

Agency for International Development
Washington, D.C. 20523

180-0021

PDFOK 940

JUL 22 1991

Mr. John W. Goebel
Interim Chancellor and
Vice Chancellor for Business & Finance
University of Nebraska-Lincoln
210 Administration Building
Lincoln, Nebraska 68588-3159

Subject: Grant Number: EUR-0029-G-00-1059-00

Dear Mr. Goebel:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby provides to the University of Nebraska-Lincoln (hereinafter referred to as "UNL" or "Grantee") the sum of \$700,000 in support of one-year Management Training and Market Economics Education for Yugoslavia (Project Number 180-0029), as more fully described in Attachment 1 of this Grant entitled "Schedule", and Attachment 2, entitled "Program Description". A.I.D. initial funding (hereinafter referred to as "Obligated Amount") shall cover the initial nine months of the grant period of performance.

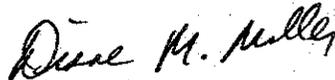
The total estimated amount of the program is \$1,585,741, of which A.I.D. shall incrementally fund \$999,220 and the Grantee, together with the cooperating Yugoslav institutions, the Gallup Organization, Inc. and other Consortium members shall jointly fund \$586,521. A.I.D.-authorized initial funding in the amount of \$700,000 is hereby provided, and the incremental (additional) funding of \$299,220 may be provided, subject to availability of A.I.D. funds, after the effective date of this grant. A.I.D. shall not be liable for reimbursing the Grantee for any costs in excess of the obligated amount.

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives through the estimated completion date of July 16, 1992. Funds disbursed by A.I.D. but uncommitted by the Grantee at the expiration of this period shall be refunded to A.I.D.

This Grant is made to the Grantee on the condition that the funds will be administered in accordance with the terms and conditions as set forth in this Cover Letter, Attachment 1, entitled "Schedule", Attachment 2, entitled "Program Description", and Attachment 3, entitled "Standard Provisions (revised)", which together constitute the entire Grant document and have been agreed to by your organization.

Please acknowledge receipt of this Grant by signing all copies of this Cover Letter, retaining one copy for your files, and returning the remaining copies to the undersigned.

Sincerely yours,



Diane M. Miller
Grant Officer
Eastern Europe Branch
Overseas Division
Office of Procurement

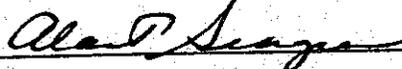
Enclosures:

Attachment 1: Schedule (including the Additional Schedule Provisions incorporated therein)
Attachment 2: Program Description
Attachment 3: Standard Provisions

ACKNOWLEDGED:

UNIVERSITY OF NEBRASKA-LINCOLN

BY: _____



TYPED NAME: Alan T. Seagren

TITLE: Vice President for Administration

DATE: August 7, 1991

FISCAL DATA

A. GENERAL

- A.1. Total Estimated Amount: \$999,220
- A.2. Total Obligated Amount: \$700,000
- A.3. Cost-Sharing Amount (Non-Federal): \$586,521
- A.4. Project No.: 180-0029
- A.5. A.I.D. Project Office: ENE/EUR, Steve French
- A.6. Funding Source: A.I.D./W
- A.7. Paying Office: FM/CMP/LC
- A.8. Tax I.D. No.: 47-0491233
- A.9. DUNS No.: 06-866-2618

B. SPECIFIC

- B.1.(a) PIO/T No.: 180-0029-3-1183666
- B.1.(b) Appropriation: 72-11X1010
- B.1.(c) Allotment: 184-63-180-01-69-11
- B.1.(d) BPC: QAIX-91-33180-IG-12
- B.1.(e) Amount: \$700,000

A.I.D. Technical Oversight:

The A.I.D. Project Officer for this grant is Mr. Stephen French having A.I.D. mailing address as follows: Agency for International Development, ENE/EUR, Room 6923, NS, Washington, D.C. 20523. Any questions concerning performance under the terms of this grant shall be addressed only to the cognizant A.I.D. Project Officer (and not any other A.I.D. official).

SCHEDULE

A. PURPOSE OF GRANT

The purpose of this Grant is to provide financial support for the program described in Attachment 2 of this Grant entitled "Program Description". This program is in response to the Request for Applications (hereinafter referred to as "RFA") for the Management Training and Economics Education Project.

B. PERIOD OF GRANT

B.1. The effective date of this Grant is the date of the Cover Letter and the estimated completion date is July 16, 1992.

B.2. Funds obligated hereunder shall be used to reimburse the Grantee for allowable program expenditures incurred by the Grantee in pursuit of program objectives for the estimated period from the Grant's effective date to approximately July 16, 1992.

C. AMOUNT OF GRANT AND PAYMENT

C.1. The total estimated amount (including non-Federal funding) of the program described in Attachment 2 of this Grant is \$1,585,741.

C.2. The total amount of the A.I.D. incremental contribution to the total estimated program costs shown in C.1. above, to be provided through this Grant (hereinafter referred to as "Total Grant Amount") for the period shown in B.1. above is \$999,220.

C.3. A.I.D. hereby obligates the amount of \$700,000 (hereinafter referred to as "Obligated Amount") for program expenditures during the first nine months of the grant period set forth in Section B.2. above. A.I.D. shall not be liable for reimbursing the Grantee for any costs in excess of the obligated amount.

C.4. Payment shall be made to the Grantee in accordance with procedures set forth in the Standard Provision of this Grant entitled "Payment - Letter of Credit," as set forth in Attachment 3.

D. GRANT BUDGET

D.1. The following is the Budget for the total estimated amount of this Grant for its full period. The Grantee may not exceed the total estimated amount or the obligated amount of this Grant, whichever is less (see Sections C.1. and C.2., respectively, above). Except as specified in the Standard Provision of this Grant entitled "Revision of Grant Budget," as shown in Attachment 3, the Grantee may adjust line item amounts as may be reasonably necessary for the attainment of program objectives.

D.2. Budget

<u>Cost Element</u>	<u>A.I.D.</u>	<u>Grantee/ Others (Non-Fed)</u>	<u>Total</u>
UNL Salaries (US):			
Faculty	\$62,985	\$111,340	\$174,325
Grad. Assists (3)	10,000	20,000	30,000
Other Staff	52,000	0	52,000
Fringe Benefits	28,747	30,208	58,955
UNL Other Dir. Cost	89,000	22,000	111,000
UNL Travel, Per Diem	25,000	0	25,000
In-Country Staff Sal.	40,000	47,000	87,000
Conf. Preparation:			
Part. list prep.	5,000	0	5,000
Communication	12,000	0	12,000
Sup. & Dupl.	15,000	0	15,000
Publication	20,000	0	20,000
Publicity	15,000	0	15,000
Transl./Interpr.	20,000	0	20,000
Conf. site rent.	10,000	45,000	55,000
Travel, Per Diem	20,000	0	20,000
Micro computer syst.	5,000	0	5,000
Participant Trng (US)	50,000	0	50,000
Conference Costs	348,952	0	348,952
Gallup Survey	57,200	149,660	206,860
Consortium Cost Shr		130,110	130,110
Indir. Costs	113,336	31,203	144,539
Total:	\$999,220	\$586,521	\$1,585,741

D.3. Inclusion of any cost in the budget of this Grant does not obviate the requirement for prior approval by the Grant Officer of cost items designated as requiring prior approval by the applicable cost principles (see the Standard Provision of this Grant set forth in Attachment 3 entitled "Allowable Costs") and other terms and conditions of this Grant, unless specifically stated in Section I. below.

E. REPORTING REQUIREMENTS

E.1. Financial Reporting

E.1.(a) Financial reporting requirements shall be in accordance with the Standard Provision of this Grant entitled "Payment - Letter of Credit," as set forth in Attachment 3.

E.1.(b) All financial reports shall be submitted to A.I.D., Office of Financial Management, FM/A/PNP, Washington, D.C. 20527-0209. In addition, three copies of all financial reports shall be submitted to the A.I.D. Project Office specified in the Cover Letter of this Grant.

E.1.(c) With the exception of the final financial report, all financial reports shall be submitted within 30 days following the end of the reporting period. The final financial report shall be submitted within 90 days following the estimated completion date of this Grant.

E.1.(d) The Grantee's financial reports shall include expenditures of A.I.D. Grant funds provided hereunder, as well as non-federal matching funds.

E.2. Program Performance Planning and Reporting

E.2.(a) Project Implementation Plan

Not later than sixty (60) days from the effective date of this Grant (see Section 1B. above), the Grantee shall prepare and submit to the A.I.D. Project Officer specified in the Cover Letter of this Grant three (3) copies and to the Grant Officer one (1) copy of a Project Implementation Plan (PIP), for the full term of this Grant. The PIP may be either jointly developed by the U.S. grantee and the counterpart institution(s), or developed by the U.S. grantee and reviewed for concurrence by the local organization(s). The PIP must be signed by a representative of the counterpart institution(s).

The substantive areas to be included in the implementation plan include the following:

- 1) Local content or local relevance of training materials;
- 2) Management of the trainee selection system;
- 3) Local institution's commitment of facilities and staff;
- 4) Coordination with other USG funded and/or other donor programs (as applicable);
- 5) Comments and recommendations made by local (AID Rep, if available) US Embassy; and
- 6) The development of formative evaluation indicators.

The PIP with counterpart concurrence must be submitted to the local AmEmbassy and ENE/EUR within 60 days of the signature date of the grant. Compliance with this requirement will be one of the key indicators considered in reviewing grant implementation when considering the possibility of second year funding.

E.2.(b) Quarterly Reports by Reference to Quantifiable Indicators and Other Evaluation Benchmarks

E.2.(b)(1) The Grantee shall submit three (3) copies of quarterly program performance reports, which coincide with the financial reporting periods described in Section E.1. above, to the A.I.D. Project Office specified in the Cover Letter of this Grant, and to the A.I.D. Representative (or AID Affairs Officer, Economic Section at the Embassy) of the country where the program is being undertaken. In addition, two copies shall be submitted to A.I.D., PPC/CDIE/DI, Washington, DC 20523-1802. These reports shall include quantitative and qualitative measures of performance; shall be submitted within 30 days following the end of the reporting period, and shall briefly present the following information:

E.2.(b)(1)(A) Implementation status including a comparison of actual accomplishments with the established evaluation benchmarks for the period. If the output of programs can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

E.2.(b)(1)(B) Reasons why established goals were not met, if applicable, including any problems or difficulties requiring U.S. Government, possibly host country, or implementing organization attention.

E.2.(b)(1)(C) Summary financial report of all project expenditures, by subcomponent.

E.2.(b)(1)(D) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

E.2.(b)(2) Special Reports

Between the required program performance reporting dates, events may occur that have significant impact upon the program. In such instances, the Grantee shall inform the A.I.D. Project Officer as soon as the following types of conditions become known:

E.2.(b)(2)(A) Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any U.S.G., or possible host country, assistance needed to resolve the situation.

E.2.(b)(2)(B) Favorable developments or events that enable time schedules to be met sooner than anticipated or more work units to be produced than originally projected.

E.2.(b)(2)(C) If any performance review conducted by the Grantee discloses the need for change in the budget estimates in accordance with the criteria established in the Standard Provision of this Grant entitled "Revision of Grant Budget," the Grantee shall submit a request for budget revision to the Grant Officer and the A.I.D. Project Officer specified in the Cover Letter of this Grant.

E.2.(b)(2)(D) Quarterly updates and proposed modifications of annual work plans, specifically to include travel projected for the subsequent quarter.

E.2.(c) Annual Report of Project

The annual report will be submitted to both ENE/EUR, A.I.D. Washington and to the A.I.D. Representative (or the AID Affairs Officer, Economic Section at the Embassy) of the country where the program is being undertaken. The annual report will substantively review performance against planned quantitative and qualitative measures. Second year funding, if any, will be contingent on the Grantee submitting complete reporting, effectively resolving implementation problems, as well as on the availability of funds and any revisions in the overall program structure that A.I.D. may require. Within 60 days following the estimated completion date of this Grant the Grantee shall submit three copies of the final report as indicated in the preceding paragraph. It should include:

(1) an executive summary of the Grant's accomplishments or failings; (2) a description of the Grant activities from its inception; (3) significance of these activities; (4) comments and recommendations; (5) a fiscal report that describes in detail how the Grant funds were used. In addition, two copies shall be submitted to A.I.D., PPC/CDIE/DI, Washington, D.C. 20523-1802.

E.2.(d) Training Reports

E.2.(d)(1) If the Standard Provision entitled "Participant Training" applies to this Grant (see Section 1K. for applicability), the Grantee shall comply with reporting and information requirements of the Standard Provision of this Grant entitled "Participant Training," as well as Chapters 5 and 24 of A.I.D. Handbook 10.

E.2.(d)(2) The Grantee shall also provide five (5) copies of quarterly training reports to the A.I.D. Project Officer, covering this Grant. The report shall include the following information:

- Total number of new trainees during the period; and
- The following information for each trainee:
 - name
 - citizenship
 - gender
 - training site
 - beginning and ending dates of training
 - purpose of training
 - type of training activities
 - source of funding

E.2.(d)(3) The Grantee shall provide three (3) copies of all training manuals produced under this Grant to the A.I.D. Project Officer.

F. CLOSEOUT PROCEDURES (OMB Circular A-110)

1. This paragraph prescribes uniform closeout procedures for A.I.D. grants.

2. The following definitions shall apply for the purpose of this paragraph:

a. **Closeout.** The closeout of a grant is the process by which A.I.D. determines that all applicable administrative actions and all proposed work of the grant have been completed by the Grantee and A.I.D.

b. Date of completion: The date of completion is the date on which all work under the grant is complete or the date on the award document, or any supplement or modification thereto, on which A.I.D. sponsorship ends.

c. Disallowed costs: Disallowed costs are those charges to a grant that A.I.D. or its representative determines to be unallowable, in accordance with the applicable Federal cost principles or other conditions contained in the grant.

3. A.I.D. closeout procedures are the following requirements:

a. Upon request, A.I.D. shall make prompt payments to a recipient for allowable reimbursable costs under the grant being closed out.

b. The Grantee shall immediately return any balance of unobligated (unencumbered) cash that A.I.D. has advanced or paid and that is not authorized to be retained by the Grantee for use in other grants or cooperative agreements.

c. A.I.D. shall obtain from the Grantee within 90 calendar days after the date of completion of the grant all financial, performance, and other reports required as the condition of the grant. A.I.D. may grant extensions when requested by the Grantee.

d. When authorized by the grant, A.I.D. shall make a settlement for any award or downward adjustments to A.I.D.'s share of the costs after these reports are received.

e. The Grantee shall account for any nonexpendable property acquired with A.I.D. funds.

f. In the event a final audit has not been performed prior to the closeout of the grant, A.I.D. shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the final audit.

G. INDIRECT COSTS

1. Pursuant to the Standard Provision of this Grant entitled "Negotiated Indirect Cost Rates-Provisional" (Attachment 3), a rate shall be established for each of the Recipient's accounting periods which apply to this Grant. Pending the establishment of revised predetermined, provisional or final indirect cost rates for each of the Grantee's accounting periods which apply to the Grant,

provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate(s) applied to the base(s) which is (are) set forth below:

<u>Description</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>	<u>Type</u>
Fringe	23.0%	<u>1/</u>	<u>3/</u>	Provisional
Overhead	17.0%	<u>2/</u>	<u>4/</u>	Provisional

- 1/ Direct salaries and wages
- 2/ Total direct costs less individual items of equipment in excess of \$500, the portion of each individual sub-contract/grant in excess of \$25,000 and alterations and renovations.
- 3/ 7.1.91 - until amended
- 4/ 7.1.91 - until amended

H. TITLE TO PROPERTY

Title to property acquired hereunder shall vest in the Grantee, subject to the requirements of the Standard Provision of this Grant entitled "Title To and Use of Property (Grantee Title)" regarding use, accountability, and disposition of such property.

I. PROCUREMENT AND (SUB)CONTRACTING

I.1. Authorized Geographic Codes

For grants where total value of procurement of goods and services is less than \$250,000, the following shall apply: All services/goods/commodities shall have their nationality/source/origin first in the United States (A.I.D. Geographic Code 000), then Yugoslavia (Geographic Code 158), except as A.I.D may otherwise agree in writing, in accordance with the Optional Standard Provision entitled, "A.I.D. Eligibility Rules for Goods and Services (November 1985)". Although A.I.D. Geographic Code 935 does not normally include the cooperating country, for the period of this grant, unless otherwise amended, the aforementioned Optional Standard Provision is amended to include the cooperating country, Yugoslavia (A.I.D. Geographic Code 158) as a Code 935 country. The order of preference in paragraph (b)(1) of that provision applies as stated, with Yugoslavia (Geographic Code 158) approved as the cooperating country.

For grants where the total value of goods and services will exceed \$250,000, the following shall apply:

All services/goods/commodities shall have their nationality/source/origin first in the United States (A.I.D. Geographic Code 000), then Yugoslavia (A.I.D. Geographic Code 158), except as A.I.D. may otherwise agree in writing, in accordance with the Optional Standard Provision entitled, "A.I.D. Eligibility Rules for Goods and Services (November 1985)". Requests for deviations to this requirement must include a full justification to be submitted to the Project Office indicated in the cover letter of this Grant. Approval of the Grant Officer and the Project Officer is required before procurement of this nature may be undertaken. Ocean shipping financed by A.I.D. under the program shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

1.2. Procurement Cost Detail

Whenever feasible, the lead U.S. grantee and/or its subgrantees will be responsible for purchasing the U.S. equipment and commodities required for the technical assistance components of the program. This equipment must be specifically and directly linked to the training programs undertaken under the various subcomponents. The prime grantee will be responsible for providing more exact details and specifications of the commodities they propose to procure, including estimated costs of same, when requesting approval for the procurement of the commodities.

1.3. Air Transportation

The eligibility of air travel and transportation services is determined by the flag registry of the aircraft. The Standard Provision of this Grant entitled "Air Travel and Transportation" applies. Commodities are ineligible for A.I.D. financing hereunder if shipped under an air charter that has not received prior approval of the Grant Officer, regardless of whether such transportation costs are financed hereunder.

1.4. Government Owned Organizations

Notwithstanding the foregoing, a Government Owned Organization, i.e., a firm operated as a commercial company or other organizations (including nonprofit organizations other than public educational institutions) which are wholly or partially owned by governments or agencies thereof, are not eligible as suppliers of goods and commodities, commodity-related services, or services (other than commodity-related services), except as the Grant Officer may otherwise agree in writing.

J. SPECIAL PROVISIONS

J.1. For the purposes of this Grant, references to "OMB Circular A-122" in the Standard Provisions of this Grant shall include the A.I.D. implementation of this Circular, as set forth in Subpart 731.7 of the A.I.D. Acquisition Regulations (AIDAR) (48 CFR Chapter 7).

J.2. Employee Salaries

Except as the Grant Officer may otherwise agree in writing, A.I.D. shall not be liable for reimbursing the Grantee for any costs allocable to the salary portion of direct compensation paid by the Grantee to its employees for personal services which exceed the highest salary level for a Foreign Service Officer, Class 1 (FS-1), as periodically amended.

J.3. Consultant Fees

Compensation for consultants retained by the Grantee hereunder shall not exceed, without specific approval of the rate by the Grant Officer: either the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years; or the maximum rate of a Foreign Service Officer, Class 1 (FS-1) (as periodically amended), whichever is less. A daily rate is derived by dividing the annual compensation by 2,087 and multiplying the result by 8.

J.4. Equipment and Other Capital Expenditures

J.4.(a) Requirement for Prior Approval

Pursuant to the Standard Provisions of this Grant entitled "Allowable Costs" and "Revision of Grant Budget," the Grantee must obtain A.I.D. Grant Officer approval for the following: Purchase of General Purpose Equipment, which is defined as an article of nonexpendable tangible personal property, the use of which is not limited only to research, medical, scientific, or other activities [e.g., office equipment and furnishings, air conditioning equipment, reproduction and other equipment, motor vehicles, and automatic data processing equipment, having a useful life of more than two years and an acquisition cost of \$500 or more per unit).

J.4.(b) Approvals

In furtherance of the foregoing, the Grant Officer does hereby provide approval for the following purchases, which shall not be construed as authorization to exceed the total estimated amount or the obligated amount of this Grant, whichever is less (see Section C. above):

One (1) micro computer system

J.4.(c) Exception for Automation Equipment

Any approval for the purchase of automation equipment which may subsequently be provided by the Grant Officer is not valid if the total cost of purchases of automation equipment (e.g. computers, word processors, etc.), software, or related services made hereunder will exceed \$100,000. The Grantee must, under such circumstances, obtain the approval of the Grant Officer for the total planned system of any automation equipment, software, or related services.

J.4(d) Used Equipment

Used equipment may only be purchased with the prior written approval of the Grant Officer.

J.5. Defense Base Act (DBA) and/or Medical Evacuation Insurance

Pursuant to Section J.16. of OMB Circular A-21 the Grantee is authorized to purchase DBA and/or medical evacuation insurance under this Grant.

K. ORDER OF PRECEDENCE

Conflicts between any of the Attachments of this Grant shall be resolved by applying the following descending order of precedence:

- Attachment 1 - Schedule (including Additional Schedule Provisions incorporated therein)
- Cover Letter
- Attachment 3 - Standard Provisions
- Attachment 2 - Program Description

K. STANDARD PROVISIONS

The Standard Provisions set forth as Attachment 3 of this Grant consist of the following revised Standard Provisions denoted by an "X" which are attached hereto and made a part of this Grant:

**L.1. Mandatory Standard Provisions For U.S..
Nongovernmental Grantees**

- (X) Allowable Costs (November 1985)
- (X) Accounting, Audit, and Records (September 1990)
- (X) Refunds (September 1990)
- (X) Revision of Grant Budget (November 1985)
- (X) Termination and Suspension (May 1986)
- (X) Disputes (November 1989)
- (X) Ineligible Countries (May 1986)
- (X) Debarment, Suspension, and Other Responsibility Matters (March 1989)
- (X) Nondiscrimination (May 1986)
- (X) U.S. Officials Not to Benefit (November 1985)
- (X) Nonliability (November 1985)
- (X) Amendment (November 1985)
- (X) Notices (November 1985)

**L.2. Additional Standard Provisions For U.S..
Nongovernmental Grantees**

- (X) Payment - Letter of Credit (November 1985)
- () Payment - Periodic Advance (January 1988)
- () Payment - Cost Reimbursement (November 1985)
- (X) Air Travel and Transportation (November 1985)
- (X) Ocean Shipment of Goods (May 1986)
- (X) Procurement of Goods and Services (November 1985)
- (X) AID Eligibility Rules for Goods and Services (November 1985)
- (X) Subagreements (November 1985)
- (X) Local Cost Financing (November 1988)
- () Patent Rights (November 1985)
- () Publications (November 1985)
- () Negotiated Indirect Cost Rates - Predetermined (May 1986)
- (X) Negotiated Indirect Cost Rates - Provisional (May 1986)
- (X) Regulations Governing Employees (November 1985)
- (X) Participant Training (May 1986)
- () Voluntary Population Planning (August 1986)
- () Protection of the Individual as a Research Subject (November 1985)
- () Care of Laboratory Animals (November 1985)
- () Government Furnished Excess Personal Property (November 1985)

- (X) Title To and Use of Property (Grantee Title)
(November 1985)
- () Title To and Care of Property (U.S. Government
Title) (November 1985)
- () Title To and Care of Property (Cooperating
Country Title) (November 1985)
- (X) Cost Sharing (Matching) (November 1985)
- () Use of Pouch Facilities (November 1985)
- () Conversion of United States Dollars to Local
Currency (November 1985)

M. COST SHARING AND OTHER CONTRIBUTIONS

M.1. The Grantee agrees to expend from non-Federal funds not less than the amount shown in the budget (Section D.) of this Grant under the column headed "Other".

M.2. If cost sharing is required under this Grant pursuant to section L.1. above, the Standard Provision of this Grant entitled "Cost Sharing (Matching)" applies.

M.3. The aforesaid Standard Provision makes reference to project costs. "Project Costs" are defined in Attachment E of OMB Circular A-110 as all allowable costs (as set forth in the applicable cost principles [see the Standard Provision of this Grant entitled "Allowable Costs"]) incurred by a Grantee and the value of in-kind contributions made by the Grantee or third parties in accomplishing the objectives of this Grant during the program period.

PROGRAM DESCRIPTION

PROGRAM DEFINITION AND SCOPE

The proposed program is a coordinated effort to bring forth a wide-spread, broadly-based, immediate and visible impact through major development, training and education conferences supported by in-country (local) institutions and centers. These conferences will be coordinated by the in-country centers. Their existing facilities, databases, expertise, and personnel will be used extensively to maximize the cost effectiveness of this program. The conferences and courses will be presented in Slovenia, Croatia, Serbia, and Bosnia-Herzegovina.

The conferences will consist of four tracks in executive leader training, management training, entrepreneurial training and market economics education. The conferences will reach a wide audience of managers, executives, educators, government and labor officials, and entrepreneurs to provide management training and market economics education necessary for the transition. Already in some republics, centers for management training and entrepreneurial education are being developed. These, along with identifying further center sites, will serve to sustain and reinforce the conference training. Each component part will be presented in the five day conference format to reach a wide selection of individuals. These are aimed at providing the management and entrepreneurial skills and techniques, and economic education that will help the economies of the Yugoslavian Republics to develop in their new directions.

PROGRAM GOAL

Priority Areas

Entrepreneurial and professional free market managers are desperately needed to support the economic revolution in Eastern Europe. The objective of this proposal is the provision of executive, managerial, and entrepreneurial training to those who will be operating the organizations in the new system adopted by each of the semi-autonomous Republics in Yugoslavia. In addition, this proposal describes educational programs to introduce market economics to these managers, as well as to educators and government and labor officials. The goal is to provide information about the managerial and technical skills necessary for starting and operating competitive businesses, as well as about the demand economics in which these will function, to a large number of interested individuals. The two priority areas for this program are management training and market economics education.

An initial concern is the lack of current managers in Yugoslavian organizations. The managers who are there are unfamiliar with the language of profit behavior, are unaccustomed to exercising authority, and are fearful of autonomy. Concepts of setting prices, or of evaluating and determining the mix of product offerings are unfamiliar to these managers, "... in the past they were always told what these decisions were..." While workers are skilled, and the population well educated as a whole, training in management skills is a critical, yet missing, element in the success of the anticipated changes.

One of the immediate requests by Central and Eastern European managers in general and free market oriented Yugoslavians in particular, is the introduction and implementation of Western-style skills in marketing, human resources, and technology management. The often mentioned shortcomings of Yugoslav managers are the lack of decision-making skills, incentive motivation experience, analytical abilities, and autonomous or risk taking behavior. Traditionally in communist or socialist countries, a manager may rise to a position of responsibility with limited knowledge of human relations and productivity through people.

The development of market economics is integral to the development of competitive businesses and entrepreneurial organizations in Yugoslavia. While several of the republics in Yugoslavia desire the standard of living to be gained by adopting Western-style economics, they are reluctant to perceive themselves as leaving one master for another. Equally important is recognizing the differing orientations and receptiveness of the different republics to changing their economic system. One important process in overcoming these fears is the recognition of the centuries of historical and cultural tradition, sophisticated educational systems, and technical skill development of each of the six republics while introducing and integrating the unfamiliar technology, language, and managerial skills that comprise Western free market enterprise. The program will provide specific education and problem solving skills related to free market economics, while providing for developing program responsibility and control in the in-country centers.

Focus Republics for Immediate and Visible Impact

This proposal presents a program which aims to develop managerial skills among managers in four Yugoslavian Republics: Slovenia, Croatia, Serbia, and Bosnia-Herzegovina. The program calls for holding a major conference in each republic. Pre-conference activities will target important media figures in an effort to inform and motivate them to publicize the conferences. Future conferences are aimed at using successful practitioners as trainers and presenters in a role model process. A final component is developing an underlying network of centers to co-host the conferences and to serve as information clearing houses for on-going questions and interaction for executive and managerial training, entrepreneurial development, and economic education.

Two of these republics have been identified as the most pro-active and committed to moving aggressively into free market economics. The other two are influential players who while reluctant to fully reject socialism, are interested in seeing what capitalism has to offer. The Yugoslavian nation as a whole however has pursued adoption and implementation of national policies towards price reform through allowing free market pricing, allowing currency convertibility through international exchange, developing capital markets, and seeking mechanisms for large-scale and long-term privatization. As such, these republics have experienced initial economic shocks of inflation, rising unemployment, and declining purchasing power, yet they have remained committed to reform. These commitments have paid off as some regions are now achieving economic stability. However, an intensive focus and intervention for economic enlightenment is still needed to sustain this commitment and to facilitate political stability.

Popular Support and Sustainability

Changing the attitudes of the public through broadcast media, editorial journalism, and educational institutions is mandatory to reinforce and sustain wide-spread change of fundamental economic behavior. The Gallup Organization will survey public opinion and provide feedback to increase the general awareness of the role of management training and market economics education. These surveys will also include managerial and executive groups to identify the needs of these individuals for increased training. The proposal Consortium includes local institutions in Yugoslavia. Each of these local institutions can be the host for the major conferences in that republic and will become the focal point for the sustainability of all the development and training.

The purpose of the proposed series of conferences, the underlying network of local institutions and new centers, the national opinion and participant surveys and market economics education is to increase the technical business and managerial skills in the targeted republics. These republics have a general lack of the necessary skills to operate competitive businesses in a demand economy. The education and literacy levels are high; the need is all based in the adjustment to business decision making in free economies. The proposal aims at a widespread presentation of techniques and skill to executives, managers, entrepreneurs and educators. This becomes the core to sustainable outreach centers in the localities that can provide follow-up service.

PROGRAM OUTPUTS

Change Process

The outputs, or what we expect to accomplish with our proposed management training effort, can best be described in terms of Kurt Lewin's classic management of change process involving:

- (1) **Unfreezing**. Focusing on previously-surfaced development needs (re: participant knowledge, attitudes, skills, and abilities), our first task is to make the participants aware of not only the need for market economics, but also the importance of learning the basics of modern business systems. This includes strategic thinking, entrepreneurship, human resource management, marketing, and finance, including quality of products and customer service.
- (2) **Moving (Changing)**. This phase of the management training involves immersing the participants in topics common to typical management/executive development programs, but it would also involve the writing of action plans. The purpose of the action plans would be to have the participants think through and commit themselves to ways to carry out and expand the training they received in the workshops. This will serve two purposes: the attendees will be urged to think specifically of how the concepts can be implemented in their organizations, as well as how the message can be communicated to other managers not in attendance. Therefore, this aspect of the program involves using executives to relay the message to others, based upon the approach of "training the trainers."
- (3) **Refreezing**. In this last phase of the process, the purpose is to have the participants confident and capable of implementing and sustaining what they have learned in the workshops. They will be able to carry out their action plans at their home organizations. The idea here is that a trained cadre of managers will develop an infrastructure and network at their home organizations and will support one-another in this future effort aided and reinforced by periodic follow-on conferences.

The above described change process will be modified through the participant surveys and evaluation reviews. These activities will be carried out by Gallup and the results will be promptly supplied to the Consortium faculty and host institution staff.

Conferences

Perhaps the best way of creating the unfreezing, moving, and refreezing process of orienting management to the new market economy environment would be a customized system for each organization. However, for a massive immediate initial effort under the U.S. A.I.D. sponsorship, such an approach is unrealistic. The most effective massive effort should be based upon a series of intensive 5 day conferences. Each conference is comprised of four modules or tracks:

- 1) Executive and Leader Training
- 2) Management Training
- 3) Entrepreneurship Training and Development
- 4) Market Economics Education

These conferences will begin with a plenary session for all attendees and will then split into the four tracks or modules listed above. In total, 4 conferences will be held in the major cities of four republics according to the following tentative schedule for 1991:

Date	January 1992	July 1992
Location	Belgrade (Serbia)	Ljubljana (Slovenia)
	Zgreb (Croatia)	Sarajevo (Bosnia)

Conference Outcomes

Attendance at each conference is expected to be in the 600-975 range, allocated to the four modules as follows:

Executives/Leaders	50-75
Management	300-500
Entrepreneurship	150-200
Market Economics	<u>100-200</u>
	600-975

We expect to train between 2,400 and 3,900 key executives/leaders, managers, and entrepreneurs. Ten Consortium faculty will be present for and involved in each conference. A key objective will be to prepare selected participants to conduct follow-on versions of the Management, Market Economics, and Entrepreneurship modules at various sites/centers. Therefore, each leader/trainer will receive a detailed course outline and materials to enable them to conduct their sessions in an organized, consistent, and high-quality manner.

Each participant will receive a notebook containing detailed proceedings materials geared to his/her respective conference module, including selected supporting articles/readings. In addition, each participant's notebook will contain an executive summary of the materials covered in the other modules.

Our conferences will be opened by one of the highest ranked government officials in each republic. The invited keynote speaker will be prominent American scholars or business

leaders, and will include a carefully-selected, controlled "exposition" of representative products/services such as computer software offered by similar organizations in the West. The typical conference format is shown in Figure 2.

Each participant will leave the conference with an "action plan" to assist in the implementation of the concepts discussed at the conferences. This action plan will significantly increase the likelihood of sustaining the message of the conference sessions.

In addition, Market Economics courses will be held for the purpose of providing more in-depth exposure in this important area and training selected trainers/leaders to conduct the course later. It is anticipated that 100-200 individuals will attend each offering, for an additional 400-800 persons trained by consortium personnel.

To further assure sustainability, the participants and in-country institutes will be challenged to present follow-on versions of the modules in the following suggested locations in each republic.

<u>Macedonia</u>	<u>Montenegro</u>	<u>Croatia</u>	<u>Serbia</u>	<u>Slovenia</u>	<u>Bosnia</u>
Skopje	Titograd	Split	Pristina	Maribor	Banjaluca
		Rijeka	Novisad		

It is recommended that the following numbers of follow-on modules be conducted by trainers/leaders in each country during Phase II, resulting in an additional 10,000-20,000 persons trained (assuming 65-135 person per session):

<u>Module</u>	<u>Croatia</u>	<u>Slovenia</u>	<u>Serbia</u> <u>Bosnia-Hercegovina</u>	<u>Totals</u>
Executive/Leaders	6	4	7	17
Management	12	8	14	34
Market Econ.	18	12	21	51
Entrepreneurship	18	12	21	<u>51</u>
				153

Reinforcement and continued exposure are critical to sustaining the investment in creating vital market economies. Included in future workshops should be a greater emphasis on practical implementation, where previous participants can share experiences in implementing modern business approaches. Likewise, it is recommended that the Entrepreneurship Seminars be offered at subsequent times, again stressing "lessons learned." Further, it is recommended that both the Market Economics and Entrepreneurship seminars be modified as necessary to become regular course offerings at the in-country institutes and universities.

FIGURE 2 CONFERENCE STRUCTURE

DAY 1

8:00 AM-12:00 Noon
(Coffee Break)

Plenary Session
Welcome - Government Leader
Keynoter - Business Leader

Gallup Survey,
Exhibitions
Assessments

Lunch

Concurrent Sessions

1:00 PM - 5:00 PM
(Coffee Break)

Exec. Track	Mgmt. Track	Mkt. Econ. Track	Ent. Track
----------------	----------------	---------------------	---------------

DAY 2

8:00 AM - 9:30 AM
(Coffee Break)

Plenary Session
Keynoter - Distinguished Scholar

Gallup Survey,
Exhibitions
Assessments

Concurrent Sessions

10:00 AM - 12:00 Noon

Exec. Track	Mgmt. Track	Mkt. Econ. Track	Ent. Track
----------------	----------------	---------------------	---------------

Lunch

1:00 PM - 5:00 PM
(Coffee Break)

Exec. Track	Mgmt. Track	Mkt. Econ. Track	Ent. Track
----------------	----------------	---------------------	---------------

DAY 3

8:00 AM - 9:30 AM
(Coffee Break)

Plenary Session
Keynoter - Distinguished Entrepreneur

Gallup Survey,
Exhibitions
Assessments

Concurrent Sessions

10:00 AM - 12:00 Noon

Exec. Track	Mgmt. Track	Mkt. Econ. Track	Ent. Track
----------------	----------------	---------------------	---------------

Lunch

1:00 PM - 5:00 PM
(Coffee Break)

Exec. Track	Mgmt. Track	Mkt. Econ. Track	Ent. Track
----------------	----------------	---------------------	---------------

DAY 4

8:00 AM - 9:30 AM
(Coffee Break)

Plenary Session
Keynote Speaker

Gallup Survey,
Exhibitions
Assessments

Concurrent Sessions

10:00 AM - 12:00 Noon

Exec. Track	Mgmt. Track	Mkt. Econ. Track	Ent. Track
----------------	----------------	---------------------	---------------

Lunch

1:00 PM - 5:00 PM
(Coffee Break)

Exec. Track	Mgmt. Track	Mkt. Econ. Track	Ent. Track
----------------	----------------	---------------------	---------------

DAY 5

8:00 AM - 9:30 AM
(Coffee Break)

Plenary Session
Keynote Speaker

Gallup Survey,
Exhibitions
Assessments

Concurrent Sessions

10:00 AM - 12:00 Noon

Exec. Track	Mgmt. Track	Mkt. Econ. Track	Ent. Track
----------------	----------------	---------------------	---------------

Lunch

Secondly, it is recommended that each republic establish Management and Entrepreneurship Centers, which can act as clearing houses, repositories, and training centers for small business practices. Our Consortium will provide managerial and resource supports in establishing such Centers. Participants at Executive Orientations should be designated as "Fellows" of the centers, with other module participants as "Members." A yearly conference should be held, and a monthly newsletter published. These later activities could be integrated with the currently existing US-Yugoslavian Economic Council.

Select Fellows and Members will be invited to participate in appropriate management/executive development seminars at prominent U.S. institutions, such as Harvard, Stanford, MIT, Virginia, Nebraska, Michigan, Ohio State, North Carolina.

Lastly, participant lists, course materials, and micro computer equipment will be provided for continuity purposes. An important source of information to the Consortium emanates from the participating local and regional institutions. These institutions, such as International Executive Development Center in Yugoslavia, possess important knowledge regarding the specific developmental needs of each of the republics (including prime candidates for participation) as well as detailed knowledge of the economic, social, technological, political, legal, and competitive environments in the various areas. Coupled with the ability to survey and monitor opinion and reaction to the effort via Gallup, our Consortium possesses an unmatched data base.

PROJECTS

A detailed description of the major projects of our proposal follows, including objectives, content, implementation, and sustainability.

Executive Leadership Training Project

Objective

Executive level training will be presented in our conferences to selected top/executive level managers, media leaders, prominent academic heads, and top labor leaders in each republic, as well as to key trainers. Its objective is to empower key individuals in leadership positions to implement the change to a market economy including modern business systems.

Content

The content of this module in the conferences will be along the lines of executive development sessions held in the U.S. and Western Europe, and it will emphasize the process of unfreezing, moving or changing, and refreezing in its presentation and perspective.

Executive/Leadership Program at the Conferences

- I. **The Essence of Success in Market Economies**
 - A. Private Enterprise and Entrepreneurship
 - B. Marketing Goods and Services
 - C. Financing the Enterprise
 - D. Managing Human Resources
 - E. Technology Management
 - F. Innovation, Productivity, Quality, and Customer Satisfaction
 - G. Developing a Business Plan
 - H. Evaluating Performance and Controlling

- II. **The Executive's Role in a Market Economy**
 - A. Thinking Strategically
 - B. Setting Mission, Goals & Objectives, Policies, and Strategies
 - C. Evaluating Rewards and Risks
 - D. Tying Rewards to Performance

- III. **Adapting the Organization to a Market Orientation**
 - A. Creating a Vision for the Organization
 - B. Setting the Agenda for Change
 - C. Building Support and Acceptance
 - D. Changing Corporate Culture and Climate

- IV. **Required Executive Skills and Abilities**
 - A. Vision and Conceptual Skills
 - B. Human and Technical Skills
 - C. Planning and Decision Making
 - D. Leadership and Influence
 - E. Developing and Coaching People
 - F. Delegation and Control

- V. **Developing Effective Strategies**
 - A. Assessing Opportunities and Threats
 - B. Evaluating Strengths and Weaknesses
 - C. Developing Sustainable Competitive Advantages
 - D. Generic Business Strategies: Differentiation, Cost Leadership, and Focus
 - E. Partnerships, Alliances, and Joint Ventures
 - F. Competing in the International Arena

Implementation

This executive training and development activity will be delivered as a module, a track, in the conference format. The targeted group would include plant managers and top level managers and officials of large business and industrial organizations, as well as opinion

leaders from the media, education, government, and labor. This would be the smallest group at our conferences; the goal would be to have 50-75 participants for each conference. Thus, 200-300 of the top business leaders would receive our executive development program. The selection of these business leaders will be based on the help and direct participation of the local host institutions.

The sessions will be conducted by top Consortium faculty, experienced in making presentations to the highest levels of management. Modes of instruction will include lecture/discussion, cases, and selected video series (eg, Michael Porter's Harvard series on Competitive Strategies), and team presentations. (Faculty: Digman, Lane, Lee, Luthans, Miller, Purg, Tung, Von Glinow, and Whybark)

Sustainability

By the time participants leave the conference, they will have formulated detailed action plans under the guidance of the session leader of how they will implement what they learned at the conference. This would include strategies and training programs for relevant personnel at their home organization. In addition, these leaders will be encouraged, and given the time and assistance within the conference sessions, to develop formal networks among themselves in the form of study groups or clubs, and formal association with the participating management institutes in the form of advisory boards or teaching resources for the centers that have been created. Finally, those who volunteer and are selected will be brought back to the United States for further training and development. We will help arrange for these visits and provide sessions and/or classes at select institutions.

Management Training Project

Objective

The Management training will be presented in our conferences to a larger number of upper-level managers as well as to trainers. Its objective is to provide basic business knowledge and practices to individuals likely to be instrumental in implementing the change to a market economy.

Content

The content of this module or track in the conferences will have a functional orientation (with sessions on marketing, production/operations and accounting/finance) as well as a management and market economics orientation. As with the other modules, this will use the unfreezing, moving or changing, and refreezing process in the presentation and orientation.

Management Program at the Conferences

- I. **Foundations, Spirit, & Structure of Business**
 - A. **Private Enterprise & Market Economies**
 - B. **Entrepreneurship: Starting a Business**
 - C. **Forms of Ownership: Proprietorships, Partnerships, Corporations**

- II. **Managing People and Operations**
 - A. **Management Functions and Processes**
 - B. **Managing Human Resources: Motivation, Leadership, Human Resource Planning, Staffing, and Performance Appraisal**
 - C. **Labor Relations**
 - D. **Productivity and Quality Control**
 - E. **Managing Operations and Technology**

- III. **Marketing Goods and Services**
 - A. **Marketing Functions**
 - B. **Consumer Behavior**
 - C. **Market Segmentation**
 - D. **Product/Service Planning and Pricing**
 - E. **Promotion, Advertising, and Selling**
 - F. **Wholesaling, Retailing, and Distribution**

- IV. **Controlling the Business**
 - A. **Evaluating Performance**
 - B. **Accounting Information and Statements**
 - C. **Ratio Analysis**
 - D. **Computer Applications in Business**

- V. **International Environment of Business**
 - A. **Factors Influencing International Trade**
 - B. **International, Multinational, Global Perspectives**
 - C. **Tactics for International Activities:**
Licensing, Branches and Subsidiaries, Joint Ventures

Implementation

This management training activity will be delivered as a module or track in the conference format. The targeted group for each republic would include department heads, project/product managers, branch/district managers, and office managers from large business and industrial organizations. The goal would be to have 300-500 such participants for each conference. Thus, we would expect to train between 1,200-2000 managers throughout Yugoslavia.

Sessions will be conducted by Consortium faculty in our conferences and in the follow-up sessions by trained in-country business leaders, faculty and trainers. Modes of presentation will include lecture/discussion, cases, and simulations designed to expose managers to the interrelated functions and decisions required to operate a successful business in a market economy. (Faculty: Anderson, Digman, Cox, Hajda, Hall, Purg, Sommer, other invited guest lecturers)

Sustainability

Similar to the top level business leaders, these upper-level managers will leave the conference with a specific action plan of how they will implement what they learned at the conference. Also, like the top level executives, these upper-level management participants will be encouraged and given assistance to set up study groups or clubs to facilitate and formalize networking. In addition, these managers will receive follow-up training from the centers set up at the participating institutions in their republic.

Entrepreneurship Training and Development Project

Objective

The Entrepreneurship training and development will be targeted toward individuals contemplating start-up ventures, whether small and independent or internal and/or spin-offs from larger existing organizations.

Content

Taught by Consortium faculty and qualified trainers, case analyses will be the primary mode of instruction, supported by other presentation methods.

Entrepreneurship Program at the Conferences

- I. The Entrepreneurial Process
 - A. What is Entrepreneurship?
 - B. The Problem of Survival
 - C. The Entrepreneurial Mind

- II. New Venture Ideas
 - A. The Role of Ideas
 - B. Pattern Recognition
 - C. Finding Ideas

- III. Opportunity Recognition
 - A. Recognizing Opportunities
 - B. Screening Opportunities
 - C. Gathering Information
- IV. Resource Requirements
 - A. The Entrepreneurial Approach to Resources
 - B. Outside People Resources
 - C. Financial Resources
- V. The What, Whether, and Why of the Business Plan
 - A. Planning and the Business Plan
 - B. Pitfalls of Effective Planning
 - C. Preparing a Business Plan
- VI. Financing the Enterprise
 - A. Obtaining Risk Capital
 - B. The Entrepreneur and Friendly Investors
 - C. Informal Investors
 - D. Professional Investors
- VII. Valuing, Negotiating, and Structuring the Deal
 - A. Structuring the Deal
 - B. Negotiating
 - C. Valuation
 - D. The Deal
- VIII. Managing Rapid Growth
 - A. Growing Up Big
 - B. The Importance of Culture and Organizational Climate
 - C. Anticipating and Coping with Problems
 - D. Solving Problems
- IX. Crafting a Personal Entrepreneurial Strategy

Implementation

The Entrepreneurship training and development activity will be presented as part of the conference format. The target audience can best be reached through the media. Prior to the conferences, local sponsoring institutions will create linkages with local, regional, and national media. The media will publicize the conference, create an awareness of entrepreneurship, and spotlight local successful entrepreneurs. These attendees will be the grass roots who will hopefully lead to a groundswell of entrepreneurial activity. The expected number of participating entrepreneurs would be 150-200 for each conference or 600-800 in total.

The conference sessions will be lead by successful, practicing, regional and international entrepreneurs and by Consortium faculty experienced in developing entrepreneurs. These sessions will be very practical, hands-on workshops and will lead up to a completed action plan for a personal entrepreneurial strategy and business plan. (Faculty: Anderson, Cox, Duncan, Hajda, LeBaron, and other invited guest lecturers)

Sustainability

When participants leave the conference they will have an action plan in hand to start a new enterprise or to expand on existing one. To assure that a high percentage of the ventures are successful, an Entrepreneur Development Center (EDC), will be established at each local sponsoring institution. The staff at each center will be trained to develop, implement and sustain the following:

- (1) Annual regional conferences which will target both individuals contemplating start-up ventures and the general public who need an awareness of the entrepreneurial process.
- (2) An Entrepreneur Assessment Program to assist individual entrepreneurs in professional growth. The "Entrepreneur Interview", created by the Gallup organization, a major member of the Consortium, isolates and identifies personality characteristics, drives and motivations that are necessary in a successful entrepreneur. Utilizing this assessment, entrepreneurs can develop their strengths and manage around their weaknesses. Therefore, odds of success are significantly increased. Consortium members will interview in the native language of each country and make modifications which will be necessary because of cultural differences. Center staff will be trained in use of the "Entrepreneur Interview" and in the techniques to train others to use the instrument.
- (3) Consortium members will work with center staff to establish a certificate program consisting of a series of in-depth six hour workshops. These workshops will build on topics covered at the conference. Needs assessment will be completed at the conference to determine the most pertinent topics. These are expected to include: (1) obtaining technical assistance; (2) planning a marketing strategy, (3) managing human resources; (4) promoting the business; (5) managing finances; (6) customer relations; and (7) quality service.
- (4) Through a business assistance program, Center staff will do activities such as the following: Consult one-on-one with new or existing businesses; provide individualized assistance in finance, marketing, planning and technology transfer; identify and assist in attracting sources of capital to the region for business start-up and expansion, as well as the ongoing funding of the entrepreneurial program; and develop a systematic process for ongoing recruitment of individuals and entities to the entrepreneurial program.

Market Economics Education Project

Objective

The Market Economics Education will train present and future faculty members and high level government officials in the organization and operation of a market economy. The primary purpose will be to educate the educators who can train others -- students, teachers, business managers, and government officials -- in market economics.

The participants will be concurrently trained in basic micro- and macroeconomic concepts as well as in skills to formulate action plans for smooth "transformation" of a socialistic economy into a market economy. Specifically, the orientation will help them articulate and implement economic reforms for the transition as well as to modify and privatize the institutions and mechanisms for production, distribution, and exchange of goods and services in a free market system. Furthermore, to the extent these trainees might be called upon to advise or assist private enterprises during and after the transition stage, they will be prepared to help business managers achieve competitive efficiency, respond to changing demand and supply conditions, and introduce technological advances.

As part of overall discussion the presenters at the conferences will stress the differences between the market and nonmarket economies and the proven ability of markets to avoid imbalances in the short run and to provide growing amounts of output at low prices in the long run. The discussion will illustrate market economies of North America, Western Europe, and East Asia.

Content

The content of the market economics module will combine the conceptual and functional approaches to economics. Its primary concern will be the dynamics of economic change.

Market Economics Education Program at the Conference

- I. The Economizing Problem: Resource Scarcity and Unlimited Wants
- II. Institutions and Mechanisms of Market Economy
 - A. Private Property and Free Markets
 - B. Competitive Price System
 - C. Profit Maximization
 - D. Limited Role for Government
 - E. Pure Market Versus Mixed Economy

- III. Transforming Public Enterprises into Private Firms**
 - A. Ownership**
 - B. Financing**
 - C. Organization and Management**

- IV. Equilibrium in Product Markets**
 - A. Dynamics of Demand and Supply**
 - B. Equilibrium Price and Output**
 - C. Methods of Dealing with Shortages**
 - D. Demand and Supply Management in the Long Run**

- V. Individual Firm's Costs and Profits**
 - A. Dynamics of Short Run and Long Run Costs**
 - B. Economies and Diseconomies of Scale**
 - C. Pure and Normal Profits**
 - D. Functions of Profit in a Market Economy**

- VI. Firm Equilibrium**
 - A. Competitive Firm and Industry**
 - B. Imperfectly Competitive Firms**
 - C. Desirability of Regulated Monopolies**

- VII. Equilibrium in Input Markets**
 - A. Determinants of Input Prices**
 - B. Structure of Wages, Rents, and Interest Rates**
 - C. Competitive Versus Non-Competitive Input Markets**
 - D. Sources of Input Price Distortions**

- VIII. Government Functions in Market Economy**
 - A. Unavoidable Government Functions**
 - B. Management of Money and Credit**
 - C. Fiscal Policy as Instrument of Economic and Social Change**
 - D. Promoting Free Trade and Investment**

- IX. Macroeconomic Accounting & Fluctuations**
 - A. National Income Accounts**
 - B. Business Cycles and Secular Fluctuations: Causes & Cures**

- X. Economics of Growth and Development**
 - A. General Requirements for Sustained Growth**
 - B. Choice of Development Strategy**

- XI. Role of Banking and Financial Institutions**
 - A. Functions of the National Central Bank**
 - B. Commercial Banking**
 - C. Importance of Equity Investment Financing**

- XII. International Trade and Finance**
 - A. Importance of Free Trade and Investment Flows**
 - B. Policies for Attracting Foreign Capital and Technology**
 - C. Participation in Economic Integration Scheme**
 - D. Balance of Payments Accounts**

Implementation

The market economics education activity will be delivered as a module or track in the conference format. The targeted groups will include present and future faculty members and high level government officials. The goal is to reach 100 to 200 participants at each conference. Thus, a total of 400-800 faculty members and government officials will be trained across the republics.

All sessions will be conducted by the Consortium faculty. Modes of presentation will include lecture/discussion, cases, simulations and selected video series. Throughout the implementation process, participants will be encouraged to identify specific problems they have already encountered (and anticipate to encounter) in creating and sustaining a free market economy. The conference sessions will then concentrate on the feasibility of implementing the action plans. (Faculty: Gupta, Merlin, Purg, Walstad, and other guest lecturers)

Sustainability

By the end of the conference, participants in this part of the program will have the knowledge and skills to train others in free market economics. In a similar fashion, government officials will have specific plans of action on how to organize and operate a market economy at both the macro and micro levels. All these participants will be encouraged and given assistance to set up study groups or clubs to facilitate and formalize networking. In addition, they all will receive follow-up training from the centers which will be established at the participating institutions.

CONCURRENT ACTIVITIES

The organization and operation of the conferences do not complete our program. As indicated in the earlier section, the Gallup Organization plays a significant role in helping guide the whole project. More specifically, before, during, and after the conferences Gallup will be conducting the following activities:

Gallup Activities

- (1) Establish benchmark public opinion data to be compared and trended with historical data previously gathered by Gallup, focusing on business and political leaders and the general public's opinions and perceptions relative to the impending economic change.
- (2) Provide subsequent systematic surveys to objectively measure actual and perceived performance as compared to the particular constituencies' expectations.
- (3) Provide the Entrepreneur and Leadership assessment measurement instruments to in-country centers.
- (4) Systematically survey conference participants with respect to content, effectiveness, and sustainability so as to provide data necessary to continually upgrade the program outlined herein.

Exhibitor Activities

In addition to the on-going activities of Gallup, the Consortium intends to invite a number of select U.S. technological leaders for exhibits. These selected firms will have the most advanced management tools, software, and communication systems. Some of the expected activities of these exhibitors are:

- (1) Demonstrate the most advanced computer-based information systems, communication systems, and management support software.
- (2) Make direct contacts with interested local businesses, entrepreneurs, and government leaders for possible cooperation.
- (3) Develop working relations with local enterprises for possible trade or joint ventures.
- (4) Support conference sessions by providing and demonstrating equipment that can be integral management tools for modern enterprises.

IV. PROGRAM MANAGEMENT

Organization

Headquarters for the program will be located at the Management Department, University of Nebraska-Lincoln. Resources in the Center for Technology Management and Decision Sciences (CTMDS) and the Nebraska Center for Productivity and Entrepreneurship (NCPE) will be available for the project. For example, the most advanced computer systems at CTMDS and expert systems for entrepreneurs at NCEP will be valuable tools for the project.

The overall headquarters organization and its relationships with other staff, consultants, and institutions are shown in Figure 3. The Project Director, Professor Sang M. Lee, will be assisted by an Associate Project Director, and other principal faculty each responsible for three primary task areas -- management training (Prof. Fred Luthans), market economics education (Prof. Lester Digman) and entrepreneurship (Prof. Robin Anderson). There will be a number of other faculty: Prof. Phil Hall, Prof. Steve Sommer, Mr. Larry Cox, and others.

The headquarters staff will also include four additional faculty who will serve as resource persons on a contract basis when needed. Some of the research for the project and computer-related support will be provided by three doctoral graduate assistants (.33 FTE each).

The headquarters staff also includes one Country Coordinator (who speaks local languages), a full-time Communication and Accounts Coordinator (dealing with all accounting and procedures work) and a full-time secretary. The Consortium members and consultants (presented in Section II) will be available for the project on a contract-as-needed basis. The language skills of the Consortium faculty are presented in their respective Biographical Data Sheets in Appendix 2 of the Financial Proposal.

The actual number of person-months that each person spends on the project, except the full-time employees specifically hired to perform assigned duties, will be determined at a later date when conference dates become known with certainty.

Implementation Plan

The implementation plans for the proposed program are based on the U.S. A.I.D. schedule and the planned activities in Yugoslavia. Once we receive a go ahead signal from the U.S. A.I.D., we can initiate our preliminary work immediately. For example, detailed task definition and operational planning can commence as early as mid-August, 1991. We have already collected a set of useful sources for the project, as presented in Appendix 3. Since organizing conferences require a great deal of lead time (facility reservations, brochure preparation, publicity, etc.), we must also initiate activities in Yugoslavia immediately. Our already established relationships provide us with a unique ability to initiate these in-country activities with minimal lead time. The Project Director will have a meeting with major Consortium principals in August, 1991 to develop the overall plan for the program.

The program implementation plan is presented in Table 1 and its Gantt chart is shown in Figure 4.

Program Constraints

There are three constraints critical to the success of our proposal:

1. Sufficient political, economic, and social stability. Obviously, Yugoslavia is experiencing major changes which are the very reason for the U.S. A.I.D. RFA and this proposal. With change, however, comes an element of instability, as evidenced by divisions in Yugoslavia. Should events materialize requiring modification of our proposal in one or more of the target republics, mutually agreeable technical and cost changes will be negotiated with U.S. A.I.D.
2. Another potential constraint for our program is conflict with some on-going programs or projects planned by local governmental or public institutions. For example, if a local Chamber of Commerce or a consulting firm is already in the process of providing a management training program with a substantial fee to the participants, our program may not be welcome in that region. Close coordination with each in-country institution is a key to our success.
3. Another possible constraint would be an unreasonable expectation on the part of in-country institutions or conference participants. Our goal is to assist them to make a smooth and successful transition from a centrally planned economic system to a market driven economic system. We will not be bringing funds for joint ventures or support local institutions with a massive financial aid package.

It is important to note that all Consortium participants have committed themselves in writing, so that no other important program constraints exist.

(END OF ATTACHMENT 2)

AG (3-87)
 *PIO/T
APR 1991

AGENCY FOR INTERNATIONAL DEVELOPMENT
 PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES

1. Cooperating Country
 Eastern Europe Regional

2. PIO/T No.
 180-0029-3-1183666

3. Original or Amendment No. _____

4. Project/Activity No. and Title
 Management Training and Market Economics Education Project 180-0029

DISTRIBUTION

5. Appropriation Symbol
 72-11X1010 (184-63-180-01-69-11)

6. Budget Plan Code
 QAIX-91-33180-IG-12

7. Obligation Status
 Administrative Reservation Implementing Document

8. Project Assistance Completion Date (Mo., Day, Yr.)
 12/31/1993

9. Authorized Agent
 SER/OP

10. This PIO/T is in full conformance with PRO/AG No. 180-0029 Date 12/26/1990

11a. Type of Action and Governing AID Handbook
 AID Contract (HB 14) AID Grant or Cooperative Agreement (HB 13) PASA/RSSA (HB 12) Other

11b. Contract/Grant/Cooperative Agreement/PASA/RSSA Reference Number (if this is an Amendment)
 N/A

12. Estimated Financing (A detailed budget in support of column (2) is attached as Attachment No. _____)

Maximum AID Financing Available	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
					700,000
	B. U.S.-Owned Local Currency				

13. Mission References

14A. Instructions to Authorized Agent
 SER/OP is requested to execute a grant with International Management/Economic Assistance Consortium, University of Nebraska Lincoln (Lead Institution) Funding of \$1,000,000 is provided for expenditures during the first 12 months. This SPO/EE-91-002 is incrementally funded at \$700,000 initially. Depending on availability of funds and progress in the program satisfactory to A.I.D., Additional annual increments of funding will be considered.

14B. Address of Voucher Paying Office
 PFM/FM/CMP, Room 700, SA-2

Agency for International Development (A.I.D.)
 Washington, D.C. 20523-0209

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The Project Officer certifies that the specifications in the statement of work or program description are technically accurate Thomas Chapman, ENE/TR Stephen French, ENE/EUR Date 4/26/91	Phone No. (202) 647-3852 Date 4/24/91	B. The statement of work or program description lies within the purview of the initiating office and approved agency programs Joseph Paszic, ENE/PD/EUR Date 4/29/91	Date 4/29/91
C. Janet Rudasill-Bey, ENE/DP/F Date 4/30/91		D. Funds for the services requested are available	Date
E. Donald Pressley, ENE/EUR Date 4/30/91		Rose Anderson, PFM/FM/A/PNP	

16. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to

Signature _____ Date _____

17. For the Agency for International Development

Signature *[Signature]* Date 5-1-91

Title Robert Nachtrieb, Director, ENE/DP

*See HB 3, Sup. A, App C, Att B, for preparation instructions. Note: The completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action.

Initials: *[Handwritten]*
 Date: 5/1/91
 PFM/FM/A/PNP