

FUNDACION DE CREDITO EDUCATIVO

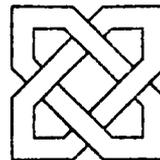
Institutional Development

And

Off-Shore Training

Submitted to USAID/Sto. Domingo
By the Latin American
Scholarship Program of
American Universities
(LASPAU)

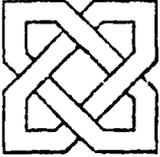
May 20, 1983



The Latin American
Scholarship Program
of American Universities

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Affiliated with Harvard University



May 19, 1983

Dr. Thomas Nicastro, Chief
Education Office
USAID/U.S. Embassy/Santo Domingo
APO Miami 34041

Dear Tom:

I am pleased to submit for your review and approval the final report of LASPAU's assessment of the capacity of the Fundación de Crédito Educativo to carry out off-shore scholarship programming. The work was called for under Contract 83-AID-023, PIO/T's 517-0000-3-3004 and 30005, and was carried out by Kathleen Sellev and me during the week of March 14-18, 1983.

We trust that the report will be useful in the planning and executing of current and future projects with the Foundation. We stand ready to answer questions and to assist you and the Foundation as you plan activities.

As you know, Kathleen and I immensely enjoyed carrying out this project for you.

Sincerely,

Lewis A. Tyler
Acting Executive Director

LT:jmw

The Fundación de Crédito Educativo

Introduction

We have prepared this report in response to an October, 1982 request from the Education Office of the USAID Mission in Santo Domingo asking LASPAU to carry out an assessment of the Fundación de Crédito Educativo's (FCE) ability to engage in "off-shore" scholarship programming. LASPAU's assessment was limited to two areas: determining whether FCE currently carries out functions analagous to selecting, placing and monitoring Dominicans in overseas educational institutions; and delineating what would be involved in creating that capacity in FCE so Dominicans could be trained in U.S. institutions. LASPAU's study was not intended as a formal evaluation of FCE's organizational structure, leadership or financial characteristics.

Work Plan

LASPAU's strategy for determining the Foundation's capacity for carrying out off-shore training activities centered on observing the Foundation's overall structure to see how it distributes its functions and assessing the relationship between current activities and those necessary to carry out a scholarship program. Before we went to Santo Domingo, the USAID/D.R. provided us with a broad assortment of organizational charts, publications, application forms, budget statements, previous assessments and legal statutes so we could begin to examine how the Foundation views itself, how it is organized and, to a lesser extent, how it is regarded by AID. At our request, the Foundation set up our initial round of appointments in Santo Domingo, but we also sought out other Foundation clients to ensure a broad perspective on clients' experiences. Following our in-country assessment, we spoke with a U.S. university representative who had been involved with one of the Foundation's programs.

Assessment of the Environment

Four external factors exerted significant influence on our study.

Timing: As the Foundation staff had only recently been informed that the Executive Secretary was leaving in May, they inevitably associated our visit with the leadership issues confronting the Foundation.

AID/LASPAU/FCE Relationship: Insufficient clarity about the nature of the relationship among these three has made it difficult to establish

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realistic expectations about their respective roles. The terms of the contract tying the three together have changed substantially since mid-1982, and the three parties do not share a common and clear understanding of these terms. Consequently, LASPAU's assessment activity was understood as a function of the contract's original workplan, instead of as the discrete project it actually was.

Confusion between Educational Credit and Scholarships: Almost no one at the Foundation--either at the policy or operational levels--distinguishes between educational credit services and the services scholarship programming requires. Hence, there is little concrete understanding of what constitutes a scholarship program.

Political Factors: It is inevitable that the large number of scholarships made available to Dominicans by socialist countries is used as justification for both APEC's support and for FCE's involvement in U.S. scholarship programming. Such justification sometimes appeared to have greater importance than institutional considerations.

Organizational Summary

FCE is a non-profit organization created in 1967 by the Acción Pro-Educación y Cultura (APEC) to serve as a source of educational credits. APEC is the parent organization of three other institutions also dedicated to serving Dominican educational and cultural needs. The Boards of each of these institutions report to APEC which then involves itself in both strategic and operating decisions.

Assessment of Current Activities

The FCE lists as its functions and objectives the seven program directions found in its brochure of February 8, 1983, "Breve Resumen de la Fundación de Crédito Educativo, Inc." Following is a list of these goals and functions accompanied by our initial comments on FCE's efforts to accomplish them.

1) Administer, develop and promote an educational loan fund.

This is FCE's foremost objective and defining function. Over 1000 loans per year are processed through their own funds and third party portfolios. Banco de la Reserva and Gulf and Western, two clients with whom FCE scheduled interviews for us, expressed satisfaction with FCE's manage-

ment of their programs. Other institutional users--ISA and INTEC--expressed more negative views about the management of their portfolios and complained about the low number of new credits being granted out of collections on current loans. Most institutional users acknowledged that students often failed to receive payments in a timely fashion.

2) Determine professional and technical human resource needs in terms of the socioeconomic development needs of the country.

The current FCE/AID/Texas A&M project fits in with this objective, and the Executive Secretary pointed out that FCE has occasionally worked with APEC to meet this need. We saw no written documentation of the FCE/APEC collaboration in this area, nor did we see evidence of an in-house capacity to provide this service.

3) Select foreign training institutions for Dominican students.

While we found no evidence that this function is operating, FCE staff did point to a scholarship program with APICE where FCE screens Dominicans for graduate study at Stevens Institute of Technology and Rensselaer Polytechnic Institute (RPI). FCE has not been involved, however, in matching candidates with these universities or in negotiating admissions. Each applicant has been considered on his own merit by the U.S. institution, and no real contract or exchange program exists. RPI reports that there were some assumptions on APICE's part which were not formalized before students were told they had scholarships from RPI. This problem derives from faults in APICE's design and cannot be attributed to FCE, but it does mean that this program has given the Foundation neither the opportunity to learn what a scholarship program entails nor the skills training such a program requires. In fact, FCE's participation in APICE's program was limited to initial screening of candidates based on a predetermined point system rather than on U.S. university admissions criteria or any substantive judgement about the quality of the candidates.

4) Grant loans to university students.

This is a corollary of the larger objective of loan funds listed in Item 1 of this section.

5) Monitor the academic progress of loan recipients.

The current monitoring system does not require the FCE staff to make

independent or critical judgements about the students' progress, but students do report their grades to FCE on a regular basis in order to get their checks. The Gerencia de Crédito maintains a file of degree requirements in Dominican universities, but does not use them except as a gross indicator of expected course load and distribution of courses. This monitoring system is adequate for the purpose of distributing loan funds.

6) Collaborate with professionals and students who have benefited from Foundation funds to assure that their training is put to good use in the work force.

Although many staff members mentioned a job bank providing information on employment opportunities in the Dominican Republic, FCE does not maintain such an information source for its loan recipients. One of the goals of the current FCE/AID/Texas A&M Human Resources project, however, is to develop such an information bank.

7) Coordinate information on study opportunities in the Dominican Republic and abroad.

FCE possesses little information on study abroad. The Unidad de Desarrollo is designing a library, but currently has no budget line item for building it. While the Gerencia de Crédito has a more substantial catalog library, it is outdated and poorly organized. Further, no advisors or staff are on hand to interpret the limited information which is available. This being the case, the Foundation is not viewed by potential clients as a resource for information on study opportunities abroad.

Organizational Characteristics

Critical to our assessment of the Foundation's specific capacity to carry out off-shore scholarship programs and of its overall ability to undertake new programs were the following characteristics.

Decision-making: Authority to make program decisions does not reside with those who carry out programs. Individuals can make bureaucratic decisions, but the system is designed so that no one is required to exercise individual judgement. The Foundation's capacity for creativity or spontaneity is limited by these organizational constraints on decision-making at the programmatic level.

Policy Making: Policy formation and leadership are a combined function of the board and APEC. The Executive Secretary is seen as a representative of the Board which in turn represents APEC. In our view, the leadership role assumed by the Board has limited the Executive Secretary's ability to engage in creative thinking about possible Foundation responses to Dominican needs in general or to those of the educational sector in particular. Frequent, i.e. monthly, Board meetings reflect the preeminent part the Board plays in its relations with the Foundation.

Internal Communications: Communication reflects FCE's decision-making and policy making structure; information flows vertically and, typically, upward to the Executive Secretary. Staff meetings are non-existent and lateral communication is limited to daily circulation of the chronological letter file. The Executive Secretary visits each department daily to collect information about operations and issues, and solve problems within each department and gerencia. Employees appear to have easy access to the Executive Secretary.

Other Characteristics:

"Mistica". Foundation staff members appear to possess the mentality and motivation traditionally found in non-profit organizations. They feel they are working toward a larger good and their dedication and willingness to work beyond their job descriptions are notable.

Distribution of work. Granting loans and collecting loan repayments, the Foundation's two most important functions, are carried out by two smaller Gerencias. Twenty of the Foundation's 100 employees accomplish this work. It is widely acknowledged that Cobros has increased its effectiveness in the last four years, and Crédito, the smallest division of FCE, has developed a system to handle hundreds of inquiries and follow-up applications per month.

Project development. The formal responsibility for program development resides in a subcommittee of the FCE's Board. Within the Foundation, the new Unidad de Desarrollo de Proyectos sees itself as possessing this function, but is in fact only empowered to carry out previously negotiated projects. The Unidad has not enjoyed much success up to this point even given its limited scope of activities.

Implications for Scholarship Programming

Based on our observations of the functions and processes within FCE, we conclude that the capacity for conducting off-shore training programs does not now exist. Only the Crédito section of the Foundation appears to possess any of the qualities and characteristics which could begin to

create that capacity.

Scholarship programming requires three basic services--selection, placement and monitoring. These in turn require individual critical judgement from the program staff providing them. FCE, however, does not have decision-making, policy making and communications processes which encourage independent thinking and which we consider essential for providing timely and effective scholarship programming services.

The selection of qualified scholarship recipients requires an ability to establish priorities among a wide range of academic and programmatic criteria. Currently, FCE uses a point scheme which homogenizes each candidate's characteristics and involves no critical judgement.

Placement of a selected scholar in an appropriate U.S. institution requires the ability to match the student's qualifications and needs with the requirements and offerings of U.S. academic institutions; it involves much more than the ability to translate catalog information. FCE possesses none of the requisite physical or personnel resources to carry out placement of selected students .

As academic monitoring of students placed in U.S. institutions can be designed to meet specific program needs, it is the most flexible of the three program components. There are, however, minimum requirements: the ability to communicate directly with the students, the capacity to solve students' problems, and the ability to relate program guidelines to U.S. academic regulations. At FCE, scholar monitoring is a bureaucratic rather than a substantive process, but to be useful in scholarship programming, monitoring must assume both academic and personal aspects and deal with these issues in a substantial way.

Limiting Factors

It is clear that FCE is not now involved in scholarship programming. If one were to urge the Foundation to create the capacity for off-shore training, the following problems would have to be overcome or at least acknowledged and addressed.

Location. Scholarship services require direct access to students and U.S. institutions.

Investment. The credibility of any program--its recognition, good will and reputation--require a long-term investment of resources.

English Language Ability. FCE lacks personnel with ability to communicate in English.

Resources. FCE has neither the physical nor material resources to carry out services.

Commitment. Financial resources must be committed over the long term in order to create and maintain services. This implies providing a substantial number of scholarships annually to justify these services.

Philosophy. Granting of "becas" implies a philosophy which is perhaps different from that underlying the granting of loans from a revolving fund. Changing to include scholarship programming will have public as well as internal consequences.

Services. FCE needs to learn what services a scholarship program includes before it can begin to set up one of its own.

Institutional Constraints. The existing organizational structure is not compatible with critical judgement or the ability to take independent action, qualities the FCE staff will need if it is to carry out a scholarship program.

Political Implications. If scholarship decisions reflect the political interests of policy makers, the program will take on a political rather than academic cast, and such a reputation will ultimately bear on the credibility of the selection process.

External Financial Support. The absence of broad national support typical of that received by other Latin American educational credit organizations requires ongoing commitment from sources such as AID to support a scholarship programming capacity. Given FCE's lack of project development capacity, this point is even more important to AID.

Ability to Incorporate New Projects. New projects housed at FCE should be a natural extension of current activities and sensitive to the organization. This is particularly relevant in light of the FCE/TAMU project history.

Conclusions and Recommendations

Given the previous discussion of limiting factors, we cannot recommend creation of an off-shore training capacity at FCE. In our opinion, it is premature for AID to commit itself to funding at the level required to create and sustain such an endeavor administratively and programmatically. Several intermediate steps--which would also provide educational services to the public at large--could eventually provide a base for building FCE's capacity for scholarship programming.

1) Pre-screening of candidates for other AID-sponsored programs. Technical assistance could be provided to train FCE staff in evaluating credentials along the substantive lines previously discussed.

Budget: US\$ 5,000.00

2) FCE staff enrichment.

FCE staff visits to other Latin American educational credit organizations would expose them to larger educational issues and establish a context for future program directions. LASPAU's participation in this activity would provide the U.S. institutional perspective and continuity needed to carry out the project. We suggest that three staff members from FCE and a LASPAU technical expert visit APICE member institutions.

Budget: US\$ 25,000.00

3) Resource and counseling center.

There is a need in the Dominican Republic for a well-equipped and competently staffed clearing-house for information about U.S. training opportunities. The gradations of investments and services from which AID could choose range from a few thousand dollar investment for library facilities housed at FCE to the creation of a semi-independent counseling center staffed by trained professionals. Such a center could be headed by a U.S. academic or administrator and organized along the lines of already-established IIE/USIA counseling centers.

Budget: US\$ 80,000.00

Kathleen S. Sellev
Lewis A. Tyler

Cambridge
May 20, 1983

18.

ISSUING OFFICE

ORDER FOR SUPPLIES OR SERVICES
USAID/DOMINICAN REPUBLIC

MARK ALL PACKAGES AND PAPERS WITH ORDER AND/OR CONTRACT NUMBERS

1
2

DATE OF ORDER
2/3/83

CONTRACT NO. (If any)
83-AID-023

ORDER NO.

ACCOUNTING AND APPROPRIATION DATA LDAA-83-25517-EG61

PIO/T No. 517-0000-3-30004 (\$3,245) 72-1131022.5
PIO/T No. 517-0000-3-30005 (3,245) 72-1131021.3
LDAA-83-25517-AG61

REQUISITIONING OFFICE
USAID/Dominican Republic
APO Miami 34041

REQUISITION NO./PURCHASE AUTHORITY

CONTRACTOR (Name and address)

TO → Latin American Scholarship
Program of American Universities
25 Mt. Auburn Street
Cambridge, MASS 02138

SHIP TO (Consignee and address)

N/A

VIA

TYPE OF ORDER: PURCHASE DELIVERY
REFERENCE YOUR SPECIFIED ON BOTH SIDES OF THIS ORDER AND ON THE ATTACHED SHEETS, IF ANY, INCLUDING DELIVERY AS INDICATED. THIS ORDER IS NEGOTIATED UNDER AUTHORITY OF **the Foreign Assistance Act of 1961, as amended, and ED 11223.**
PLEASE FURNISH THE FOLLOWING ON THE TERMS SPECIFIED ON THIS ORDER: EXCEPT FOR THE BILLING INSTRUCTIONS ON THE REVERSE, THIS DELIVERY ORDER IS SUBJECT TO INSTRUCTIONS CONTAINED ON THIS SIDE ONLY OF THIS FORM AND IS ISSUED SUBJECT TO THE TERMS AND CONDITIONS OF THE ABOVE-NUMBERED CONTRACT.

F.O.B. POINT

GOVERNMENT B./L. NO.

DELIVERY TO F.O.B. POINT ON OR BEFORE

DISCOUNT TERMS

SCHEDULE

ITEM NO.	SUPPLIES OR SERVICES	QUANTITY ORDERED	UNIT	UNIT PRICE	AMOUNT	QUANTITY ACCEPTED
1.	<p>Contractor will prepare an institutional development plan for the Fundacion de Credito Educativo (FCE) to create or strengthen its off-shore graduate student capabilities.</p> <p>The plan will present FCE with at least three programmatic development options that will be based on present FCE capacity (personnel and hardware) and three possible project funding levels (10,000, 25,000, and 50,000 dollars). Each funding option will be analyzed using the following criteria: graduate student selection process; off-shore graduate student placement process; student monitoring process; and reentry into the Dominican world of work. The criteria analysis will include definition of each criteria, specific training, technical assistance or commodity purchase possible for the different funding levels. Technical assistance, scopes of work, Dominican training requisites or hardware specification should be included. Also, FCE</p>					

FEB 10 1983

SEE ABOVE

2-9-83

SIZE CLASSIFICATION (Check one) SMALL BUSINESS OTHER THAN SMALL BUSINESS

TOTAL FROM CONTINUATION PAGES

(See reverse for rejections)

SEE BILLING INSTRUCTIONS ON REVERSE

GRAND TOTAL → \$6,490

FPIING POINT

GROSS SHIPPING WEIGHT

INVOICE NO.

MAIL INVOICES TO

Controller
USAID/Dominican Republic
APO Miami 34041

UNITED STATES OF AMERICA

BY

Stanley D. Hoishman
(Signature)

NAME (Typed)

Stanley D. Hoishman

TITLE: CONTRACTING/ORDERING OFFICER

19

ORDER FOR SUPPLIES OR SERVICES

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PAGE NO.

2

SCHEDULE—CONTINUATION

DATE OF ORDER
2/3/83

CONTRACT NO. (If any)
83-AID-023

ORDER NO.

ITEM NO.	SUPPLIES OR SERVICES	QUANTITY ORDERED	UNIT	UNIT PRICE	AMOUNT	QUANTITY ACCEPTED
	<p>recurrent funding levels needed to maintain each funding level should be presented.</p> <ol style="list-style-type: none"> 2. Prior to initiating its activities the Contractor will present a self-study outline to FCE to be completed by FCE. 3. During the data gathering process the Contractor will receive guidance from make periodic reports to the USAID. 4. USAID/DR will provide the Contractor with office space and equipment and local transportation. 5. Two final reports in English containing the plan described above shall be submitted with a cover letter to the USAID for review and approval no later than June 30, 1983. 6. The fixed price for all work hereunder is \$6,490. 					

FEB 07 11:53 PM '83
 PROVISION

TOTAL CARRIED FORWARD TO 1st PAGE →

\$6,490

20