

PD-ABK-508

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Final Report

North American Consortium for Free Market Study Program AID EUR-0045-A-3045-00

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February 1995

FINAL REPORT
NORTH AMERICAN CONSORTIUM FOR FREE MARKET STUDY PROGRAM
AID EUR-0045-A-00-3045-00

Background

Founded in 1990 with support from some 40 corporations, the North American Consortium for Free Market Study's goal was to provide opportunities for mid-career professionals, including managers of large enterprises, entrepreneurs, and new leaders from Central and Eastern Europe and the former Soviet Union (FSU) to study the free-market system at selected universities, business schools, and corporations in North America. The East Central European component of the second and third years of the program, included funding from USAID.

Selection of USAID Fellows

Competitions took place in the Czech Republic, Slovakia, Poland, and Hungary in the spring of 1993. IIE advertised the availability of these fellowship opportunities throughout the region by notices in national newspapers fully describing the number of fellowships, the eligibility criteria, the selection procedures, deadlines and grant benefits.

In order to run fair, open, as well as cost-effective competitions, IIE arranged for an in-country partner agency in each country. The University of Economics/Prague (formerly the Prague School of Economics) and the Academic Information Agency of the Ministry of Education administered the distribution and collection of applications throughout the Czech Republic and Slovakia. In Poland, IIE worked with the Polish-U.S. Fulbright Commission (formerly the Polish-U.S. Office of Educational Exchanges). The Commission served as the direct contact with applicants and IIE brought an in-depth knowledge of competition procedures to the program. At the suggestion of the USAID Mission in Hungary, IIE worked with the International Management Center (IMC), under an arrangement whereby students who had completed the first year of the MBA program at the IMC could apply to pursue the second year of MBA studies at the Katz Graduate School of Business, University of Pittsburgh; A.B. Freeman School of Business, Tulane University; and the University of South Carolina. The IMC student body represents the entire region of East Central Europe.

In December 1992, IIE sent applications to the in-country agencies to distribute to anyone who submitted an official request for an application. The candidates completed the IIE applications and returned them to the local agency, where they were reviewed for completeness and compliance with the program's criteria. The agencies followed up with candidates for missing documents and answered questions to clarify procedures. All applications were sent to IIE, New York for review by a screening committee of business, host institution placement and exchange professionals. The committee determined those who were eligible and ranked those candidates who it felt would succeed in a U.S. graduate business school and showed potential as business leaders. The overseas agencies were notified by IIE of those candidates chosen as finalists for the personal interview with a committee of business representatives, past Consortium participants and an IIE representative. USAID representatives were sent notification of the pre-selections and invitations to attend the interviews.

Immediately following the interviews, applicants were notified of their status. Fellowship recipients received follow-up information on the award, and official documentation was sent.

During this time IIE staff reviewed the students' applications and information elicited in the interviews to determine the appropriate U.S. university placement. Paperwork was completed with the university to register the students and immigration forms and other grant documents were prepared.

IIE selected universities to host students on this program based on proposals submitted by schools with a strong graduate business program, and a willingness to offer intensive programs, provide close supervision, and cost-reductions so that overall student costs would be kept to a minimum. IIE also looked to schools that have had experience with the countries of East Central Europe. In addition, the participating schools agreed to accept students recommended by IIE from the competitions and interviews organized overseas, waiving all of their own admissions procedures. Many of the schools that participated during the Consortium's first and second years asked to participate again with an increased number of students. These schools brought additional know-how and experience to the group of host institutions.

There were nine participants (5 men and 4 women) active under this grant. The breakdown was as follows: two participants from Bulgaria; two participants from Slovakia; two participants from the Czech Republic; one participant from Hungary; and two participants from Poland.

The six participating universities were: Graduate School of Business, Indiana University; Woodrow Wilson School of Public and International Affairs, Princeton University; Executive Development Center, College of Commerce and Business Administration, University of Illinois at Champaign/Urbana; William E. Simon School of Business Administration, University of Rochester; College of Business Administration, University of South Carolina; and Owen Graduate School of Management, Vanderbilt University.

Students were required to enroll in a minimum of four courses on a non-degree basis for each of two semesters. At the end of each term, the students were issued an academic transcript/report of grades. Some of the courses taken by the participants on the Consortium program were: Macro/Microeconomics; Managerial and Cost Accounting; International Economic Policy; Financial Policies; Organizational Behavior; Small Business Management; Investments; Data Analysis & Forecasting; and Strategic Marketing.

At the conclusion of the academic year, students were required to secure an internship for up to three months. Internships were completed at The American International Group (AIG); Davidson Institute Executive Development Program for Managers from Transitional Economies, University of Michigan; and Eastman Kodak, Rochester, New York.

Attached is a chart listing the participants, home countries, host U.S. universities, and present employment.

Even in the short time since the program was completed, its success is apparent. For example, Miroslav Vyrostko of Slovakia returned to Zpa Dukla Presov, his prior employer, with a promotion from commercial director to plant manager, supervising over 1,000 people (versus 32 people previously). Mr. Vyrostko was given this opportunity because of his previous experience combined with the knowledge gained from his AID-funded program in the U.S. Mr. Vyrostko mentioned that he will be able to apply the training he received from his marketing and production management classes at the University of Illinois in his new position. According to Mr. Vyrostko, what he most values and what will be most beneficial to his new responsibilities, is the information gained from his finance classes dealing with cash flow and capital management techniques. A course he took on investments will also be the basis for his future strategic management activities within the company.

Ovidiu Demetrescu of Romania, who interned at AIG in New York City was hired to work in the company's office in Romania, while Sophia Cholakova of Bulgaria secured a position with Procter & Gamble. Mr. Tibor Hejj of Hungary is currently working at Boston Consulting in Munich and Anatoli Beltchev of Bulgaria, is with Deloitte & Touche in Bulgaria. (See attached chart for additional participant updates.)

Comments

There were a number of implementation problems which affected the smooth administration of this program. Due to a delay in securing official notification of the new USAID grant to IIE, there was also a delay in identifying the nine grantees designated for this program. As a result, there was no time to issue an AID IAP-66A form. AID authorized IIE to provide the students with its own IAP-66 to secure a J-1 visa under IIE's sponsorship on the condition that the grantees transfer visa sponsorship once they arrived in the U.S. IIE sent each student an AID IAP-66 and instructed them on the procedures to transfer sponsorship to AID.

Due to a problem with medical clearances provided by in-country PIET officials, OIT/AID did not sign off on IAP-66 forms. Participants were unable to submit the IAP-66a form to INS to change from IIE's visa status to that of AID. The participants returned home before their visas were transferred.

Difficulties resulted from the AID regulation that participants had to fulfill an English language requirement. Participants awarded the grant were required to take the PIET-administered ALIGU test in their home countries, but three participants did not receive an adequate score. IIE received a waiver of this requirement for one participant and authorization for the other two to take the TOEFL in the U.S., the required TOEFL score being 500. During the confusion of this period, the waiver for the one student was revoked and this student was also told that he was required to take a TOEFL exam.

Since there was a delay in signing the grant document at A.I.D., the required documentation could not be completed on behalf of the participants. As a result, IIE could not register the participants for HAC insurance until after all the paperwork was processed at A.I.D. This caused concern for the students, who did not have proof of insurance coverage, and contrasted unfavorably with the expeditious insurance enrollment at the Consortium program's privately funded grantees.

There was also a delay in registering the three participants who had not originally passed English language test on the HAC insurance plan. This was finally accomplished after they successfully passed the TOEFL exam.

Overall, the most serious problem was USAID's inflexibility in insisting on Handbook 10 compliance for the USAID-supported students in a pre-existing, privately-funded program for which other policies and procedures had already been established. This resulted in the division of participants into two groups - a result that was particularly troubling to the corporate sponsors by whom the program had been established. The inability of USAID to cooperatively policy-share in this private/public initiative was a major factor in the subsequent withdrawal of corporate support for the Consortium program.

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FINAL REPORT

NORTH AMERICAN CONSORTIUM FOR FREE MARKET STUDY PROGRAM AID EUR-0045-A-00-3045-00

<u>Name</u>	<u>Country</u>	<u>U.S. University</u>	<u>Current Employment</u>
Mr. Ovidiu Demetrescu	Romania	University of South Carolina	AIG Romania
Ms. Ewa Kolodziej	Poland	University of Illinois at Urbana-Champaign	Working for a company in Bergischgladbach, Germany
Mr. Miroslav Vyrostko	Slovakia	University of Illinois at Urbana-Champaign	Commercial Director ZPA, Dukla Presov Slovakia
Mr. Artur Chabowski	Poland	Woodrow Wilson School of Public and International Affairs, Princeton University	Sr. Analyst, Creditanstalt Financial Advisers, SA Warsaw, Poland
Ms. Sophia Cholakova	Bulgaria	Owen School of Business Vanderbilt University	Procter & Gamble Sofia, Bulgaria
Mr. Tibor Hejj	Hungary	Owen School of Business Vanderbilt University	The Boston Consulting Group, Munich
Ms. Jana Dankova	Czech Republic	Simon School of Business University of Rochester	Eastman Kodak Company Prague, Czech Republic
Ms. Dasa Fojtlinova	Slovakia	Graduate School of Business Indiana University	Whirlpool, Slovakia Bratislava, Slovakia
Mr. Ivan Voboril	Czech Republic	Graduate School of Business Indiana University	Centerprise Prague, Czech Republic

FINANCIAL STATUS REPORT

(Short Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted <p style="text-align: center;">USAID</p>		2. Federal Grant or Other Identifying Number Assigned By Federal Agency <p style="text-align: center;">EUR-0045-A-00-3045-00</p>		OMB Approval No. <p style="text-align: center;">0348-0039</p>	Page <p style="text-align: center;">1</p>	of <p style="text-align: center;">1 pages</p>
3. Recipient Organization (Name and complete address, including ZIP code) <p style="text-align: right;">Institute of International Education 809 United Nations Plaza New York, N.Y. 10017</p>						
4. Employer Identification Number <p style="text-align: center;">13-1624046</p>		5. Recipient Account Number or Identifying Number <p style="text-align: center;">35251</p>		6. Final Report <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		7. Basis <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual
8. Funding/Grant Period (See Instructions) From: (Month, Day, Year) <p style="text-align: center;">3/31/92</p>		To: (Month, Day, Year) <p style="text-align: center;">12/31/94</p>	9. Period Covered by this Report From: (Month, Day, Year) <p style="text-align: center;">10/01/94</p>		To: (Month, Day, Year) <p style="text-align: center;">12/31/94</p>	
10. Transactions:				I Previously Reported	II This Period	III Cumulative
a. Total outlays				\$224,456.21	\$3,311.09	\$227,767.30
b. Recipient share of outlays				-	-	-
c. Federal share of outlays				\$224,456.21	\$3,311.09	\$227,767.30
d. Total unliquidated obligations				-	-	\$22,232.70
e. Recipient share of unliquidated obligations				-	-	-
f. Federal share of unliquidated obligations				-	-	\$22,232.70
g. Total Federal share (Sum of lines c and f)				-	-	\$250,000.00
h. Total Federal funds authorized for this funding period				-	-	\$227,767.30
i. Unobligated balance of Federal funds (Line h minus line g)				-	-	(\$22,232.70)
11. Indirect Expense						
a. Type of Rate (Place "X" in appropriate box) <input checked="" type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed						
b. Rate		c. Base		d. Total Amount		e. Federal Share
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.						
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.						
Typed or Printed Name and Title <p style="text-align: center;">Charles Cantone, Operations Controller</p>					Telephone (Area code, number and extension) <p style="text-align: center;">(212) 984-5427</p>	
Signature of Authorized Certifying Official 					Date Report Submitted <p style="text-align: center;">11/24/95</p>	

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BY TYPE OF TRAINING

QUARTERLY REPORT: Technical Programs
Training Cost Analysis (TCA)

SEE "Instructions: Quarterly Report", Reverse of Page 4

PROJECT TITLE USAID - North Ame. Consortium - #35251	PROJECT NUMBER EUR-0045-A-00-3045-00	IMPLEMENTOR Institute of International Ed
CONTRACT QUARTER 6 of 6	REPORT PERIOD 12/01/94 - 12/31/94	DATE January 25, 1995

II. ADMINISTRATIVE COSTS

II. F. ADMINISTRATIVE COSTS	BUDGET	PROJECTED THIS QUARTER	EXPENDED THIS QUARTER	EXTENDED TO DATE	BALANCE REMAINING	% OF BUDGET
1. Salaries	\$ 21,886	\$	\$ 1,376.27	\$ 19,051.73	\$ 2,834.27	87.049 %
2. Fringe Benefits	7,004		426.65	6,259.51	744.49	89.390 %
3. Travel	0		0.00	349.01	(349.01)	0 %
4. Consultants	0		0.00	0.00	0.00	0 %
5. Equipment	0		0.00	0.00	0.00	0 %
6. Sub-Contracts	0		0.00	0.00	0.00	0 %
7. Indirect Costs	19,489		1,058.99	17,060.03	2,428.97	87.536 %
8. Other	4,511		214.58	5,734.78	(1,223.78)	127.128 %
II. F. TOTAL ADMINISTRATIVE COSTS	\$ 52,890	\$	\$ 3,076.49	\$ 48,455.06	\$ 4,434.94	91.614 %
GRAND TOTAL, TRAINING COSTS:	\$ 250,000.00	\$	\$ 3,311.09	\$ 227,767.30	\$ 22,232.70	91.106 %

NOTE: % Of Budget refers to that %age of the total budget (for each line) that has been spent.

$$\% \text{ of Budget} = [\text{Expended to Date}] / [\text{Budget}]$$

QUARTERLY REPORT: Technical Programs
Training Cost Analysis (TCA)

SEE "Instructions: Quarterly Report", Reverse of Page 4

PROJECT TITLE	USAID - North Ame. Consortium - #35251	PROJECT NUMBER	EUR-0045-A-00-3045-00	IMPLEMENTOR	Institute of International Ed
CONTRACT QUARTER	6 of 6	REPORT PERIOD	12/01/94 - 12/31/94	DATE	January 25, 1995

I. PARTICIPANT TRAINING COSTS

ACADEMIC PROGRAMS:	BUDGET	PROJECTED THIS QUARTER	EXPENDED THIS QUARTER	EXTENDED TO DATE	BALANCE REMAINING	% OF BUDGET
A. Education/Training Cost	\$ 65,000.00	\$	\$ 0.00	\$ 77,232.05	(\$12,232.05)	-18.818 %
B. Allowances	93,300.00		1,020.00	70,219.36	23,080.64	24.738 %
C. Travel	25,000.00		(785.40)	14,433.31	10,566.69	42.666 %
D. HAC	7,560.00		0.00	13,280.00	(5,720.00)	-75.661 %
E. Supplemental Activities	6,250.00		0.00	4,147.52	2,102.48	33.639 %
Total, Academic Costs	\$ 197,110.00	\$	\$ 234.60	\$ 179,312.24	\$ 17,797.76	9.029 %

THIS QUARTER:

Number of Participant Months Projected: _____

Number of Participant Months Completed: 150

TOTAL PROJECT:

Number of Participant Months Projected: _____

Number of Participant Months Completed: 472

IMPORTANT: SPECIFY PROGRAM TYPE

(Check Only One Category)

- Classroom Training
- Observation Tour
- On-the-Job Training