make them official. Therefore, the following will be prepared: Operations Manual, Personnel Manual, Accounting Manual, Cashier's Manual and others.

CUB has instructions for the acquisition of properties and office equipment (national and foreign) and other instructions for construction and restoration of properties. These instructions are still in draft waiting for the approval of the CUB Board of Directors. These are very general and provide basic guidelines for acquisitions and contracting services. These instructions do not mention approval levels within the organization.

There are other instructions (that are being reviewed for approval) for the allotment of scholarships and socio-economic discounts, working scholarships, sports scholarships and scholarships for academically superior students. These instructions will be implemented on a national level.

The Vice-Rector has issued Administrative Resolution No. 002/93, which establishes the roles of the Regional Administrative-Financial Directors until the Operations Manual is prepared and approved.

RECOMMENDATIONS

- Although the university has general instructions for the acquisition of real estate and equipment, we recommend more detailed instructions for the acquisition of furniture, office equipment and computer equipment. The "final draft" of the instructions do not specify the procedures to be followed for the reception of proposals, for revaluation of cost proposals, criteria and selection methods, the responsibility for the process to achieve a competitive and well documented procurement, for reception of goods, etc.
- All of the organization's handbooks should be completed and implemented before the end of 1993.

5. Personnel

As of June, 1993 CUB has approximately 90 permanent employees in La Paz, 15 in Cochabamba and 7 in Santa Cruz, totalling approximately 119 administrative employees. From this total about 7 are in the financial-accounting sector (in La Paz). The seven persons mentioned are: the National Administrative-Financial Vice-Rector (who at the same time acts as Administrative Director for the La Paz Regional Office), the Accountant General (who supervises the accounting at a national level and that of the regional offices), 3 accountants, 1 accounting assistant and one person in charge of the Inventory and the fixed assets. The Administrative-Financial Vice-Rector as well as the Accountant General have performed the accounting assistant work in this area for over 7 years; the 3 accountants for more than three years and the storeroom agent for the past three years. They all have accounting backgrounds. The financial-accounting CUB area heads are certified accountants.

Likewise, we note that CUB has received resources from other international and foreign organizations for different projects (i.e., construction, research programs, research projects for thesis, etc.) and have adapted their systems to the information and control requirements of those organizations without major problems (i.e, PL-480, INCADEC, Interamerican Foundation, etc.).

Thus, we can verify that CUB's personnel is trained in the financial-accounting area and have the necessary training to work with resources from other donors in a separate and independent manner.

During 1992 training courses were conducted for the university's administrative personnel with different computer packages. During 1993 other training courses are being conducted in accordance with the survey carried out in 1992. The reason for a greater interest in computer packages during 1993 was that the university was modernized in 1991-1992 with the acquisition of new computers, the installation of the Novell network and the implementation of computer programs specifically for the CUB will allow the expediting and more adequate control of new economic resources and their information systems.

Regarding the policies for contracting personnel, university officers indicated that as of 1981 vacancies were covered with new personnel through press announcements. However, during the random personnel files search at the CUB Personnel Office we could not see that this assertion was supported. Also, the officer interviewed stated that they will start contracting personnel as of June, 1993, in accordance with an agreement signed with the CUB employee's union. This agreement relates to promoting personnel from within (prior evaluation of their aptitudes and their experience for the position opening). Following this CUB will place an ad in the press. Some administrative personnel levels in the university are affiliated to a union that represents them institutionally.

During the review we observed that the administrative employees (Rector, Vice-Rectors, Career Deans, secretaries, etc.) do not have specific work contracts. They only have appointment memos which in most cases, do not show termination dates. This leads us

to the conclusions that these appointments are indefinite. Likewise, these files do not contain standard and complete information.

Regarding the academic personnel files (professors, assistant professors), these are located in the office of the Academic Vice-Rector. This personnel is also hired by means of appointments to give classes. This personnel is categorized according to their level of education, experience, publications, etc. However, we observe that some categorization forms are not signed by those participating in the evaluation. Likewise, filing of forms is not standard and in order. Categorization of employees allows for the payment of salaries for the hours dedicated to teaching.

It is necessary to mention that one of the objectives of the Administrative-Financial Vice-Rector during 1993 is to standarize the information in the personnel files and to centralize this information in the Personnel Office. Therefore, no observations on this subject can be made.

No written functional personnel evaluations are made at CUB. However, there is the intention to institute this policy in the short-term, although nothing has been established.

To date CUB has no part-time professors. The administration indicated that many years ago there were part-time professors, but that policy is very expensive for the university, as well as very difficult to supervise. However, during 1994 there are plans to start with a policy for part-time professors, in order to improve support to the students and to improve the quality of teaching.

RECOMMENDATIONS

- CUB must ascertain that in legal terms, they are complying with all the legal requirements regarding work contracts with their employees in order to avoid problems with the Ministry of Labor.
- The personnel files must have all the necessary documentation, in order to prove the employee's aptitude for the position. Therefore, these files must include: the selection criteria used, work contract, general information on the employee, performance evaluations, etc.

V. ADMINISTRATION

1. Accounting System and Internal Control

The accounting system used by CUB is computerized and is approved by the "Dirección General de Impuestos Internos" (Internal Revenue Service). The Accounts Manual used is in accord with the requirements of the institution. Likewise, having resources from a new project, within the CUB, does not imply great changes in their systems. The financial information could be handled in an independent manner and then consolidated with the university's information.

The accounts will be centralized in the La Paz Office (Central Office). Every month the regional offices will send their statements of accounts, in conformance with the current budget, together with the corresponding supporting documentation. This will be consolidated in La Paz.

The university is tax exempt from the Presumptive Income (for corporations) (IRPE), the Urban Real Estate and Transactions. However, it must pay the Value Added Tax (IVA) and the Complementary Value Added Tax (RC-IVA).

Their transactions are recorded in a timely manner, considering the number of operations that are carried out. They issue yearly financial statements, as required by legal dispositions and by institutional practices. Likewise, they have been audited since 1980.

CUB in La Paz, which is also the central office, self-finances its operations and does not receive support from the Bolivian Government. The support from international organizations has specific purposes.

Currently, the central office finances the operations of the Santa Cruz regional office, through a loan that will be paid on a short-term basis (this branch of the university started giving classes in 1993). Meanwhile, the Cochabamba regional office has been able to cover its expenses. It is CUB's policy that all profits obtained during the year are reinvested in the university in order to improve the systems and facilities.

The existing internal control procedures are adequate. Likewise, the current computer system protects the information from being mishandled and provides appropriate information to the users, depending on their requirements and authority levels.

The accounting office did not carry out monthly reconciliations on the bank accounts that have large cash flows. Most expenses are authorized by the Rector and/or the Administrative-Financial Vice-Rector (the alternate being the Academic Vice-Rector).

Likewise, all purchases required, payments realized, etc. by the academic sector require the additional authorization of the Academic Vice-Rector, depending on the case, to permit the purchase. The Accountant General reviews all disbursements to be made. Regarding the regional offices, the revenues are deposited in a national account, and once a month. These offices fill their requirements transferral of funds to their accounts, so that they can make the payments in agreement with the approved budget.

2. Financial Statements

The financial statements are issued every year in order to carry out the annual audit. This is required by internal policy and the Internal Revenue Service.

The monthly, quarterly and/or semi-annual financial statements are issued only when requested for specific purposes. Most times they are not filed after being used.

However, we were informed that as of June, 1993 there are plans to issue several financial statements on a quarterly basis.

3. Budget and Budget Control

CUB has prepared a Budget for 1993 which is divided by regional office. The expenses for the National Office are considered as being within the La Paz office. The budget for the Cochabamba Office is within the same package, whereas the one for Santa Cruz is handled independently. However, the structure and the calculation parameters are similar in the three regional offices.

The budget contains the following elements: income calculations for credits, enrollment figures for new and old students, donations and other income to be received, a detail of the requirements for office furniture and equipment, detail of the investments to be made during the year, a detail of the salaries by position together with the social benefits that must be covered, and a summary of the general expenses.

As of the date of our review the budget was partially approved. However, the final version is in the process of being approved by the Board of Directors. The current expenses for wages and salaries and other priorities in order are controlled so as not to exceed the limits of the preliminary budget.

CUB has a computerized system for budget control. This is connected to the accounting information. This information can be obtained for any date desired, simply by making the necessary closing of accounts. However, the budget control for 1993 has not been implemented because the university budget has not been approved by the corresponding authorities. Therefore, we have not been able to establish a relation between the budget and the actual figures as of the date of our review, neither by using the computer system nor manually.

4. Periodic Reports

As of June the university will try to implement the provision of quarterly reports. To date only financial and budget execution reports are issued on request.

The only reports that are filed are those of major annual allotments.

Since the reports issued are annual, we have not been able to confirm that there are any adequate files for periods under a year.

5. Internal and External Audits

Currently the university does not have an internal audit office. However, the Administrative-Financial Vice-Rector is trying to create an office for this purpose during 1993 (although this does not show in the By-Laws, nor in the organizational chart) in order to improve their systems for financial and administrative control.

In June of this year, CUB contracted external audit services from Moreno-Muñoz, which has been contracted for this purpose the past three years.

We have reviewed external audit reports for years 1989, 1990 and 1991. We observe that the opinion is clear, although it makes references to two problems related to: investments by the university in other partnerships, which have not been accounted for, and also to the lack of records of an account receivable for a loan granted to a third party in past years. These two notes have been repeated since 1989. The reason is that their solution is not within control of CUB (in agreement with the Administrative-Financial Vice-Rector), but rather the solution depends on the Bolivian Episcopal Conference. Regarding the additional observations by the external auditors for the improvement of the current procedures within the organization (that do not have an effect on the auditors' opinion), we have observed that in the 1991 evaluation some deficiencies found in 1990 were corrected. Likewise, during our review we observed that in 1992 some deficiencies found in 1991 were corrected.

6. Acquisition Procedures and Service Contracts

The university has a general acquisitions instruction. However, as of the date of our review this has not been approved nor approval levels assigned within the hierarchy, in regards to the acquisition of furniture, equipment as well as construction.

We observed that several office furniture acquisitions as well as equipment do not have the documents to support the quotations received, the party responsible for the purchase nor the selection criteria used.

Regarding the acquisition of books, the university has contacts with distributors and/or publishing companies for the different books that are used continuously in the courses. Sometimes they have promoted useful books for the different careers by bringing their authors to give lectures in which the administrative personnel, the teachers and the students participate. During 1992 books were imported for the students. As a result all the books were sold. This was promoted through a lecture from the author.

Apparently the university has good contacts with some important publishing companies (North American as well as Latinamerican), which allows them to purchase books with certain ease. Therefore, CUB has some experience regarding imports and sales.

The contracting of local personal services has been limited and does not always require three quotations. Audit services, office and computer equipment maintenance, development of computer programs, etc. are contracted. We have not been able to find any instructions that make reference to the procedures to be followed to contract the above-mentioned services.

During our review we observed that some officers in the university work in companies that provide services to the university. The university must take this fact into account within their regulations in order to avoid possible conflicts of interest.

CUB does have instructions in reference to contracting for construction or rebuilding of buildings. These provide general guidelines.

RECOMMENDATIONS

We recommend that the university develop its acquisition procedures and that it formalize them (in writing). The methods should be clarified which are used to solicit proposals and the selection criteria used to carry out unbiased and competitive purchases for all goods, taking into consideration the characteristics, the monetary value, quality, volume, etc. Although this seems to be the policy in the organization, the documentation provided does not reflect this.

Based on our review we conclude that the contracting procedures are not clear. Therefore, we suggest that they be formalized in writing and that they include all necessary requirements to allow the contracting of services in a transparent manner, including adequate supporting documentation and which preclude potential conflicts of interest with university employees.

7. Inventory Control

Consultores Empresariales, S.R.L. (CE) has conducted out the technical reassessment of fixed assets up to December 31, 1990 -a complete inventory that includes plots, buildings, furniture and equipment, vehicles and computer equipment. The current system allows cataloging the goods by location (by building as well as office), as well as by the characteristics of the assets. The system is computerized. During our review we have not been able to obtain a copy of it due to printing problems. However, in the financial statements the amounts obtained through this report are included.

However, we observed that the marking of the furniture and the equipment has not been completed. Therefore, some have the new markings and some the old, which makes it very difficult to verify the markings. According to the explanations given by the administrative personnel, the markings have not been completed due to lack of time of the accounting personnel. Until the end of last year they were directly in charge of doing this. However, they have emphasized that when they contract the person in charge of Inventory and Fixed Assets this situation will be amended.

It is a policy of CUB to conduct an inventory control, every year by year end. This procedure is also conducted in the regional universities. However, in 1992 no inventory control was conducted due to the excessive work load there is in the accounting office.

On the other hand CUB's administration indicated that there is an inventory control (independent from the latter one) of all the books that are in the university's library. This was not provided to us until we completed the review. We were told that there is a computer program to register and control books. This is being incorporated to the information. A physical inventory was conducted in 1991, to verify the amount and value of the books for balance sheet purposes. Since then no other inventory was conducted and there are no plans to do so.

8. Travel Procedures

CUB does not have any written regulations for travel authorizations, or for procedures to be followed to obtain the corresponding travel authorization or to complete the trip

report. There is a per diem level dated february, 1993, which assigns amounts in Bolivianos starting in Bs. 100 up to Bs. 250, depending on the hierarchic level of the individual and the Bolivian city to which the individual is going. All trips require the authorization of the Rector and in some cases the Administrative-Financial Vice-Rector, (depending on the case), which generally are verbal. The trips are proposed in the internal meetings of the executive personnel. The reservations are made through a travel agency. The traveller recieves the tickets and the corresponding per diem (hotel and boarding). Legal taxes are deducted. The beneficiary is not requested to submit a liquidation of the expenses. The travel reports are mainly verbal. The procedures for international travel (which are very limited) are similar, although most times these are by invitation and most expenses are paid. The per diem to any city in the world is US\$.120.

RECOMMENDATIONS

- We recommend that the university develops regulations for the authorization of local and international travel and the procedures to be followed to calculate per diem, etc.

9. Publications

The university has published some documents, such as: research conducted by CUB students (Universitas), topics prepared by the Career of Communications (published in the in-house newspaper -Calle Dos), an informative journal from the Office of Public Relations ("El Universitario") and publications about the sports activities (RED, magazine specialized in sports) and other general information. Considering the quality of some publications provided during our review, we observe that the university has the capacity to publish other subjects, if there is a clear idea of the objective to be achieved.

VI. INFRASTRUCTURE AND INSURANCE

The university has the necessary infrastructure to conduct its activities. However, there are plans to build three buildings for the Rector's and the Accounting Offices in 1993 and two for classrooms, so that the students are more comfortable. Their main building is located on 2nd street in Obrajes.

The post-graduate building has classrooms and offices that for the time being are being shared with the Careers of Engineering Systems and Law, as well as with the Planning Office. However, in accord with the requirements of the new project with USAID/Bolivia, the above-mentioned offices will be moved to the new building. This building has 7 classrooms which can accommodate 12 to 40 students. Currently the classrooms are used by other careers, in a different schedule.

CUB has insurance policies against fire, burglary and for furniture and office equipment as well as for computer equipment. However, they do not have insurance for the buildings. The 1991 external audit suggests that they assess and obtain insurance coverage to avoid substantial losses in the event of a disaster. This situation has not been corrected yet.

RECOMMENDATION

We suggest that the university evaluates this situation to avoid considerable equipment and infrastructure losses. The university should consider that their plant has grown considerably and it is more difficult to control their infrastructure, furniture and equipment.

VII. CONCLUSIONS AND GENERAL RECOMMENDATIONS

After reviewing and analyzing the current systems at the "San Pablo" Catholic University of Bolivia we conclude that they have all their legal documentation to conduct their operations. In general they have adequate administrative/ financial and internal control systems. However, some adjustments are necessary to improve the current organization systems and for those that are in the process of being changed or designed.

The growth of CUB's operations and responsibilities during the past years and the changes that the new By-Laws of the organization require, originated a greater flow of activities in CUB during 1993, to standarize its procedures for the better control of its operations in the country. The university plans to complete this work in 1993. In 1994 most of the new systems will be implemented. We suggest a second evaluation during the first quarter of 1994, to verify that the systems being implemented, modified and designed are completed.

**EXISTING CAREERS AT THE "SAN PABLO"
CATHOLIC UNIVERSITY OF BOLIVIA**

DESCRIPTION	LOCATION	ACADEMIC DEGREE
POST-GRADUATE DIVISION		
Agricultural Economy	La Paz	Master
Business Administration	La Paz	Master
Agro-Business Administration	La Paz	Master
Banking Finances	La Paz	Master
Entrepreneurial Finances	La Paz	Master
International Trade	La Paz	Master
AREA OF ECONOMICS		
Economy	La Paz	B.S.
AREA OF BUSINESS ADMINISTRATION		
Business Administration	La Paz	B.S.
Tourism Administration	La Paz	B.S.
Tourism Program	La Paz	Associate
Business Administration	Cochabamba	B.S.
Business Administration	Santa Cruz	B.S.
AREA OF SOCIAL COMMUNICATION SCIENCES		
Social Communication Sciences	La Paz	B.S.
Social Communication Sciences	Cochabamba	B.S.
Major field of studies: Public Relations, Production of Audio-Visual Means, Educational Communication, Advertising, Journalism		

186

AREA OF PSYCHOLOGY

Psychology	La Paz	B.S.
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AREA OF EDUCATIONAL SCIENCES

Psyco-pedagogy	Santa Cruz	B.S.
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AREA OF LEGAL AND SOCIAL SCIENCES

Law	La Paz	B.S.
Law	Santa Cruz	B.S.

AREA OF ENGINEERING AND TECHNOLOGY

Systems Engineering	La Paz	B.S.
Systems Engineering	Cochabamba	B.S.
Systems Engineering	Santa Cruz	B.S.

AREA OF HEALTH SCIENCES

Infirmary	Pucarani (L.P.)	Associate
Infirmary	Cochabamba	B.S.

AREA OF AGRONOMY

Farming and Animal Husbandry	Tiwanaku (L.P.)	Associate
Farming and Animal Husbandry	Batallas (L.P.)	Associate
Farming and Animal Husbandry	Montero (S.C.)	Associate

FACULTY OF THEOLOGY AND PHILOSOPHY

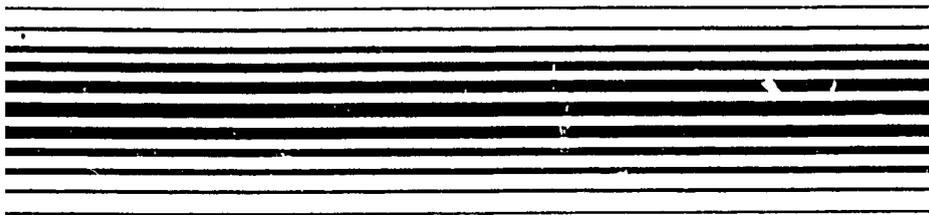
Religious Sciences	La Paz	B.S.
Religious Sciences	Cochabamba	B.S.
Theology	Cochabamba	B.S.
Philosophy	Cochabamba	B.S.

**INDEX OF THE BY-LAWS OF THE
SAN PABLO CATHOLIC UNIVERSITY
OF BOLIVIA**

TITLE I	Constitution, Name, Domicile and Duration
TITLE II	Nature, Goals and Objectives
TITLE III	Institutional Structure
TITLE IV	Government and address of the University
TITLE V	Counseling, Consultation, Surveillance and Regulating Organizations from the Government and the Director's Office
TITLE VI	Academic Degrees
TITLE VII	University Instruction
TITLE VIII	Pastoral Department
TITLE IX	Scientific Research and University Extension
TITLE X	Students and their Organizations
TITLE XI	Social and Students Welfare and Educational Credit
TITLE XII	Economic and Financial Regime
TITLE XIII	The Processes
TITLE XIV	Modification and Interpretation of the By-Laws
TITLE XV	Temporary Dispositions

100
21

ANNEX J
IN COUNTRY POST GRADUATE PUBLIC AND PRIVATE SECTOR
MANAGEMENT TRAINING: A NEEDS ASSESSMENT



LAC

LATIN AMERICA AND THE CARIBBEAN

EDUCATION AND HUMAN RESOURCES
TECHNICAL SERVICES PROJECT

**IN-COUNTRY POST-GRADUATE PUBLIC AND PRIVATE SECTOR
MANAGEMENT TRAINING: A NEEDS ASSESSMENT**

USAID/Bolivia

100

**IN-COUNTRY POST-GRADUATE PUBLIC AND PRIVATE SECTOR
MANAGEMENT TRAINING: A NEEDS ASSESSMENT**

USAID/Bolivia

Submitted by:

Dr. Leland Mike Wooton

August, 1992

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191
211

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
The Country Setting	1
The USAID Project Response	2
Demand Issues	4
Supply Issues	4
The State of Management Education in Bolivia	5
The Demand Issues: Needs Assessment	7
Demand Analysis	7
Public Sector	13
Private Sector	14
Conclusions	15
The Supply Issues: Institutional Analysis	16
Universidad Católica Boliviana	16
Universidad Mayor de San Andrés: CIDES	18
Universidad NUR	21
Universidad Privada de Santa Cruz de la Sierra	23
Universidad Privada del Valle	25
Project Study Recommendations	27
Institutional Recommendations	27
Concluding Recommendations	30
Appendices	
List of Interviews	
Cooperación Técnica en Becas (MPC)	
Potential Cooperating U.S. Universities	

1.92

THE COUNTRY SETTING

The 1980s were years of global shakeouts.

The Cold War ended and with it so did over forty years of well-defined patterns of international political and economic relationships. Western economies once used to dominating world markets now found Asian countries -- and companies -- defining new global norms of quality and managerial performance. Statism in developing economies gave way to market-oriented models of development that put new pressures for reform on both public and private sector organizations. And in this world of globalism two very traditional commitments, one rather infamous and the other with broad historical support, caused their own impacts on the changes at hand. Nationalism once again showed its ugliness in Central and Eastern Europe and in the Middle East. But to counter this revulsion, more countries found their way to democracy in the 1980s than during any other period of history.

But what of Latin America, especially Bolivia, in the 1980s?

Virtually every study of Latin America during this decade came to the same conclusion: The region as a whole lost more than two decades of development. That is, at the end of the 1980s a time warp of future-back-tracking left the region high-centered in the mid-1960s. There probably never has been a similar occurrence in economic history of a region where the shakeouts of one decade turned into the loss of more than twenty years of development. In Bolivia, it may have been worse.

No country in Latin America suffered greater losses than Bolivia.
What exactly happened?

First, Bolivia virtually defaulted on its international economic obligations. It declared a moratorium on the servicing of its debt, a fact which almost made it a pariah in the international community. Mexico, of course, led the way into debt shakeouts, but the international community responded quickly to its problems. Not so in Bolivia. The country's debt was large in terms of its productive capacity but minuscule compared to that of Mexico and other Latin American countries. As such, many in the international community were more than willing to abandon Bolivia to its own misery.

Second, Bolivia became a "money-changers" playground. Experts said that inflation in the mid-1980s soared to levels of 25,000 percent. That's an estimate, of course, because that rate is virtually unmeasurable. But the impact of this ill-fated monetary reality was to turn the country's economy into one where money changing replaced productive economic activity. After all, if one's holdings depreciate at the rate of 25,000 percent, the last thing one wants to do is produce things of "value." Thus, exchanging replaced producing, and the entire economy sank even deeper into the money-changers' nightmares. Inflation was rampant throughout Latin America in the 1980s, but the prize for topping out went to Bolivia.

Finally, its traditional industries collapsed in the face of worldwide recession. This process of losing markets in traditional industries began long before the early-1980s, but the recession had its own plan for these enterprises. Given the fact that they virtually closed down, plus the reality of a weak private sector throughout the country, small wonder that Bolivia faced a global problem with little ability to buffer the changes that raked its institutions. The shakeout that followed these combined maladies left Bolivia in the wake of an even greater loss than two decades of development.

What could Bolivia do with a currency of no value? How could it face the international community when it had defaulted on its loans? What could it offer its people when almost every traditional industry was out of step with the global economy? Finally, how could it overcome the global shakeout that was destroying the already marginal economy? Fast forward to the early 1990s for answers.

The Bolivian response was almost heroic given the circumstances. Democracy found its roots, and the transition of political power into the '90s came through elections. Inflation dropped from the soaring five digits to the manageable two digits. Capital outflow turned the corner and small amounts of capital returned. Technocrats who left at the first alarm of default slowly began returning to apply their skills to the challenges of development. Finally, the country endorsed a New Economic Plan that dramatically changed its focus on development. Deficits, subsidies, and some taxes were reduced; exchange rates were allowed to float; major administrative reforms in government were initiated; a program of privatization was begun; and market-oriented policies began to replace the old mercantilist policies of protectionism and favoritism toward certain industries and sectors.

Few, if any, countries have made such profound changes in approximately seven years. The impacts of these changes on the Training for Development Project are enormous. Harvard Professor Alfred Chandler has spoken of these changes in other contexts as the need to create a "managerial revolution." Managerial revolutions are needed when a country and its economy enter a period of development that requires new ways of thinking and managing change. That's exactly the challenge facing Bolivia in the 1990s, and it should be the focus of this project.

THE USAID PROJECT RESPONSE

The Training for Development Project is closely linked with some of the Program Objectives and Action Plans identified by USAID Bolivia. For example, the strengthening of democracy will be impossible without an overhaul in the manner in which governmental institutions at all levels are managed. Democracy is far more than a political system of free elections. It is also a system of managing the activities of the state under the guise of fairness and equity.

The Mission's commitment to strengthen the private sector is thoroughly consistent with the development model Bolivia has endorsed. One reason that Bolivia failed to thrive in the 1980s is that the private sector was so weak and underdeveloped that it had no capacity to respond to the assaults it was facing. That being the case, reforming management in the private sector is a fundamental prerequisite to improving the trading and investment climate in Bolivia. Investors seldom seek opportunities in firms where managerial quality is not firmly established.

The Mission is firmly committed to creating patterns of alternative development. This is defined primarily in terms of promoting non-coca related activities. But alternative development must occur in virtually all sectors of Bolivia's economy. Management expert Peter Drucker believes that a global economy is one characterized by the "uncoupling of natural resources from productive activities." Resources in the global economy are created -- not extracted -- by innovative managers and enterprises. Bolivia discovered this reality years before Drucker wrote these words. Its traditional resource-based industries began to lose markets years ago; they collapsed in the 1980s. The country's economy must indeed be market-oriented, but this will require a major shift to non-traditional industries. Or, in the words of the Mission, a shift to alternative development.

Finally, managers everywhere have a global responsibility to be environmentally sensitive in their activities. The best programs of management at the graduate level include environmental management as a key theme of their curriculum. This should be especially true in Bolivia. Deforestation, soil erosion, mismanagement of water resources, and the loss of some endangered species is occurring throughout the country at alarming rates. The recent United Nations Conference on the Environment held in Brazil made it clear that all nations should insist that economic activities be managed in accordance with environmentally sound policies. This key objective of the Mission should find its way into the curriculum of any institution that participates in this project.

Within this broad framework that shows how this study relates to the Mission's objectives, the basic purpose of this project is twofold in nature. First, the Mission needs information in order to make an informed judgment about the need for management education in Bolivia, especially at the graduate level. Second, the Mission must assess the quality of existing graduate programs in order to determine whether a modest investment would improve the quality of the institutions. As such, the project study is delimited by "demand activities" (needs assessment) and "supply activities" (program and institutional analyses). First, we will look at the demand issues underlying this project.

Demand Issues

The demand issues relate to both private sector enterprises and public sector ministries, organizations and municipal governments. The basic issues are framed around the following questions:

1. What is the impact of current economic conditions and projected trends on the employment prospects for MBA/MPA graduates?
2. How important is a graduate degree for employment, retention, and promotion in the two sectors?
3. Do organizations in the two sectors have policies that support training and graduate education?
4. Is the shortage of qualified managers in both sectors due to low wages rather than the supply of qualified individuals?
5. Are there enough qualified and interested students to support graduate management education?
6. Is the market for graduate management programs primarily among people already employed or people not yet employed?
7. Is graduate management training a priority need for employers in both sectors?
8. What size of organization is most likely to hire people with graduate management education?
9. What areas of graduate management education are most needed in both sectors?
10. What types of non-graduate management training are most important for employers in both sectors?

Supply Issues

The issues to be addressed in the supply category will serve two purposes. First, since five institutions have submitted proposals for USAID support, an evaluation of these institutions will be made. Second, this evaluation should also serve as a guide to assessing the quality and quantity of graduate management programs offered in Bolivia. The intention here is to raise issues that may be a useful for evaluating similar programs in the future.

With regard to the five institutions that have submitted proposals, the evaluation will revolve around the following questions:

1. What is the perceived quality of the university both nationally and locally?
2. What are their admissions standards for graduate programs?
3. Do they have adequate facilities to support graduate management education? These facilities would include libraries, computers, books and supplies, audio-visual equipment, cases and written materials about the challenges facing Bolivian managers.
4. What is the quality of the faculty and how many of them work full-time?
5. What is the quality of current graduate management programs being offered?

6. What are the job prospects for their graduates?
7. Do the faculty engage in any type of research activities?
8. How important is a graduate management program for the overall mission of the university?
9. Does the graduate management faculty have good working relationships with the professional management community?
10. What are the current or anticipated tuition and fee charges for graduate management programs? How much of the cost of education do these fees cover? Will the programs receive any subsidies or scholarship funds?

THE STATE OF MANAGEMENT EDUCATION IN BOLIVIA

Management education is a microcosm of what is happening in the economy at large. If there is a dynamic change process under way, managers will demand the training and education that befits the skills of change agents. They won't survive otherwise. The Asian countries that took off so rapidly in the postwar era and sustained high levels of growth are perfect examples of this phenomenon. Without exception they all reached out to institutions in other countries for help in developing managers and management programs that would usher in a new era of development for them.

On the other hand, if stability is principal economic goal, why worry about education and training? That might just change things. To be sure, some form of education and training is always available, even in static economies. But the demand will be low and the quality of the supplying institutions will be marginal at best.

In the case of Bolivia in the 20th century, as one author noted, the country suffered from a "crisis of stability." Bolivia was a classic Latin American "bonanza economy" that depended on extractive industries for its development. But this type of economy is extremely vulnerable because of the price shocks that occur in the markets for their bonanza products. As such, governments throughout the region developed a type of mercantilism that tried to buffer their economies from these external shocks. In general, this meant that the bonanza industries became state enterprises, rigid controls on trading and investment created, and selected groups in the private sector -- especially those linked to the bonanza sectors -- were treated with royal care where their interests came under the paternal umbrella of state protection.

Thus the crisis of stability. Economies were walled in, enterprises were protected and subsidized, managers focused their activities on government trade and investment, and they opposed any change that might redefine the relationships that had emerged under the mercantilist banners of bonanza economies. Stability proved to be the downfall of Bolivia's development just as it did throughout Latin America.

In this context, what is the role of management education and development? There was indeed some need for technical training in order to keep the bonanza industries as competitive as possible. And some international economics crept into this milieu because these industries were totally dependent on international markets and foreign firms. But that was about the extent of it.

Management in the private sector in Bolivia was unbalanced. The top management levels, filled with society's elites, were full of excitement. Managers were well educated, talented, energetic professionals. If they wanted education or training they could go abroad to the best universities anywhere. But they were in such short supply that they jumped from one top decision-making management position to another. They worked hard, and they knew their positions were secure in the private sector.

Underneath these top-level managers, was a cadre of middle managers who rarely moved up. Latin Americans didn't create just a glass ceiling here, they virtually built a bunker for middle and lower level managers. Life in the bunker had no resemblance to the super-charged atmosphere in upper-level management. Careers were capped; promotions were few, compensation was deadly stable over time; and norms of performance of quality were rigidly controlled from above.

What is the role of management education and training in this scenario? Very small, to say the least. If one's career is capped by an administrative system that rewards only the few at the top, demand for training will not be high. Indeed, what happens is that a norm develops in this system that breeds profound distrust and negative thinking about anything associated with training and development. Protecting one's position below the glass ceiling becomes the only realistic strategy for survival. Professional growth in this system is without meaning.

It wasn't many years ago that the basic planks of this administrative system could be found in Bolivian organizations, both public and private. A walk through today in many organizations might still find remnants of this joyless work environment. But 1985 did come, and with it a resounding rejection of the scenario described above.

Administration in Bolivia is already changing so fast that the education and training to support it may be a drag on its progress. In this sense, the Training for Development Project is a most timely response to a change process already underway. The general demand for education and training is so high that one has to step carefully around promises that are being made that have no history of being delivered. After all, since the demand for this type of training in the past was not strong, the institutions that would have addressed this demand if it were high did not develop programs. There were no takers. But there are takers aplenty in the early 1990s, and it is to the issues of this demand that we now turn.

THE DEMAND ISSUES: NEEDS ASSESSMENT

In this section detailed responses to the questions raised about the demand for management education will be given. However, before turning to these responses, several general comments about the focus of this section are in order.

Demand for management education programs at the graduate level cannot be seen in a static context. For example, suppose we were to fully enroll students in all of the programs that have been proposed for this project. Moreover, suppose we could somehow take a snapshot of the jobs now available for these students. Would the demand for management education exceed the supply of jobs for those graduates? An unequivocal "yes" would be the response to this query. But this is a static situation that should not be the basis for measuring either demand or supply for this project. If the Training for Development Project were being proposed just a decade ago, we would find the situation described above and indeed severe restrictions would limit both demand and supply. But that is not the case today.

To be sure the Mission must put the issue of demand for graduate management education into the context of the changes being predicted for the Bolivian economy and government reforms. There are no firm data to depend on, in this regard, other than the fact that everyone in the five institutions submitting proposals had little doubt about the perceived demand for their programs within the next few years. Some recommendations will be made about the quality of this perceived demand later in this report, but, suffice to say at this point, those whose graduate programs depend on a strong level of demand project that that demand will exist at the time when this project would begin. This issue is raised at this point because the scope of work for this study was very emphatic about addressing the issue of perceived demand. More clarity on the concerns of perceived demand should come from the detailed analysis of the demand which follows.

Demand Analysis

The analysis of demand and the parallel task of assessing the needs for graduate management education will be organized around the responses to the following questions:

- 1. What is the impact of current economic conditions and projected trends on the employment prospects for MBA/MPA graduates?*

The difficulty in answering this question is that the country and all of its socio-political, cultural, and economic institutions are caught in the midst of the most important transition in its history. Bolivia has indeed changed its economic will toward more growth-oriented policies, but the results of this change are slow to come. Experts looking at the current economic conditions are predicting modest levels of economic growth over the next few years. The same situation prevails in most of the countries with which Bolivia trades or receives investments. In short, there is no dramatic economic take-off being predicted for the country in the near future. Yet two considerations are important when looking at this situation.

First, Professor Chandler's ideas give a slightly different focus to this question. A shortage of well-trained managers, according to Chandler, is a recipe for creating economic doldrums. Managers find ways to build the infrastructure that leads to more prosperous economic growth. In essence, a country's economic conditions must always be seen in the light of whether or not a supply of educated managers is available to change the conditions for growth. As we have seen, nothing about the previous model of development in Bolivia gave impetus to the rise of a professionally trained managerial group.

Second, the institutions that wish to participate in this program are not concerned about the impact of economic conditions on their ability to attract students to their programs and find jobs for them after they graduate. In my first visit to Universidad Catolica, I was openly criticized for even suggesting that they had not taken this issue into consideration. As they so energetically said, "it would be totally irresponsible and unethical for us to bring students into a program knowing that they had no chance for employment after graduation." This same sense of confidence in the face of sluggish economic growth was found in all of the institutions.

In summary, without doubt the economic conditions in the country could be better for launching new programs of graduate management education. But one also has to remember that three of the institutions being evaluated for this project were founded during the wreckage of the 1980s. They attracted students then, they continue to do so now, and they have a remarkable record of finding employment for their graduates. Ironic as it may seem, sometimes sluggish economic conditions can become good times for educational institutions, especially when there is a belief that something profoundly different is happening in the country.

2. How important is a graduate degree for employment, retention and promotion in the two sectors?

The public sector seems to be sincerely convinced that the changes being demanded of it will not come about without a broader cadre of managers educated at the graduate level. Those at the top levels will not be the key change agents who bring about a more productive, accountable and decentralized government infrastructure. It will be key managers located in middle and top level positions in the Ministries that must shoulder this responsibility. And they are the ones concerned about the lack of their own training in the face of greater expectations of performance on their part. For them, retention and promotion are directly linked to graduate level education. They are also quick to note that just at the time when they were receiving their marching orders for change, not a single program of public administration existed in La Paz or any other city in Bolivia.

The private sector is equally convinced of the utility of graduate education for viable professional careers. Much pressure in this regard is coming from the professional associations and the chamber groups. It is especially strong among young professionals who see the possibility of management as being something more than just the "taking-of-one's-place" in a family enterprise. That doesn't mean that the family enterprise is about to disappear in Bolivia, but it does seem to suggest that young professionals may begin to

demand certain changes in the management of these firms. From the perspective of the Bolivian economy as a whole, this mentality is itself an important ingredient of change.

3. Do organizations in the two sectors have policies that support training and graduate education?

Policies in the public sector regarding education are changing fast. Perhaps the most progressive program exists in the city government of La Paz.

The mayor's leadership in this area is a model for government at all levels. The Instituto de Capacitacion Municipal (ICAM) was established to meet the internal training demands of the city. The mayor encouraged employees to upgrade their skills and insisted that human resource development was the foundation for better management in city government. ICAM does market studies before it sponsors programs, and it has a very adequate system for evaluating not only the quality of a particular program, but, more importantly, how the program affects the ongoing management of city government. And sometimes, if the demand doesn't emerge out of the market study, ICAM creates it.

ICAM's director believes that this commitment to training has now dramatically elevated the demand for graduate management education. This level of management expertise is also a necessary component of city government since the city has to work with many enterprises to carry out its objectives. The ability to improve that managerial relationship is an important goal for the city.

This same level of commitment is beginning to find its way into the Ministries. Included in Appendix II of this report is the policy of the Ministerio de Planeamiento y Coordinacion regarding all types of training, especially graduate management education. My interviewee in this Ministry said quite frankly that no one would be promoted to higher positions without a masters degree. For this reason, the Ministry has designed a supportive policy for graduate management education.

Private sector organizations are beginning to address this policy issue again in response to demands from professional and chamber organizations. The importance of these organizations cannot be overlooked because they are playing a very important role in changing the mentality of managers in the private sector. Graduate education, for example, was once considered the privilege of the elite. But the changes in the private sector have also created a demand for higher education at different levels of the organization. One does not "meet the market" with only a few well-educated managers. These skills must be found all over the enterprise if the private sector is going to play the progressive role that it wants to in the new Bolivian economy.

4. Is the shortage of qualified managers in both sectors due to low salaries rather than the supply of qualified individuals?

There is an economic answer to this question that relates salaries to the supply and demand of qualified managers. There's also an historical response that looks again at the role of managers in Bolivian development. First the economic response.

Is the market in operation here regarding the supply of managers? That is, if salaries were higher would the supply of managers be more plentiful? Undoubtedly so. For example, if the salary levels offered to managers were at all close to those offered by international organizations in Bolivia, this would be a force for increasing the supply of managers. So, yes, the market for salaries and managers does work. But would higher salaries all of a sudden close the gap between what is needed and what exists? The response is "no" and the reason for this comes from the historical experience of Bolivia.

The biggest reason explaining the shortage of qualified managers in this country is related to the development model described herein that attached very little value to management as a profession. It was only recently that universities took the risk of including management education in their curriculum, and then only at the undergraduate level. If it were otherwise, there would be no need for this project. The "stability" of the old order required a very small pool of talented managers. Enterprises were commanded not managed, and that could be done with rather simple structures of command and authority. The situation changed, however, when the country set upon a new course of development. Managerial knowledge is an important infrastructure skill for this new course, and high salaries alone will not adjust the balance of supply and demand. The future must change before this market clears.

5. Are there enough qualified and interested students to support graduate management education?

The interest level among students for management education is high. The state universities have incorporated management education into their undergraduate curriculum, and one of the principal reasons why the private universities have come into being at such an accelerated rate is their desire to focus on the so-called "professional-related curriculum" they see lacking in the state universities. The quality of all these undergraduate programs is mixed and so is the quality of the students in those programs. But remember, this is still a relatively new undertaking for Bolivian higher education. But what of the graduate situation?

The basic answer to the question being raised here is "yes," there are enough qualified and interested students to support graduate management education. But one has to define the meaning of "enough."

If all of programs under consideration for this project were to begin immediately, their enrollments would be small. As a matter of fact, none of these institutions is planning to

have a large program. Most are looking at a beginning class of thirty to fifty students. If they registered their maximum, that would mean 250 graduate students would be enrolled in these programs throughout the country. That's not a lot given the fact that the programs are both part-time and full-time in nature. Part-time programs in a country like Bolivia would expect to draw more students than anticipated by the institutions. In this sense, the pool of interested students is probably a little higher than is being predicted. Furthermore, if these programs are successful, and if the pressures emanating from the Ministries, professional associations, chambers, and just young people themselves accelerates as is anticipated, the interest will surely rise in the near term.

The problem of quality among the students and the programs should be a serious concern. As I will discuss in more detail later, the universities have rather fickle admission standards in mind for their programs. What they will get, therefore, is a gamut of students running from excellent to mediocre. This is probably inevitable given the newness of this effort, but every attempt should be made on the part of USAID to impart the notion of total quality control in the programs it supports.

6. Is the market for graduate management programs primarily among people already employed or people not yet employed?

As these programs are initiated, the market will be dominated by part-time students who are already working. Only one of the programs -- UNIVALLE -- will attempt to create a full-time program. Much of this has to do with the tradition of how professional education is taught in Bolivia. Basically, it's part-time where students attend classes from seven to nine in the morning and seven to nine at night. One would hope that the USAID project might help to change this over time because there is a serious quality issue that must be addressed in this type of program.

When both faculty and students devote their academic endeavors to part-time activities, quality suffers. The faculty never coalesce as an academic community, and they virtually never engage in knowledge creation, that is, research. Students, on the other hand, understandably feel pressured and tired in a program that tries to be demanding during extended hours. They have little contact with their professors outside the hours of instruction, and they too never realize the benefits of an academic community. So the reality of this project is that it will be supporting part-time graduate education. But a goal of the project should be to begin the process of creating the conditions that support the emergence of a fully-functioning academic community. More will be said about this in the section on recommendations.

7. Is graduate management training a priority need for employers in both sectors?

Part of the response to this question can be found in the discussion under Question 2 above. However, that discussion was more general in nature since it involved employment, retention and promotion issues. The scope of this question is to link graduate management education to more specific priority needs in organizations. First to the public sector.

The legal demands for reform in the public sector are something that managers in the private sector have not faced. What this has done to public sector managers is to virtually force the linkage of change to setting priorities of training and development. For example, SAFCO will not be effectively implemented without education and training in some very sophisticated areas. Public accounting, the development of systems of financial control, auditing procedures in public administration, financial management of public projects, etc., are building blocks for well-designed graduate programs in public administration. Some topics within these areas can be dealt with in short courses -- and these will be discussed later -- but they are so fundamental to the change process under way in the public sector that they must become leading themes of any graduate program.

Likewise, how is the public sector going to deal with the many problems associated with decentralization, privatization and the redefining of its role in the Bolivian economy? Again, there is certainly room for non-degree courses that touch on these challenges, but they are central to the transition that must be managed well in order that the reforms become deeply rooted. Public managers will demand that the new ideas around the management of these reforms be part of higher education rather than just piecemeal training.

The private sector has the luxury of not feeling the law at its back demanding change. But even though the pressure for reform may be less intense, key managers in the private sector know that they have been a weak link in the development of Bolivia. After all, if the private sector were strong and diversified, the crisis of the 1980s would certainly have been less severe. They have few laurels to waste, but their priorities for graduate education and training are defined with different needs in mind.

For example, trading and investment issues are of paramount importance to them. These issues necessarily bring to the fore the need to think strategically differently about the role of Bolivian enterprises in the global economy. Even small- and medium-sized enterprises have to find their linkages to the global economy. The forming of strategic alliances across national boundaries is the single most important step that emerging economies and enterprises can take in linking their development to global resources. This is not the stuff of short-course training programs. It must become part and parcel of any high quality graduate management program.

So, too, should other key priorities in the private sector. How must the banking industry change in order to be more developmentally oriented toward the private sector? How must other financial institutions change in the wake of a new development model? How should private sector managers think about their own role as change agents in society? How are alternative development plans and non-traditional industries created and sustained? And the list could go on. Suffice it to say at this point, the private sector has its own priorities for development that must become the pillars of graduate management education for managers in their enterprises.

8. *What size of organization is most likely to hire people with graduate management education?*

Public sector organizations are large and will be among the major employers of managers with masters degrees. Even with the decentralization and the downsizing that will take place in the public sector, the organizations will be large compared with most of those in the private sector. Even city government organizations and the firms they work with -- both apparently good prospects for employing graduates -- are relatively large compared to what exists in the private sector. The programs that enroll these students must keep in mind the context of large organizations that will attract many of their graduates.

But there is another side to this coin, and it's found in the private sector.

One of the most interesting interviews conducted was with the President of the Colegio de Economistas. When posed the question about prospective employers of graduate students in economics and administration, his response challenged the bias that says graduates will only find employment in large firms. Ninety-seven percent of Bolivia's private sector firms are small- and medium-sized enterprises; this doesn't seem to indicate a great deal of employment opportunities in large firms. His point is, however, that it is exactly the smaller firms that are facing crises of growth and diversification that will need these graduate managers the most. A market-oriented economy will not come into being in Bolivia unless this sector is energized, and can find new paths to growth and development. Managers with graduate degrees just might have a very important role to play in this developing sector.

A final point here regarding the programs proposed to USAID: None of the five participating universities included in its proposal a single course dealing with the problems of small and medium-sized enterprises. This is an issue to be further discussed in the section on recommendations.

9. *What areas of graduate management education are most needed in both sectors?*

In addition to those areas mentioned in the discussion in Question 7, the following appear to be critical needs for both sectors:

Public Sector

- a. Total Quality Management: A Systemic Perspective on Managing Quality
- b. Strategic Decision Making for Public Policy
- c. The Role of Government in Promoting Economic Development
- d. Changing Paradigms of Managerial Thinking and Performance
- e. Organizational Change and Development
- f. Environmental Management

Private Sector

- a. Total Quality Management: A Systemic Perspective on Managing Quality
- b. Changing Paradigms of Managerial Thinking and Performance
- c. Managing Small- and Medium-Sized Enterprises
- d. New Patterns of Government/Business Relationships
- e. Managing Agribusiness Firms
- f. Strategic Management and Business Policy Making
- g. Environmental Management

As one can see from this brief outline of critical areas of curriculum design, there is much in common that the two sectors should know. This is an important point in terms of how the five institutions have structured their proposals. In the simplest of terms, they are still taking a very insular approach to designing courses for managers in the two sectors. This is another point to be addressed in the section on recommendations.

10. What types of non-graduate management training are most important for employers in both sectors?

El Instituto para el Desarrollo de Empresarios y Administradores (IDEA) has been the most active organization in the country offering non-degree programs in management and executive development. Each of the five institutions interested in being sponsored by this project has also been actively involved in designing short courses and workshops outside their degree programs. But IDEA has sponsored over 2000 activities since it was created in 1987. This is a very high level of activity and it suggests that these non-degree programs will play a very important role in the education and training of Bolivian managers. It is for this reason that the USAID project solicited the ideas of interested institutions regarding workshops, seminars and short courses.

It is almost impossible to make a list of high priority training programs in this area because they generally meet specific needs of managers and organizations. For example, workshops on the various details of SAFCO have been well attended. So too have a variety of seminars on operations management, computer-based decision making and networking, project management, privatization, techniques of public accounting, managerial simulations of strategic and marketing decision making, penetrating foreign markets and managing exports, financial management for mid-managers, etc. The needs are many and the list would cover many pages.

There are two key points of importance about the inclusion of the non-degree programs in this project. First, the suggestions made by each institution tell us a great deal about their capabilities and strengths in this area. If the list is rather haphazard and not well thought out -- and there are some -- one could surmise that these programs do not represent any attempt to promote the strengths of the university. Rather, they are just casual wish lists. What's important in this matter is that each institution define its distinctive competencies and offer them to the managerial community through these non-degree programs.

Second, these programs tell us much about the ability of an institution to reach out and establish quality relationships with the management community. One of my interviewees referred to the "Grand Divorce" that has characterized the various sectors in the Bolivian economy. That is, there is little collaboration among key institutions, thus reinforcing the insularity about which we have spoken in these pages. But this is changing fast. Every professional organization would like to extend its ties to institutions that can offer programs that will enhance the skills of their members. The ability to take advantage of this opportunity is a key ingredient of this project, and this is probably best done through an array of non-degree programs aimed at bringing the management community closer together.

Conclusions

Without an empirical study of demand throughout the country, it would be impossible to assess with hard data its strength at this time or in the future. However, with the questions asked in this study about perceived demand, one can conclude that the demand is strong and sustainable over time for four reasons.

First, if Bolivia stays the course of its new development model, it will create the need for professional managers with graduate degrees. Managing the changes required under the guise of this market-oriented approach to development is simply beyond the talents of those without higher levels of education.

Second, very powerful groups in the country are lining up their "demand charges" in support of graduate management education. Whether they are found in the Ministries, city government, professional associations or chamber groups, they are speaking with a loud and clear voice about the need for this level of education. And they are beginning to work together, a fact that only tends to enhance their desires.

Third, a pool of young managers insisting that the country respond to their professional goals of seeking graduate training is already significant in size and appears to be growing. They may well be the first generation of young people in Bolivia where the country is more than happy to respond to their desires.

Finally, as we have seen from the response to the USAID project, institutions of higher education are beginning to reexamine their own strategies of education by creating new programs at the graduate level. This should be supported by USAID, where appropriate, and it is to these institutions that we now turn.

THE SUPPLY ISSUES: INSTITUTIONAL ANALYSIS

The five institutions that have submitted proposals to USAID represent a broad range of academic capability, experience, and program focus. All are relatively new to professional education at the graduate level, a fact that is easily seen in the curriculum designs they have submitted. But this is to be expected since they really are at the frontier of a new direction for education in Bolivia.

The institutional analysis of the five universities will be based on responses to the questions already noted. The analysis will proceed by alphabetical order.

Universidad Catolica Boliviana

1. What is the perceived quality of the university both nationally and locally?

UCB was created in 1966 and has a current student body of 5,500 at the national level. It is the only university that has branches in other cities besides La Paz, and this helps to enhance its national and local prestige. It is without doubt the most prestigious university in the country, and it has a wide variety of undergraduate programs ranging from the liberal arts to professionally-oriented degrees. They have proposed for this program a Masters in Public Administration, a Masters in Economics and a Masters in Public Accounting and Control.

2. What are their admissions standards for graduate programs?

All of the universities wanting support in this program are rather vague about admissions standards. UCB requires an undergraduate degree, an application and an interview. They prefer some work experience and they will get it because all of their students will be working. They state that other qualified students will be admitted with appropriate credentials. There is a weakness here among all the institutions and USAID should raise this as a serious issue.

3. Do they have adequate facilities to support graduate management education?

Computer facilities are adequate but their access to information services is very weak. Their library is oriented toward the undergraduate programs and thus lacks key journals and books to support the proposed programs. The textbooks that they are currently using in their undergraduate programs are very dated and they admit to having very poor audio-visual equipment and programs. This is clearly an area that needs support if their programs are to reach any level of recognized quality.

4. *What is the quality of the faculty, and how many of them work full-time?*

Half of the professors proposed for their programs have doctorates, most in economics. All of their professors have studied abroad and they have good to excellent skills in a second language. Only one professor has a degree in administration. All have good consulting experience that should be very useful in what is an applied curriculum. No professor who will teach in their programs has a full-time appointment.

5. *What is the quality of current graduate management programs being offered?*

They offer masters programs in agricultural economics, the management of agricultural enterprises, and business administration. The perceived quality of the MBA program is very high and its graduates tend to find good jobs. The other two programs don't appear to be a major focus of the university, especially the faculty.

6. *What are the job prospects for their graduates?*

Their contacts among the managerial community both locally and nationally are excellent and this should be a real strength for students seeking jobs. They do an excellent job of placing their undergraduates and this should carry over into the graduate programs. This would appear to be a real strength for UCB.

7. *Do the faculty engage in any type of research activities?*

They do some contract research associated with their jobs or with consulting projects. They will occasionally write short cases about managerial problems in Bolivian public and private sector firms. However, there are no major research projects under way that would enable the faculty to work together in the process of creating knowledge.

8. *How important is a graduate management program for the overall mission of the university?*

They are an undergraduate university stretching into certain graduate programs in the professional fields. Without a full-time faculty, it is hard to imagine that the graduate programs will demand much attention from the university. This is a real weakness of UCB and one I address in the conclusions below.

9. *Does the graduate management faculty have good working relationships with the professional management community?*

Since they are working in public and private firms, they appear to have established very good relationships with the management community. They are well-respected for the dual roles they are playing as academics and managers or technical experts. This is a very positive strength for the program at UCB.

10. What are the current or anticipated tuition and fee charges for graduate management programs? How much of the cost of education do these fees cover? Will the programs receive any subsidies or scholarship funds?

The students pay tuition and fees of about \$1,000 per year. According to the calculations of UCB, this covers 30 percent of the total costs. The university pays an additional 10 percent and the remaining 60 percent must be covered by outside funds. The only subsidies or scholarships will come from sponsoring institutions such as USAID.

Conclusions

UCB has more experience in graduate professional education than any other university in the country. For this reason, their ability to create and sustain two vital programs in the area of public administration is very high. They will attract very good students to their programs and will thus continue to exercise academic leadership in this most important area of graduate education.

Their financial strategy for funding these programs is weak and not oriented toward the long term. Sixty percent dependency on outside institutions puts any university in a very vulnerable position. The recommendation is that they create a special board for Graduate Management Education whose charge would be to develop a long-term financial strategy of self-sufficiency. They also need to pay more attention to how short courses can raise money to support the graduate programs.

Finally, their programs in administration -- both public and private -- are rather boring, to say the least. They need a huge breath of fresh air regarding the curriculum, and they shouldn't wait on the arrival of a counterpart U.S. institution to begin this process. Key areas of curriculum design mentioned earlier in this report are simply not found in the courses they wish to offer. Borrowing curriculum from other countries is always fair game, but so too is the need to create a program that addresses the special circumstances in which that program will be taught. This is yet to be done in UCB.

Universidad Mayor de San Andres: CIDES

1. What is the perceived quality of the university both nationally and locally?

The reactions to queries about the quality of academic life in UMSA are mixed. Some point to the problems that all state universities have in Bolivia with open enrollments, extended periods required in order to graduate, the politicization of academic life, etc. The graduate programs are beginning to set a different pace, however. CIDES is physically separate from the central campus, and it has a great deal of autonomy to define the character of its programs. But it would be remiss to say that CIDES has not been tainted by the perceptions that some people have of UMSA. The program they have proposed for this project is entitled "Population and Development."

2. *What are their admissions standards for graduate programs?*

CIDES follows a policy of admissions found in virtually all of the institutions. They require an undergraduate degree, an application and an interview. They are specifically trying to form a class that comes from many disciplines since they think interdisciplinary education will be one of their niches at the graduate level.

3. *Do they have adequate facilities to support graduate management education?*

The emphatic answer here is "no." Their library is small; they have virtually no audio-visual programs of high quality; they have two computers; and they lack adequate textbooks and other written materials about the problems they are addressing. They openly recognize that they need a tremendous amount of support to improve their facilities.

4. *What is the quality of the faculty, and how many of them work full-time?*

This is a strong point for CIDES. Out of the six proposed faculty one has a doctorate, four have masters degrees, and the other one has a great deal of training beyond his undergraduate degree. Moreover, they all have degrees in fields closely related to the content of their program. The director has a full-time appointment and the other five professors work part-time.

5. *What is the quality of current graduate management programs being offered?*

They have no current management programs at the graduate level. They will create graduate programs in International Economic Relations, Development Policies, and Agricultural Development. Their undergraduate programs in business and public administration are mixed in quality although they graduate many good students.

6. *What are the job prospects for their graduates?*

Their proposed program on Population and Development deals with a very serious local and global issue. The government recognizes this, as do key U.N. organizations and a host of Non-Governmental Organizations. Since there are few programs like that of CIDES, they feel the local and global demand for experts in this field is high. There is no precedent in this field in Bolivia, so we are left with perceptions about employment opportunities rather than hard data. The perceptions appear to be very positive.

7. *Do the faculty engage in any type of research activities?*

This is another strength of their program. The six faculty members have written two books and numerous articles related to the problems they are dealing with. Some of the articles are contract pieces, others are chapters in books, and still others have been published in professional journals. This group seems to be very productive in research endeavors.

8. *How important is a graduate management program for the overall mission of the university?*

At this moment, UMSA is trying to answer this very question. Their basic commitment is to undergraduate education and they are just beginning to consider the place of graduate programs in the future of their university. It would certainly be fair to say that graduate management programs are not going to be the focus of the university, but it would be equally fair to say that they are likely to find reasons to make major commitments to these programs.

9. *Does the graduate management faculty have good working relationships with the professional management community?*

The scope of their relationships is somewhat more limited than those of the other institutions, but they are very active in rural development, agricultural development, certain public ministries, and a few private firms. In short, they do seem to be playing very positive roles in the professional communities where they work.

10. *What are the current or anticipated tuition and fee charges for graduate management programs? How much of the cost of education do these fees cover? Will the programs receive any subsidies or scholarship funds?*

The cost of their two-year program is \$810 per student. CIDES will pay \$176 (22%) and they are asking USAID to pay \$634 (78%). There is no tuition charge for the students. They are looking for scholarship funds from USAID and from U.N.-related organizations and some NGOs. Since their program is full-time, they will need the scholarship funds. But since they charge no tuition, they are really looking for subsidies or funds to cover the operational costs of the program.

Conclusions

This program is obviously needed, it is better designed than any of the other programs from the five institutions, and CIDES has the faculty to achieve a high level of quality in teaching and research. But it lacks the most basic facilities for a high quality program.

The ill-defined role of graduate programs in UMSA raises issues about its sustainability. Also, they may have been more on target if they had proposed a graduate program in public administration. They were asked by USAID to send their ideas on such a program, but they have yet to arrive.

Universidad NUR

1. What is the perceived quality of the university both nationally and locally?

They are highly respected for their work in rural development, especially in the area of educational reform. The goals of NUR, as expressed through the Bahai faith, are respected by those in higher education. They have a broad range of undergraduate programs ranging from the humanities to professional degrees. They have more graduate programs -- five -- than any of the other five institutions. Three of these are in areas of rural development and public health, and the other two are MBA-oriented programs. For this program, they are proposing to improve their MBA program and create an MPA degree.

2. What are their admissions standards for graduate programs?

As with the other institutions, NUR requires an application, an undergraduate degree and an interview. They do pay a great deal of attention to the background and work experience of those entering their programs on rural development.

3. Do they have adequate facilities to support graduate management education?

They have an excellent communications studio (radio and TV), a small library oriented toward their rural development programs, and adequate computer facilities. They have very few books, data bases, and professional journals in the fields of management.

4. What is the quality of the faculty, and how many of them work full-time?

They have an excellent faculty for a management program. Two are ABDs, and three have masters degrees in related fields to management. All of them have diverse work experience, including significant consulting experience. They have a well-defined pedagogical model for their program that brings the faculty together under a focused approach to learning. The director and about ten percent of the faculty work full-time.

5. What is the quality of current graduate management programs being offered?

The three programs of public health and rural development are the real strengths of the university. They have designed very creative programs to improve the infrastructure of health and education in rural areas, and they have delivered. Their MBA program is well-intentioned but weak. If it were otherwise, they would not be soliciting help from this program.

6. *What are the job prospects for their graduates?*

There is some concern here because they are the only university in the program that will have very stiff competition in the area of placement. UPSA has a very solid position in Santa Cruz, and they might crowd out some of the positions available in the area. NUR has an excellent record of placing people in their rural development programs, and perhaps some of these skills can carry over into the management area.

7. *Do the faculty engage in any type of research activities?*

Those faculty near their doctorates are engaging in research and are trying to involve the others. There is a real spirit of collegiality at NUR and I would expect this to carry over into the research area. They have published excellent manuals for training and applied techniques in rural education.

8. *How important is a graduate management program for the overall mission of the university?*

The philosophy inherent in NUR calls for an integration of programs. For them, this means that they must integrate their rural efforts with the broader focus of graduate management education. They also see themselves becoming more of a graduate school in the near future, challenging, they hope, the position of UCB in this regard.

9. *Does the graduate management faculty have good working relationships with the professional management community?*

Again, they have excellent working relationships with their key clients in rural development. Some of their faculty have held very responsible positions in local organizations, both public and private. But their close relationships with the managerial community are yet to be developed.

10. *What are the current or anticipated tuition and fee charges for graduate management programs? How much of the cost of education do these fees cover? Will the programs receive any subsidies or scholarship funds?*

They provided no information regarding these questions. They simply said that their tuition fees were very competitive and did not drive students away. They have always had some outside help so these fees obviously don't cover the total costs of the program. There is no question that they will need subsidies or scholarship funds.

Conclusions

The conclusions about NUR are mixed. They have a fine academic community, and their record in rural development indicates that they can deliver graduate level education at a

very high level. But they are stretching into new areas in the management fields, and they will face the well-supported competition from UPSA. Can Santa Cruz support two programs in the same area?

Universidad Privada de Santa Cruz de la Sierra

1. What is the perceived quality of the university both nationally and locally?

They were founded in 1984 and have established a strong local reputation in a very short period of time. They have 1,400 undergraduate students enrolled mostly in professional programs. Their national reputation is increasing primarily through the chamber group that created the university. They are proposing a degree in public administration for this program.

2. What are their admissions standards for graduate programs?

They don't have any graduate programs at this time. However, the standards for their MPA program will be the same as those found in the other universities: an application, an undergraduate degree and an interview.

3. Do they have adequate facilities to support graduate management education?

They have a very small library oriented toward their undergraduate professional programs. Their computer center is very good as is their audio-visual equipment. They face the same problems as other universities, that is, the lack of good computer programs and data bases. There is virtually no good written material or cases on the problems of management in Bolivia.

4. What is the quality of the faculty, and how many of them work full-time?

The faculty is weak compared to the other universities. Four of them have undergraduate degrees, and two have masters degrees. All have good work experience considering the fact that they are very young. They will definitely need to upgrade their faculty.

The director of graduate programs is the only full-time faculty member.

5. What is the quality of current graduate management programs being offered?

There are no graduate programs offered at this time. They had a program in computer sciences that was dropped last year.

6. *What are the job prospects for their graduates?*

Placement is a major strength of the university. They have strong backing from professional and chamber groups who will help them in the placement function. They may be the best university out of the five in this crucial area of job placement for their graduates.

7. *Do the faculty engage in any type of research activities?*

Their faculty are just too young and inexperienced to carry out major research projects. They can do contract work and consulting projects, but not major empirical research. They do, however, have an advantage in that the university has its own press and sells books throughout the country. Over time, this will be an important infrastructure for research.

8. *How important is a graduate management program for the overall mission of the university?*

Even though they are weak in this area, the university is on a mission to change public sector management and government-business relationships. They are firmly-oriented toward improving the role of the private sector, but they believe this is impossible without government reforms. As such, a masters program in public administration is more important to them right now than a focus on business administration.

9. *Does the graduate management faculty have good working relationships with the professional management community?*

The graduate faculty is yet to be developed but the other faculty do have excellent ties to the management community. The role of the chamber in this regard cannot be overlooked.

10. *What are the current or anticipated tuition and fee charges for graduate management programs? How much of the cost of education do these fees cover? Will the programs receive any subsidies or scholarship funds?*

They provided very little financial information. Tuition fees are \$605 per year, which puts them in a competitive position with the other private universities. They will receive some scholarship funds from chamber and professional groups, but they need investment funds to improve their capabilities in education at the graduate level.

Conclusions

UPSA finds itself in a very favorable position. With the continued financial backing of the chamber, they will open their new campus in 1993, and they have the luxury of almost having an endowment. The chamber simply will not allow them to fail because they share a common mission regarding educational, government and business reforms. They are a good

candidate for this program but they are young and need much help from a counterpart university.

Universidad Privada del Valle

1. What is the perceived quality of the university both nationally and locally?

They were created in 1988 with strong support from local investors. They offer a variety of professionally-oriented undergraduate programs and a few in the humanities. They have 1,500 students in their full-time programs. For this program, they have submitted five proposals for masters programs ranging from economics and public administration to project management and financial and accounting management. They have a good local reputation with strong community support, but their national visibility is yet to be developed.

2. What are their admissions standards for graduate programs?

The same criteria that seems to characterize Bolivian universities: the application, the undergraduate degree, and the interview.

3. Do they have adequate facilities to support graduate management education?

They have excellent audio-visual and computer facilities but lack computer programs and data bases. Their library is very adequate for being so new, but it is oriented toward the undergraduate programs. They lack good written materials and cases on management in Bolivia.

4. What is the quality of the faculty, and how many of them work full-time?

The faculty is young and most have degrees from local universities. Four have undergraduate degrees and two have masters degrees in fields related to their proposed courses. A basic strength of the faculty is that about forty percent have full-time appointments.

5. What is the quality of current graduate management programs being offered?

They have a small graduate program in commercial law that has forty students. There are no graduate programs in management.

6. What are the job prospects for their graduates?

This university is also well-linked to the local managerial community. Their undergraduates have had few problems in finding

jobs in a variety of organizations (part-time because they have yet to graduate a class). Since they have no competition in this area, I would expect placement to be a strength of UNIVALLE.

7. Do the faculty engage in any type of research activities?

Very little because they are too young and do not have degrees that required much research. They need much help here from a counterpart university.

8. How important is a graduate management program for the overall mission of the university?

They deem it to be very important. The undergraduate program is well under way (they have constructed six buildings in two years), and the fact that they proposed five masters programs suggests they are very serious about graduate management education. It also suggests that they lack a focus of what their first step should be in this area.

9. Does the graduate management faculty have good working relationships with the professional management community?

They don't have a graduate faculty as yet, but all of the undergraduate faculty have had good work experience considering their age. Their ties to the business community seem to give them a steady flow of consulting experiences.

10. What are the current or anticipated tuition and fee charges for graduate management programs? How much of the cost of education do these fees cover? Will the programs receive any subsidies or scholarship funds?

They provided overall income/expense information without a breakdown into program categories. It appears that their tuition is about \$800 per year. They obviously receive outside funds because they are simply doing too much to be covered by that level of tuition.

Conclusions

They have a downtown center that successfully offers short courses in management development. This should be strengthened because it links them to the management community, and it provides them with a source of funds for other programs. They need to focus their graduate interests by creating one MPA program that has a focus on public finance and accounting.

PROJECT STUDY RECOMMENDATIONS

The recommendations that emerged from this study are ideas related to both the demand and supply issues raised in the scope of work. They also are my attempt to bridge the gap between the needs assessment study and the project for training and development. The institutional recommendations bring supply and demand together, while the concluding recommendations are more general observations derived from the study.

Institutional Recommendations

1. The study concluded that a sufficiently high level of demand exists in order to support programs of graduate management education. However, more specific information about that demand would be useful to the universities involved in the program. This is easily seen from the fact that the curriculum designs of the four universities wishing to offer management degrees are deadly traditional and unresponsive to the needs of public and private sector organizations. The public sector has a better picture of these specific demands than does the private sector. As such, the recommendation is that USAID communicate directly with key professional organizations, chamber groups, and private enterprises and encourage them to sponsor their own studies of the critical needs facing private sector managers.

Most of the finger-pointing in the interviews was directed toward the perceived deficiencies of public sector managers. That's fair game to a point, but the private sector is also caught in the midst of a dramatic transition toward a new development model. One would gather by looking at the curricula of the proposed MBA programs that the Fortune 500 were already here and that the management problems they faced were identical to those of Bolivian managers. This is simply copy-cat thinking on the part of those who have designed these programs. Moreover, greater responsibility must be assumed by the private sector to define their needs more contextually. If they don't, this grand experience of creating a market-oriented model of development will limp along at a pace unacceptable to everyone. Private sector needs must be defined more clearly and must find their way into the curricula of the university programs.

2. Support from USAID is necessary in the area of tapping demand or sustaining demand over time. Legendary are the programs that have been created with sufficient demand at the time of their initiation, only to fail because the institution paid no attention to the challenge of sustaining demand. This means that the institutions must develop marketing and promotion strategies aimed at tapping and creating demand for their programs. The very best programs in any country have had to face this reality and so too should the Bolivian universities.

3. A parallel form of USAID support is in the area of long-term financial support for the institutions. The dependency mentality of the institutions is bothersome, to say the least. Most of this results from the fact that none of the institutions has in place anything

resembling an infrastructure for long-term development of graduate programs. Graduate programs differ from those at the undergraduate level in that they usually are linked to client or professional groups in the community. These groups must be brought into the life of the university in the form of mentoring boards, advisory committees, planning groups and executive boards whose primary function is to develop long-term financial strategies for the program, not just the university.

4. USAID should qualify its support for any institution with a demand that a serious effort at curriculum reform begin immediately. The universities must exercise academic leadership in this area and not simply wait on the arrival of colleagues from counterpart institutions. There are bright people in all of the institutions, and they know the challenges facing them better than their colleagues from abroad. The curriculum reforms should reflect the needs of a government in transition, a more progressive private sector and a new role for Bolivia in Latin America. It is time for the faculty in each university to put their knowledge on paper in a way that demonstrates the professional competency that indeed exists.

5. The four universities that have proposed programs in administration should consider some form of combined degree. That is, they might offer a Masters in Administration with a major in public administration, business administration, or public finance and accounting. All students would take a core set of courses for one or two semesters and then branch out into their majors. This would be a more efficient use of faculty and resources in a country where both are in short supply. It would also help managers to begin thinking more broadly because each one would have some appreciation of the problems facing managers in other sectors. This would be a small step in reducing the isolation that now exists in the management community.

6. If management education is going to be improved at the graduate level, USAID will have to invest some resources in faculty development. There is no university in the country that now has the faculty to deal with the challenges facing the management community. Upgrading faculty resources doesn't necessarily mean that USAID must sponsor a very expensive scholarship program at the Ph.D. level. In fact, this may be the most important role the U.S. counterpart university can play. Faculty should come to Bolivia prepared to teach faculty as well as students.

7. A parallel activity to the one just raised is to support major research projects on a joint venture basis. Two purposes would be served by supporting research. First, graduate faculty need to engage in research in order to keep abreast of what is happening in the management community. This is especially true in a country where change is the new foundation for stability. If the professors don't engage in research, they will find that the change agents -- namely, the managers -- will outdistance their own knowledge base. Second, joint venture research (between the Bolivian institution and its U.S. counterpart) is an excellent way to upgrade faculty skills and knowledge. Collegiality does work and it's one of the best ways to support a two-way transfer of knowledge.

8. USAID must make decisions about how to spend resources among the institutions that have submitted proposals. Resources for this project are probably limited. Given this fact, the decisions should be based on three criteria. First, what is the quality, both current and potential, of their graduate management programs? That is, can they absorb funds and turn them into quality programs? Second, what is the likelihood that the program can become almost self-sufficient within a short period of time? This is important because most people believe that USAID resources will be more scarce in the future. Thus, it would be unwise to support a program that couldn't stand on its own within about five years. Finally, the high demand for graduate management education seems to be a national phenomenon and must be satisfied at that level. Therefore, the recommendation is to not limit the support to a single institution whose programs would enhance one region or city. With this in mind, support from USAID/Bolivia might include the following:

a. The MPA program, including a major or even a second program in public accounting and finance, at UCB. They have many strengths and they are well respected for their educational excellence.

b. The MPA program at UNIVALLE, Cochabamba. They are new to this game but they have some good faculty and they have staying power. They want to create a full-time program and I believe they will find a way to do it. It also seems important to establish a USAID presence in Cochabamba with this program.

c. The MPA program at UPSA, Santa Cruz. Their broad community support is a strong force for self-sufficiency in the future, and they will develop the faculty to create a very excellent program. USAID presence in Santa Cruz with this program is also important.

Two other institutions should also be brought under the umbrella of this program. ICAM is an excellent management development institute and should be linked to some of the short-course programs offered by the universities. They want to become a national training institute and could thus work well with any of the three universities. This would require a small commitment on the part of USAID because their programs are well-managed and almost self-sufficient.

IDEA should also be included in this program. They need to focus their efforts in order to reduce administrative costs and to elevate their image of quality. They might take on the challenge of improving the effectiveness of middle management in both sectors. Also, they want to create an Executive MBA (EMBA) program in the near future. This is an excellent idea since it would strengthen an important level of management and would also broaden the base of demand for other graduate management programs. IDEA can't do this on its own, so they will need a full-time counterpart U.S. institution to bring this into being.

In short, these two institutions bring complementary strengths to the goals of this project, and it is probable that modest support of their efforts will reap rewards for the overall thrusts and expectations of the program.

Concluding Recommendations

These recommendations reflect some general thoughts that emerged from the study. They are not program specific, but they do touch upon the role of the universities and the management community in supporting USAID's efforts to improve graduate management education.

1. There is the need for each institution to develop a long-term plan to finance its graduate management programs. These programs simply cannot be managed as if they were part of the undergraduate colleges. But every one of the universities interested in this program has this undergraduate mentality that basically says we can always limp along into the future by finding resources from the good will of someone. USAID has a world of experience to refute this mentality. Once high levels of dependency are initiated, it is the dependency that gets built into the long-term financial planning of the institution. This must change for reasons cited above about the direction of USAID funding levels in the future.

2. In order to give some structure to this long-term thinking, advisory boards should be formed for each program. Members of this board should come from the public sector, private enterprises, professional and chamber groups, Non-Governmental Organizations, USAID, labor, etc. The role of this board would not be to limit the academic freedom so necessary for the program; rather, it should link the program to the management community and constantly act as a pressure group to instill the long-term financial thinking in the administration of the programs. In this regard, the board also has the responsibility to exercise leadership in the area of fund raising and support for the programs.

3. But the advisory boards will have little success unless the USAID-sponsored programs can become an integrating effort to build a management community in Bolivia that shares a set of common goals about the economic direction of the country. The pieces of this puzzle are in the community, but they are yet to find their matches. How might this management community development come about?

First, the sponsored programs are the anchor pieces for this development. They should not be seen as isolated efforts directed toward specific clients. Rather, the spirit of interdependence should be promoted among them. For example, a conclave could be held once or twice a year where professors and students from all the programs meet with members of management community in a workshop format to tackle a serious problem they share in common. A few well-known speakers could be invited in order to give the conclave an image of excellence.

Second, a series of top executive briefings should be held every year. A luncheon or dinner with an attractive speaker is a good format for this event. The purpose of these briefings is to bring together top executives from all sectors and expose them to fresh ideas about their common destiny. This should not be a profit-making event, but those attending the briefing should pay. In fact, they should even be encouraged to buy a table in order to invite guests or other members of their organizations.

Finally, the universities and ICAM and IDEA can do much with their short-course programs to better integrate the management community. Middle managers and managers of small and medium enterprises have been ignored in Bolivia. Yet they may constitute the base of the managerial talent that will make the Bolivian transition a success. Programs aimed at giving them more visibility and improving their managerial skills are vitally needed. Every major university in the U.S. and Europe has some kind of in-residence program (two weeks, for example) directed toward middle managers. Exact copies of these programs are not in order for Bolivia, but efforts in this area are of paramount importance.

Why is building the management community so important? For one thing, development anywhere has never flourished without it. Policies from on high do indeed give direction to economic reform, but it is managers that turn those policies into strategies of development. Secondly, to return once again to the problem of the financial future, if the USAID programs are to be implemented in a self-supporting way, the management community must contribute financially and support the efforts initiated on their behalf (as is the case in Chile and Mexico, for example). If they have not coalesced to the point where they are willing to do this, the impacts of the programs will be marginal at best. There are models of success, here, and USAID should insist that those receiving support pay heed to their lessons.

222

APPENDICES

APPENDIX I

LIST OF INTERVIEWEES -- TRAINING FOR DEVELOPMENT PROJECT

The following abbreviations are used in the list of interviewees:

UCB-UEP: Universidad Catolica Boliviana: Unidad de Estudios de Postgrado, La Paz
CIDES-UMSA: Universidad Mayor de San Andres: Postgrado en Ciencias del Desarrollo, La Paz
UNIVALLE: Universidad Privada del Valle, Cochabamba
NUR: Universidad Nur, Santa Cruz
UPSA: Universidad Privada de la Santa Cruz de la Sierra, Santa Cruz

1. Alfredo Arana: Gerente General de la Camara Nacional de Industrias, La Paz, August 17, 1992.
2. Ramiro R. Artiaga: Decano de Ciencias Sociales y Administracion, UNIVALLE, Cochabamba, August 10, 1992
3. Oscar Asenas: Presidente del Colego de Economistas, La Paz, August 4, 1992
4. Reynaldo Barbosa: Presidente del Colegio Nacional de Administradores y Director de Administracion de Empresas, UMSA, La Paz, August 7, 1992
5. Alex Blacutt: Director del Departamento de Administracion de Empresas, UCB, La Paz, August 19, 1992
6. John Branez: Gerente de Capacitacion, Instituto Para el Desarrollo de Empresarios y Administradores (IDEA), La Paz, August 18, 1992
7. Jose Antonio de Chazal: Rector, UPSA, Santa Cruz, August 11, 1992
8. Manuel Contreras: Director Ejectivo de UDAPSO, UMSA, La Paz, August 19, 1992
9. John R. Davison: Director Tecnico, SAFCO-ILACO, La Paz, August 25, 1992
10. Soheil Dooki: Director, Post-Grado, NUR, Santa Cruz, August 12, 1992
11. Angel Duran: Jefe del Programa de Administracion Publica, UMSA, La Paz, August 14, 1992

12. Anello Eloy: Profesor de Administracion, NUR, Santa Cruz, August 12, 1992
13. Hector Encinas: Gerente General, Instituto Para el Desarrollo de Empresarios y Administradores (IDEA), La Paz, August 18, 1992
14. Roberto Guzman: Coordinador de Programas de Maestria, NUR, Santa Cruz, August 12, 1992
15. Charles Hash: Acting Director of Agriculture, USAID Bolivia, La Paz, August 5, 1992
16. Fernando Illanes: Presidente de la Confederacion de Empresas Privadas, La Paz, August 18, 1992
17. Pablo Herrera Suarez: Vice-Director, UPSA, Santa Cruz, August 11, 1992
18. Roberto Laura: Director Ejecutivo, Instituto de Capacitacion Municipal (ICAM), La Paz, August 18, 1992
19. Gonzalo Ruiz Martinez: Rector, UNIVALLE, Cochabamba, August 10, 1992
20. Gibbs McDaniel: Coordinador del Proyecto de Fortalecimiento, Oficina del Sector Privado, USAID Bolivia, La Paz, August 7, 1992
21. Eduardo Mendiola: Coordinator for Training for Development Project, USAID Bolivia, La Paz, August 7, 1992
22. Paulino Mendez: Experto Promocion Campesina, Ministerio de Agricultura, La Paz, August 19, 1992
23. Peter Natielo: Oficial de la Oficina de Desarrollo e Implementacion de Proyectos, USAID Bolivia, La Paz, August 7, 1992
24. Norka Ossio: Coordinadora Asuntos Externos, Ministerio de Planeamiento y Coordinacion, La Paz, August 19, 1992
25. Javier Gutierrez Ostria: Profesor de Economia, UNIVALLE, Cochabamba, August 10, 1992
26. Danilo Paz: Director, CIDES-UMSA, La Paz, August 18, 1992
27. Fedor Perez: Vice-Presidente, Federacion Boliviana de la Pequena Industria, La Paz, August 17, 1992
28. Ramiro Rivera: Profesor de Politica Social, CIDES-UMSA, La Paz, August 5, 1992

29. Mauricio Rodriguez: Presidente del Colegio de Administradores de Empresas, La Paz, August 4, 1992
30. Pascual Sanchis: Director, UCB-UED, La Paz, August 5, 1992
31. Manucher Shoaie: Rector, NUR, Santa Cruz, August 12, 1992
32. Lisa Valenzuela: Sub-Directora de la Oficina Sector Privado, USAID Bolivia, August 7, 1992
33. Osvaldo Vega: Coordinador PL-480, Titulo 3, Oficina del Desarrollo Agricola y Rural, USAID Bolivia, La Paz, August 7, 1992
34. Jose Luis Velez: Gerente General de la Camara de Industria y Comercio, Santa Cruz, August 12, 1992
35. Roberto Vila: Director, Investigacion y Post-Grado, UPSA, Santa Cruz, August 11, 1992

APPENDIX II

MINISTERIO DE PLANEAMIENTO Y COORDINACION
SUBSECRETARIA DE INVERSION PUBLICA Y COOPERACION INTERNACIONAL
DIRECCION DE COOPERACION INTERNACIONAL Y PREINVERSION

COOPERACION TECNICA EN BECAS

INTRODUCCION

El Gobierno de Bolivia está llevando adelante la transformación del rol del estado e incentivando la actividad del sector privado, para lo cual se están llevando a cabo nuevas políticas y estrategias de desarrollo, bajo las cuales también deben enmarcarse los diferentes programas de becas que son financiados por países amigos y organismos internacionales.

PRIORIDADES NACIONALES

a. ESTABILIZACION ECONOMICA Y REFORMA ESTRUCTURAL

Capacitación de funcionarios del gobierno central en materia de administración pública y gestión.

- Privatización
- Descentralización
- Reforma aduanera e impositiva
- Mejoramiento administrativo y control financiero

b. REACTIVACION ECONOMICA

- Promoción de Exportaciones
- Desarrollo turístico
- Seguridad alimentaria y desarrollo agrícola

c. DESARROLLO HUMANO

- Educación
- Salud Salud primaria
 Nutrición
 Epidemiología
- Saneamiento básico
- Población y desarrollo

d. MEDIO AMBIENTE Y GESTION DE RECURSOS NATURALES

- Ordenamiento Ambiental de Territorio
- Manejo de recursos naturales
- Conservación de la Bio-diversidad

228

PROPUESTA

De acuerdo a la excelente experiencia del país en cuanto a la capacitación de los becarios que cursaron estudios en EE.UU. y aprovechando la capacidad técnica de sus profesionales en distintas áreas aplicables a nuestros requerimientos, el Gobierno Boliviano propone:

- Incentivar las postulaciones en las áreas prioritarias del Gobierno de Bolivia, asignándoles mayor puntuación en el proceso de calificación. Asimismo a los que representan a organizaciones que se encuentren trabajando en el fortalecimiento de la actividad pública y privada.
- Organización y financiamiento de cursos, talleres y seminarios de formación y capacitación profesional en Bolivia, para los cuáles se puede contar con expertos norteamericanos dirigidos a las áreas priorizadas por el Gobierno de Bolivia en función de nuestro desarrollo.
- Consultar con el MPC sobre el registro de profesionales y técnicos funcionarios de la Administración Pública y/o privada disponibles para el Programa de capacitación asignada a Bolivia, en cumplimiento al Reglamento Nacional de Becas.

APPENDIX III

POTENTIAL COOPERATING U.S. UNIVERSITIES

This list of U.S. universities and associations that might have an interest in participating in this project is made with the following three criteria in mind: (1) They have strong programs in public and/or business administration; (2) Within those programs they have strong academic capabilities in accounting, public finance, control and accounting; (3) They have experience in working with universities abroad, especially in developing countries. The list is not a rank ordering of the universities.

1. University of Pittsburgh
2. Syracuse University
3. University of Southern California
4. University of Texas at Austin (LBJ School of Public Affairs and the School of Business)
5. University of California at Los Angeles (UCLA)
6. Florida International University
7. University of California at San Diego (Institute for Latin American Studies)
8. University of New Mexico
9. University of Arizona
10. University of Texas at San Antonio
11. Rice University (Houston, Texas)
12. San Diego State University
13. University of Pennsylvania (Wharton School of Business)
14. Harvard University (Kennedy School)
15. Florida State University
16. University of Miami
17. AACSB (American Association of Collegiate Schools of Business) They will have a list of business schools that would be interested in this type of project.
18. ASPA (American Society for Public Administration) They will have a list of Schools of Public Administration interested in this kind of project.
19. University of Houston (Office of International Programs, School of Business)
20. University of North Carolina
21. University of South Carolina
22. Emory University
23. Midwestern Universities Consortium for International Activities (MUCIA). They have worked with many Latin American projects.
24. Duke University
25. Indiana University
26. Tulane University
27. Arizona State University
28. Georgetown University
29. Johns Hopkins University

69