

PD-ABK-028
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A.I.D. Project No: 532-0129

AMENDMENT NO. 11
TO THE
PROJECT GRANT AGREEMENT
BETWEEN
THE UNIVERSITY OF THE WEST INDIES
AND THE
UNITED STATES OF AMERICA
FOR THE
UWI MANAGEMENT EDUCATION PROJECT

Date: 2/28/94

BEST AVAILABLE DOCUMENT

PROJECT GRANT AGREEMENT

AMENDMENT NO. 11

Amendment Number 11 between the UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.") and the University of the West Indies ("UWI").

The University of the West Indies and A.I.D. entered into a Project Grant Agreement, dated September 11, 1987 ("Agreement"), which was amended on June 13, 1988, June 27, 1989 and July 6, 1990, August 27, 1991, January 7, 1992, September 22, 1992, September 29, 1992, December 31, 1992, June 15, 1993 and December 14, 1993.

The University of the West Indies and A.I.D. now desire to amend the Agreement to reflect certain changes in the scope of the project. These include an increase in the Life of Project authorization from US\$4,450,000 to US\$5,650,000 in grant funds, which A.I.D. plans to obligate at a later date, and an extension of the Project Assistance Completion Date from September 30, 1995 to December 31, 1995.

The parties agree that the Agreement be amended further as follows:

- Section 1. Section 2.1. Definition of the Project:** The project purpose has been adjusted to read as follows: to consolidate achievements and advance sustainable development of management education and training at the University of the West Indies (UWI), Mona Campus.
- Section 2. Section 3.2. "Grantee Resources for the Project:** The second paragraph will be deleted in its entirety and be replaced by the following: The resources provided by the Grantee for the Project will be no less than the equivalent of US\$2,210,000 including costs borne on an "in-kind" basis.
- Section 3. Section 3.3. "Project Assistance Completion Date"** Paragraph (a) is amended by deleting the date "September 30, 1995", and substituting the date December 31, 1995".
- Section 4. Additional Conditions Precedent to Disbursement:** With respect to the additional grant funds provided under this Amendment, the following condition precedent will apply:

Prior to the commitment or disbursement of funds for procurement of any materials or equipment for the IOB, the Grantee will submit in form and substance satisfactory to AID a procurement plan showing the procurement arrangements, and arrangements for controlling and managing the commodities once they are received by the IOB.

Section 5. Additional Special Covenants: With respect to any additional grant funds that may be provided under this continuing project, the following Covenants will apply:

A. The Grantee covenants to submit to AID by December, 1994 an update of the current five-year Strategic Plan which addresses both qualitative and financial sustainability of the program beyond the life of the Project.

B. The Grantee covenants to assure that an annual audit of project funds administered by the UWI is conducted.

C. The Grantee covenants to mobilize business sector support and secure commitment of resources adequate to proceed with contracting for construction of the new building by January, 1995.

D. The Grantee covenants to complete by September, 1994 three senior faculty appointments required for advanced courses and to balance the teaching load in the Department of Management Studies (DOMS); such appointments to be joint between the Institute of Business (IOB) and appropriate faculties of the University and to be the first of the planned nine joint appointments, including those of returning Ph.Ds trained under the Project.

E. The Grantee covenants to finance operational deficits not covered by endowment/private sector support.

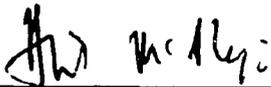
Section 6. Annex 1: The Amplified Project Description is amended by adding the attached Supplement to the Amplified Project Description, together with the revised Illustrative Cost Summary, appended thereto as Attachment A.

Except as amended herein, the Agreement, as amended, remains in effect.

IN WITNESS WHEREOF, the University of the West Indies and the UNITED STATES OF AMERICA, each acting through its respective duly authorized representative, have caused this Amendment to be signed in their names and delivered as of the day and date below written:

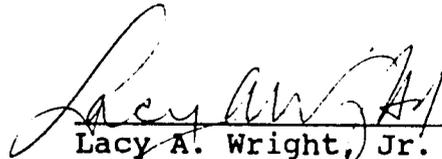
UNIVERSITY OF THE WEST INDIES

UNITED STATES OF AMERICA



Alister McIntyre
Vice Chancellor
UWI/Jamaica

Date: _____



Lacy A. Wright, Jr.
Charge d'Affaires a.i.
U.S. Embassy

Date: 2/28/94



Robert S. Queener
Director
USAID/Jamaica

Date: 2/28/94

**ATTACHMENT A
ANNEX I
SUPPLEMENT TO THE AMPLIFIED PROJECT DESCRIPTION**

I. INTRODUCTION:

This project was originally authorized on September 10, 1987 to provide US\$2,450,000 in financial assistance to the University of the West Indies (UWI) over a three-year period ending September 30, 1990 (PACD). A Phase II Supplement approved an additional US\$2,000,000, thus bringing the total Life of Project funding to US\$4,450,000, and extended the PACD to September 30, 1995. Under this Supplement to Phase II, the project goal remains unchanged, but **the project purpose** has been adjusted to sharpen the focus on sustainability.

This Supplement will build on the gains made under Phase I and II with particular emphasis on improving the quality of management education and training courses offered at UWI and, developing income streams that will contribute to the sustainability of the project by December 1995.

Under this Supplement USAID will provide additional resources to consolidate progress to date for activities that will be completed by December 31, 1995, which is a three-month extension of the existing Project Assistance Completion Date (PACD).

II. BACKGROUND:

The provision of trained managers for the public and private sectors continues to be vital to the modernization of the Jamaican economy. The successes achieved to date have created a foundation of optimism regarding the attainment of a dynamic, sustainable program of management education at the University of the West Indies. The business sector is now being supplied with increasing numbers of qualified staff, thus strengthening Jamaica's management abilities as it seeks to compete in the global economy.

In addition, both the University of the West Indies, and the private sector have demonstrated their commitment to management education and training. The business community is involved in the project-funded Institute of Business (IOB) on whose Board several prominent businessmen now sit. The University has also shown its awareness of the increasing importance of the business sector support and has increasingly sought a partnership that both draws on the private sector resources and reaches out with programs that are responsive to private sector needs and interests.

Although the problems that have been solved are more significant than those yet to be tackled, substantial barriers remain before UWI's management education programs are self-sustaining. However, the University has already acted on several of the recommendations of the April evaluation, e.g., operational autonomy for the IOB with a strong role for the private sector in governance, linkage of the IOB to the University through Articles of Affiliation, and dedication of faculty time to the IOB through a system of joint appointments that allows the IOB to draw on the best talent available in the University system. Under this Supplement, AID will make available resources to provide support to initiatives which will allow the IOB to achieve sustainability by the PACD.

111. PROJECT PURPOSE AND PROJECT DESCRIPTION:

The overall goal and purpose of the Project Supplement are basically the same as those of the Project Paper. The goal remains "to overcome the shortages of trained managers at the mid and upper management levels of both public and private sector business institutions in Jamaica". However, in order to sharpen the focus on sustainability the project purpose has been adjusted to read as follows: to consolidate achievements and advance sustainable development of management education and training at the University of the West Indies, (UWI) Mona Campus.

This supplement to Phase II will specifically support the following objectives:

Enhancement of the graduate degree programs and sponsored research and executive development programs of the Institute of Business (IOB);

Upgrading and modernization of the undergraduate business programs to meet rapidly changing local and international work force demands;

Development and installation of an endowment program to support new initiatives in management education;

Architectural and engineering design of a new building on the Mona campus that will provide adequate space for the IOB and graduate management education into the twenty-first century; and

Divestiture of short-term programs that do not service the mandate of University/IOB management education.

A. PROJECT COMPONENTS:

Under this Supplement USAID financing strategy focuses on a limited set of activities, sustainability and incremental increases in the financing of core activities from non-AID sources. Programmatic components are:

- (1) Program Enhancement of the IOB - Building on successes to date, AID financing will focus on activities that are consistent with the new level of autonomy and the affiliation with the University that became effective in September, 1993. This will include professional graduate programs in management, sponsored research and executive development.
- (2) Upgrading of the Undergraduate Management Programs in the Department of Management Studies (DOMS) - AID financing will contribute to the Faculty of Social Sciences' objective of broadening the base of undergraduate programs through initiatives such as drawing on faculty from other departments, which will produce better rounded graduates, while realizing cost savings and other efficiencies for the University.
- (3) Development of an Endowment Program - Only limited financing will be needed to develop the strategy, operational procedures and marketing tools needed to install an endowment program that will be critical to the broader strategy for sustainability of management programs.
- (4) Design of Facilities - New facilities are essential to the program enhancement that will take place over the next two years. AID financing will cover only the costs of the design which is the critical first step in attracting private sector financing for the construction of facilities that will adequately serve the management development program needs of the IOB well into the 21st century.
- (5) Divestiture of Programs - The University's plan to divest itself of a series of lower level certificate and diploma programs to local management training institutions is critical to maintaining a quality focus. AID will finance start up costs for the establishment of an accreditation service for the local training institutions that will take on the task of providing these programs.

B. COMMITMENTS

In support of the above project components the University has made a number of commitments and has established target dates for their implementation. In all cases these commitments are on schedule or have been achieved ahead of time. Key among these are the following:

- Up to nine joint appointments, over a three-year period, whereby selected faculty will be formally assigned IOB

responsibilities for a portion of their time.

- Recovery of overhead costs only insofar as IOB expansion may impose additional, identifiable operational costs on the University.

- Tuition levels tied directly to economic costs. For the school year beginning in September, 1994, the annual tuition rate for the EMBA will be increased to US\$5,000 from its current level of approximately \$4,000, which will represent a 100% increase since 1991. The introduction of a partial cost recovery regime on the undergraduate program.

- University's financing of administrative cost not covered by program income in the period before income from the endowment and a capital base is fully established.

- Provision of adequate space on the campus for program expansion, pending completion of construction that will be largely private sector financed.

IV. SUMMARY: EXPECTED OUTPUTS FOR THE SUPPLEMENT

As a result of AID's input under this supplement the following outcomes are expected from the remaining two years of the Project:

1. Academic Staff Development:

- a. Four faculty members with Masters in Management return to teach in the B.Sc. program.
- b. Five faculty members return in 1995 and 1996 with Ph.Ds to take up joint appointments in the IOB and the DOMS.
- c. Three faculty members complete the one-year U.S. portion of a joint doctoral program that will lead to a Ph.D granted by the University of the West Indies.
- d. Ten professional development projects, financed by the project and resulting in case material, completed by the faculty of the IOB and Social Science departments.

2. New Organizational/Financial Structures:

- a. IOB corporate structure fully operational under a Board that provides strategic direction and financial oversight.
- b. Income streams from graduate programs, sponsored research, executive development and the endowment cover all IOB operational costs.
- c. Marketing plans exist for each component of the project.
- d. An endowment structure designed and fully

operational, from which proceeds are available for capital development and special projects under the direction of the IOB Board.

- e. Five faculty members have joint appointments between the IOB and DOMS or other departments of the faculty (with an additional four planned for 1996).

3. Program Development:

- a. Forty-five students enrolled annually in the EMBA program.
- b. Thirty students enrolled in the fulltime MBA program.
- c. Curriculum reforms made in the EMBA program in the areas of globalism, TQM and Caribbean relevance.
- d. Core curriculum of jointly-required courses designed for the graduate programs.
- e. Undergraduate program redesigned to reflect a broader academic foundation to the program.
- f. Two EMDP seminars held with 50 certificates awarded (25 enrolled in each of the last 2 programs).
- g. Alcan Caribbean Management Series conducted by IOB.
- h. Executive development seminars (in number and subject matter) reflect a response to private sector demand.

4. Sponsored Research:

- a. Five projects completed and five under contract in the area of sponsored development research.
- b. Five teaching cases published.

5. Computer facilities upgraded -- both software and hardware procured and installed.

6. Library materials -- materials procured that directly contribute to program development under the project.

7. Architectural Design: A&E design for building complete.

V. PROJECT IMPLEMENTATION:

The basic implementation arrangements under Phases I and II will continue during the period of the Supplement. The University of the West Indies is the principal recipient of the grant with the IOB and the Department of Management Studies (DOMS) the secondary recipients under the Grant. The Project Manager/IOB Director has day-to-day responsibilities for implementing project activities.

The Implementation Plan for the Supplement is based on the objectives of achieving sustainability, both qualitative and financial, of management programs at the University by the PACD of

December 31, 1995. To this end core activities and the budgets which support them reflect an incremental decrease in AID support with concurrent increases by the grantee.

VI. REVISED COST ESTIMATES AND FINANCIAL PLAN

The revised USAID cost estimate of the project, with the addition of US\$1,200,000 in grant funds, is US\$5,650,000 to finance the project to December 31, 1995. The major items of cost estimates for the Supplement in terms of functional components are summarized in Table I, the Illustrative Cost Estimates. Table II reflects the same estimates, broken down by budget elements. The budget includes \$200,000 of previously authorized, but unobligated funds, bringing the total of new funds available for the Supplement period to \$1,400,000. Attachment A provides an **Illustrative Cost Summary** for the total project.

TABLE I
FUNCTIONAL COMPONENT BUDGET FOR PHASE II SUPPLEMENT - FY 94 - 96

	ELEMENTS	FY 94		FY 95		FY 96*		TOTAL	
		USAID	UWI	USAID	UWI	USAID	UWI	USAID	UWI
I.	<u>Prog. Enhancement of the IOB</u>	<u>290</u>	<u>75</u>	<u>175</u>	<u>75</u>	<u>15</u>	<u>80</u>	<u>480</u>	<u>230</u>
	• Director - Masters Programs	60	15	60	15		35	120	65
	• Resident Management Fellow	60	15	0	0			60	15
	• EMBA	75	10	50	10		15	125	35
	• MBA Design & Promotion	40	25	10	25	10	25	60	75
	• Research Grants	20	0	30	0			50	0
	• Executive Development	35	10	25	25	5	5	65	40
II.	<u>Upgrading of Undergrad. Mgnt Program</u>	<u>45</u>	<u>45</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>55</u>	<u>55</u>
	• Faculty Review	20	20	0	0	0	0	20	20
	• Curriculum Revision	25	25	5	5	5	5	35	35
III.	<u>Endowment Program</u>	<u>25</u>	<u>10</u>	<u>15</u>	<u>0</u>	<u>10</u>	<u>0</u>	<u>50</u>	<u>10</u>
	• Design	25	10	0	0	0	0	25	0
	• Assessment	0	0	15	0	10	0	25	10
IV.	<u>Design of Facilities</u>	<u>125</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>125</u>	<u>0</u>
V.	<u>Divestiture/Certification Program</u>	<u>43</u>	<u>30</u>	<u>24</u>	<u>40</u>	<u>5</u>	<u>22</u>	<u>72</u>	<u>92</u>
	• Project Officer	28	15	14	30	-	12	42	57
	• Program Activities	15	15	10	10	5	10	30	35
VI.	<u>Staff Development</u>	<u>85</u>	<u>40</u>	<u>65</u>	<u>35</u>	<u>0</u>	<u>10</u>	<u>150</u>	<u>85</u>
	• Joint Ph.D program (3)	45	30	45	30	0	10	90	70
	• Short Term staff	40	10	20	5	0		60	15
VII.	<u>Commodities</u>	<u>95</u>	<u>5</u>	<u>35</u>	<u>10</u>	<u>0</u>	<u>5</u>	<u>130</u>	<u>20</u>
	• Computer Upgrading	60	5	25	0			85	5
	• Library Materials	20	0	10	0		5	30	0
	• Teaching Equipment	15	0	0	10			15	10
VIII	<u>Administrative Support</u>	<u>90</u>	<u>32</u>	<u>45</u>	<u>77</u>	<u>0</u>	<u>35</u>	<u>135</u>	<u>144</u>
	• Director IOB	42		21	21		12	63	33
	• Research Fellow	28		14	14		8	42	22
	• Accountant/Admin. Officer	20		10	10		6	30	16
	• Allowances	0	32	0	32		9		73
IX.	<u>USAID Program Support (50% cost of U.S. PSC)</u>	<u>30</u>		<u>75</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>105</u>	<u>0</u>
X.	<u>Assessment</u>	<u>30</u>		<u>25</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55</u>	<u>0</u>
	• Audit	20		0				20	
	• Evaluation	0		25				25	
	• Impact Study of the EMBA	10		0				10	
XI.	<u>Contingency</u>	<u>0</u>		<u>33</u>		<u>10</u>		<u>43</u>	<u>0</u>
	TOTALS	<u>858</u>	<u>237</u>	<u>497</u>	<u>242</u>	<u>45</u>	<u>157</u>	<u>1,400</u>	<u>630</u>

NB: *First quarter FY96

TABLE II
BUDGET ELEMENTS FOR PHASE II SUPPLEMENT - FY 94 - 96

	<u>FY 94</u>		<u>FY 95</u>		<u>FY 96*</u>		<u>TOTAL</u>	
	<u>USAID</u>	<u>UWI</u>	<u>USAID</u>	<u>UWI</u>	<u>USAID</u>	<u>UWI</u>	<u>USAID</u>	<u>UWI</u>
El.1 <u>Technical Assistance</u>	<u>235</u>	<u>65</u>	<u>120</u>	<u>50</u>	<u>10</u>	<u>75</u>	<u>365</u>	<u>190</u>
• Director - Masters Prog.	60	15	60	15	0	35	120	65
• Resident Management Fellow	60	15	0	0		0	60	15
• EMBA	75	10	50	10		15	125	35
• MBA Design & Promotion	40	25	10	25	10	25	60	75
El.2 <u>Administrative Support</u>	<u>118</u>	<u>47</u>	<u>59</u>	<u>107</u>	<u>0</u>	<u>47</u>	<u>177</u>	<u>201</u>
• Director IOB	42		21	21		12	63	33
• Research Fellow	28		14	14		8	42	22
• Accountant/Admin. Officer	20		10	10		6	30	16
• Allowances	0	32	0	32		9		73
• Project Officer Cert. Prog.	28	15	14	30		12	42	57
El.3 <u>Computer Hardware & Software</u>	<u>60</u>	<u>5</u>	<u>25</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85</u>	<u>5</u>
El.4 <u>Staff Development</u>	<u>105</u>	<u>40</u>	<u>95</u>	<u>35</u>	<u>0</u>	<u>10</u>	<u>200</u>	<u>85</u>
• Joint Ph.D	45	30	45	30	0	10	90	60
• Short Term Staff	40	10	20	5	0	0	60	15
• Research Grants	20	0	30	0			50	0
El.5 <u>Program Development</u>	<u>85</u>	<u>70</u>	<u>30</u>	<u>15</u>	<u>20</u>	<u>15</u>	<u>135</u>	<u>100</u>
• Upgrading Undergraduate Prog.	45	45	5	5	5	5	55	55
• Endowment Program	25	10	15	0	10	0	50	10
• Divestiture/Certificate	15	15	10	10	5	10	30	35
El.6 <u>Commodities</u>	<u>35</u>	<u>0</u>	<u>10</u>	<u>10</u>	<u>0</u>	<u>5</u>	<u>45</u>	<u>15</u>
• Library Materials	20	0	10	0	0	5	30	5
• Teaching Equipment	15	0	0	10	0	0	15	10
El.7 <u>Construction</u>								
• A & E Design	<u>125</u>	0	0	0			<u>125</u>	<u>0</u>
El.8 <u>Contingency</u>	0	0	<u>33</u>	0	<u>10</u>	0	<u>43</u>	<u>0</u>
El.9 <u>Executive Development</u>	<u>35</u>	<u>10</u>	<u>25</u>	<u>25</u>	<u>5</u>	0	<u>65</u>	<u>35</u>
El.10 <u>Evaluation/Audit/Assessment</u>	<u>30</u>	<u>0</u>	<u>25</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>55</u>	<u>5</u>
• Audit	20	0	0	0			20	0
• Evaluation	0	0	25	0			25	0
• Impact Study	10	0	0	0			10	0
El.11 <u>USAID Program Support</u> (50% cost of U.S. PSC)	<u>30</u>	<u>0</u>	<u>75</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>105</u>	<u>0</u>
TOTALS	<u>858</u>	<u>237</u>	<u>497</u>	<u>242</u>	<u>45</u>	<u>157</u>	<u>1,400</u>	<u>636</u>

NB: *First quarter FY96

Summary Cost Estimates BEST AVAILABLE DOCUMENT
(US\$)

	<u>Total Obligation To Date</u>		<u>Obligated This Amendment</u>		<u>Planned Future Obligation</u>		<u>Total Planned Obligation</u>	
	UWI	USAID	UWI	USAID	UWI	USAID*	UWI	USAID***
El. 1 Technical Assistance Overseas T.A.	0	1,441,000	0	0	0	305,000	0	1,746,000
Local T.A.	220,000	166,000**	0	0	190,000	0	410,000	166,000
El. 2 Administrative Support	500,000	279,000	0	0	201,000	127,000	701,000	406,000
El. 3 Computers	0	392,383	0	0	5,000	85,000	5,000	477,383
El. 4 Staff Development	305,000	1,074,800	0	0	85,000	200,000	390,000	1,274,800
El. 5 Program Development	0	266,000	0	0	100,000	90,000	100,000	356,000
El. 6 Commodities	200,000	214,196	0	0	15,000	25,000	215,000	239,196
El. 7 Construction	280,000	367,880	0	0	0	100,000	280,000	467,880
El. 8 Contingency	0	0	0	0	0	48,200	0	48,200
El. 9 Executive Development	0	153,000	0	0	35,000	65,000	35,000	218,000
El. 10 Evaluation	0	78,045	0	0	5,000	55,000	5,000	133,045
El. 11 USAID Program Support	0	0	0	0	0	105,000	0	105,000
TOTALS	1,505,000	4,432,304	0	0	636,000	1,205,200	2,141,000	5,637,504

* Subject to the availability of funds.

** This element has been redefined. Long term local staff is now included under administrative support beginning in Phase II.

*** Total Planned USAID Obligations reduced by amount deobligated \$12,496.32.