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

BOLIVIA

PROJECT PAPER

MANAGEMENT TRAINING

AID/LAC/P-256

Project Number: 511-0580

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AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE: A = Add, C = Change, D = Delete — Amendment Number

DOCUMENT CODE: 3

2. COUNTRY/ENTITY: BOLIVIA

3. PROJECT NUMBER: 511-0580

4. BUREAU/OFFICE: 05

5. PROJECT TITLE (maximum 40 characters): Management Training

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM 08 DD 30 YY 89

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4)

A. Initial FY 85 B. Quarter 4 C. Final FY 89

8. COSTS ($000 OR EQUIVALENT $1 =)

A. FUNDING SOURCE	FIRST FY 85 B. FX	C. L/C	D. Total	LIFE OF PROJECT E. FX	F. L/C	G. Total
AID Appropriated Total	590	210	800	1,494	506	2,000
(Grant)	(590)	(210)	(800)	(1,494)	(506)	(2,000)
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1.						
Other U.S. 2.						
Host Country	--	--	--	150	977	1,127
Other Donor(s)						
TOTALS	590	210	800	1,644	1,483	3,127

9. SCHEDULE OF AID FUNDING ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE 1. Grant	2. Loan	D. OBLIGATIONS TO DATE 1. Grant	2. Loan	E. AMOUNT APPROVED THIS ACTION 1. Grant	2. Loan	F. LIFE OF PROJECT 1. Grant	2. Loan
(1) 106	660					2,000		2,000	
(2)									
(3)									
(4)									
TOTALS						2,000		2,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

The purpose of the Project is to support the development of an independent management training institute to provide intensive, short-term management training to Bolivian businessmen and women.

14. SCHEDULED EVALUATIONS

Interim MM 08 YY 87 MM YY

Final MM 06 YY 89

15. SOURCE/ORIGIN OF GOODS AND SERVICES

[X] 000 [X] 941 [X] Local [ ] Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a ____ page PP Amendment.)

I have reviewed and concur in the proposed implementation and financing procedures for this project.

Joe O. Hill, Jr., Controller

17. APPROVED BY

Signature: David A. Cohen

Title: Mission Director

Date Signed: MM 08 DD 30 YY 85

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

AID 1330-4 (8-79)

PROJECT AUTHORIZATION

Name of Country: Bolivia

Name of Project: Management Training

Number of Project: 511-0580

1. Pursuant to Part I, Chapter I, Section 104 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Management Training Project for Bolivia involving a planned obligation of not to exceed Two Million Dollars ($2,000,000) in grant funds over a four-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D./OYB allotment process, to help in financing the foreign exchange and local currency costs of the project. The planned life of project is four years from the date of initial obligation.

2. The project will support the establishment of a private Bolivian management training institute. This Institute, governed by a Board of Directors, will provide short-term business training to three entrepreneurial groups: senior executives, mid-level managers and small-scale businessmen.

3. The Project Agreement(s), which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms, major conditions and convenants, together with such other terms and conditions as A.I.D. may deem appropriate.

Source and Origin of Commodities, Nationality of Services

Except as A.I.D. may otherwise agree in writing, commodities financed by A.I.D. under the Project shall have their source and origin in Bolivia or the United States. With the exception of ocean shipping, the suppliers of services shall have as their place of nationality a country within A.I.D. Geographic Code 941, except as A.I.D. may otherwise agree in writing. Ocean freight financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be carried only on flag vessels of the United States. The suppliers of commodities all have Bolivia or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing.

David A. Cohen
Director

Date 7/30/85

Clearances:

PS:GArgento
CONT:JOHill, Jr.

LIST OF ACRONYMS

1. BCB - Bolivian Central Bank
2. CEP - Confederation of Bolivian Private Businessmen
3. COMIBOL - Bolivian Mining Company
4. DAEC - Development Assistance Executive Committee
5. ESAM - Superior School for Business Management
6. FOMO - Institute for the Development of Manual Laborers
7. IDEA - Institute for the Development of Businessmen and Administrators
8. IMF - International Monetary Fund
9. INE - National Statistics Institute
10. INCAE - Central American Institute for Business Administration
11. IPAE - Peruvian Institute of Business Administration
12. ISAP - Institute for Public Administration
13. USIS - United States Information Service
14. YPFB - Bolivian Petroleum Company

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Best Available Document

I. SUMMARY AND RECOMMENDATIONS

A. Summary

The purpose of the project is to support the development of an independent management training institute to provide intensive short-term management training to Bolivian businessmen and women. The project will help fund the creation of an entity, the Instituto para el Desarrollo de Empresarios y Administradores (IDEA), to deliver the training services. This Institute will offer a series of general and specific management courses and seminars to a variety of private sector target groups. The training will be brief, no longer than two weeks, and will lead to course completion certificates but not to a degree. The principles that will govern the design of curricula and training methodologies will be flexibility and appropriateness to the Bolivian context. The Institute's course offerings will be multi-track, containing advanced seminars for senior-level corporate executives, specific management courses for owners and employees of small-scale and medium-scale businesses, and specialized technical offerings for middle-level managers, e.g. department heads. Courses will be added when requirements are identified, and eliminated when the needs have been satisfied or demand has diminished.

The Institute will begin modestly with a limited permanent staff and physical plant, and will consider expansion only on the basis of established success and an increasing demand for its business training courses. Initially, it will have a full-time project administration complement consisting of 4 professional and 4 support staff, under the direction of an Executive Director. IDEA will be established under the auspices of the Confederation of Bolivian Private Businessmen (C.E.P.), and will be run by a Board of independent businessmen.

The financial solvency of the program is based on a structure that enables the costs of the training services provided by the Institute to be paid for by the participants and/or their private sector employers. The proceeds generated by the provision of these services, and from membership dues, will fully underwrite the operating costs of the Institute by the end of the project.

The project beneficiaries will be drawn from the approximately 21,000 private sector entities that will have the opportunity to participate in the training program. The trainees will receive the benefit of program instruction which will, in turn, contribute to improved productivity and operational efficiency in their firms, and to their own career growth.

The project will last four years. The total cost is estimated to be $3,127,000. The A.I.D. contribution will be $2.0 million in grant funds. This will be complemented by $150,000 in GOB local currency generations (e.g. Title III proceeds from the sale of commodity imports) and $977,000 from private sector firm membership dues and tuition fees.

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Table 1

SUMMARY PROJECT BUDGET

(US$ 000)

	A.I.D.	Host Country		
		Private Sector	Local Currency Generations	Total
Components				
I. Technical Assistance	767	-	-	767
II. Operating Expenses	368	245	-	613
III. Commodities	196	-	-	196
IV. Training	150	-	150	300
V. Course costs	249	554	-	803
Subtotal	1,730	799	150	2,779
Contingencies	270	78	-	348
GRAND TOTAL	2,000	877	150	3,127

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B. Recommendations

The project related research, which focussed on the design criteria of the highly successful IPAE management training program in Perú, suggests that a program similar to the IPAE model will also succeed in Bolivia.

The PID was approved by the AA/LAC on December 14, 1983. Simultaneously, the AA delegated project authorization authority to USAID/Bolivia. All key DAAC issues (i.e. a thorough demand analysis, appropriate institutional arrangements and adequate technical assistance) have been taken into account in the design of the project. Given the conclusions of analyses conducted during the intensive review, the USAID/Bolivia Project Design Committee recommends that this project be authorized.

The USAID/Bolivia Controller has reviewed and approved the detailed assessment of the methods of implementation and financing described in the financial section of this PP (Section III) pursuant to the Payment Verification Policy Implementation Guidance issued by AA/M, on December 30, 1983.

C. PP Development Committee

1. The USAID/Bolivia PP Development Committee was composed of:

Oscar Antezana, Program Assistant
Gerrit Argento, Chief, Private Sector Office
Claude Boyd, Curriculum Specialist
William G. Kaschak, Deputy Project Development Officer
Roberto León de Vivero, Program Officer
Michael H. Lofstrom, Assistant Project Development Officer
Carole Millikan, Assistant Project Development Officer
Raúl Pinto, Financial Analyst, Controller's Office
Pascual Sanchis, Project Assistant, Private Sector Office

2. The following Bolivian private sector representatives were consulted in developing the PP:

René Candia, Confederation of Bolivian Private Businessmen, La Paz
Julia Casal de Bowles, Professional Women's Association of Santa Cruz
Hugo Castellanos, Chamber of Industry, La Paz
Raúl España Smith, Association of Medium Scale Miners
Humberto Fernandez, Chamber of Industry, La Paz
Hugo Galindo, Galindo Industries, Cochabamba
Fernando Illanes, Confederation of Bolivian Private Businessmen, La Paz

Guillermo Justiniano, Bolivian Eastern Chamber of Farmers
Juan Ponce, Association of Shoe Manufacturers, Cochabamba
Angel Prada, Chamber of Industry, Cochabamba
Cristóbal Roda, Rodo Industrial Group, Santa Cruz
Freddy Teodovich, General Manager, Eastern Bolivian Cattlemen's Fund

3. The following consultants provided technical analyses during the intensive review:

Enrique Ackermann, Consultant
José Campoverde, IPAE
Antonio Palomino, IPAE
Susan Sawyer, Partnership for Productivity

4. The PP was reviewed by the following USAID/Bolivia officers:

Robert J. Asselin, Jr., Chief, PD&I
Joe O. Hill, Jr., Mission Controller
Roberto León de Vivero, Program Officer

II. PROJECT RATIONALE AND DESCRIPTION

A. Project Rationale

1. Background/Overview

In the past two years, Bolivia has experienced one of the worst economic crises in its history. A severe recession accompanied by one of the world's highest inflation rates (estimated at 2400% in CY 1984) has severely reduced the living standards of the Bolivian population, hurt the overall development of the country, and negated efforts to create a favorable climate for private sector growth.

The crisis, which began in the late 1970's, substantially worsened in 1984. Virtually all segments of the Bolivian GDP declined, with particularly sharp falls occurring in the mining (15.6%) and manufacturing (15.0%) sectors. Export earnings dropped by approximately 20.2%, making it even more difficult for the GOB to meet its current and overdue obligations to foreign banks and other creditors. The nation's debt service as a percentage of GDP grew to 1.4% and as a proportion of exports climbed to 44.5%. In addition, the consolidated fiscal deficit of the GOB and state-owned enterprises in 1984 rose to an estimated $b3.6 trillion, or approximately 23.0% of GDP. Lastly, the Bolivian economy has continued to be hampered by a large inefficient public sector, most of the "productive" activities of which produce large, generally uncontrolled losses which constitute a substantial portion of the deficit.

During this difficult economic period, the Siles Government stated its commitment to a "mixed economy" based on the belief that (1) the private sector has the capacity to make a greater financial contribution to the country's economy, (2) increased private sector participation can enable a reduction in the substantial chronic deficits of most of the government-controlled enterprises, and (3) private enterprise has the potential to support economic growth by improving market opportunities leading to increased production, reduced unemployment, higher personal incomes, and increased exports.

Despite its endorsement of private enterprise, the Siles Government was not able to provide the economic stability needed for the private sector to grow. Although six separate packages of reform measures were introduced between 1982 and mid-1985, none was successfully implemented, and several added to the inflationary climate of the country. It is hoped that more effective economic reform measures will follow the national elections and transfer of power in July/August 1985.

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2. The Problem

The establishment of a thriving mixed economy in Bolivia faces major barriers. Factors beyond private sector control are the banking, monetary, and export policies which constrain opportunities for private sector growth, and the predominance in the economy of parastatal enterprises. While generally inefficient and often deficit-ridden, these large public enterprises exert enormous clout on policy decisions by the GOB, often to the detriment of the private sector.

Principal among the constraints which emanate from within the private sector are a family orientation to enterprise organization, a serious training deficiency in all areas of business management (75% of the owners/managers of businesses affiliated with the Bolivian Chamber of Industry have had no formal university training), and a dearth of knowledge on how to obtain improved technology as well as marketing, financial and product information to upgrade business performance. These deficiencies in technology use, training, information access, and merit placement have contributed, together with current economic factors, to a significant number of recent bankruptcies.

While the external constraints to effective private sector performance will be addressed by continuing A.I.D. assistance to, and dialogue with, the GOB to enact needed policy revisions, the lack of training within the private sector will be addressed by this project. The result should be significant movement toward the re-establishment of a stable and productive private sector.

3. Project Description

1. Goal

The goal of the project is to improve the professional capabilities of Bolivian private sector managers through training geared to the needs of their enterprises. It is USAID's belief that the further development of human resources within the Bolivian private sector is critical to increasing the productivity of the economy.

2. Purpose

The purpose of the project is to support the development of an independent management training institute to provide intensive, short-term management training to Bolivian businessmen and women.

3. Assumptions Linking Goal to Purpose

The achievement of the purpose depends on the accuracy of a series of assumptions. The basic assumptions are that (1) private sector business people will contribute to the support of the training institute and (2) sufficient demand for short-term training exists within the private sector to furnish an adequate number of participants on a regular basis.

4. Relationship to Mission Assistance Strategy and Activities

One of USAID's primary program emphases is the expansion of the role of private enterprise in the Bolivian economy, particularly in the agroindustrial sector. The USAID demand-pull strategy assumes that improved marketing of both agricultural and non-farm products will stimulate increases in production. This increased agroindustrial productivity will then raise the level of personal income in the country and provide a better standard of living.

Present USAID/B projects contributing to private sector growth are the following. The Chapare Regional Development Project contains a farm production component and will also work directly with private enterprises to create and strengthen markets for Chapare commodities. The ongoing Agricultural Sector II project is furnishing assistance through applied research, credit and institutional formation, to assist growers to produce seeds and increase and improve crop yields. These efforts are being supported by production-related activities financed under the P.L. 480 Title III Program. A source of local currency and foreign exchange credit is provided under the Agroindustry and Artisanry (A&A) project, designed to expand existing enterprises and to help establish new ones. As a result of project promotional and technical assistance activities, several commercial banks have expressed an interest in establishing fully staffed development offices within the La Paz - Cochabamba - Santa Cruz Development Corridor. The Productive Credit Guarantee Program (PCGP), operating under Central Bank management for the past six years, is being redesigned and will be wholly administered by the private commercial banking sector. The new private sector PCGP is expected to help banks meet the loan requirements of borrowers who presently lack the necessary collateral backing required by most financial institutions for credit authorization. Lastly, under the Mission's Disaster Recovery Project, $ 25.5 million is targetted for industrial reactivation through a commodity import program.

Current USAID/Bolivia support for agroindustry will be complemented by projects to be implemented beginning in FY 1986 and 1987. A private second storey bank will provide an additional source of needed investment capital for private sector expansion nationwide. A second key FY 86 project is Market Town Capital Formation, which will provide financing to promote and extend private enterprise development to secondary and tertiary cities in La Paz, Cochabamba and Santa Cruz Departments. In FY 1987, the Export Promotion and Technology Transfer Project will expand Bolivian exporters' access to production and marketing information and services to help them compete more successfully in international markets.

The Mission believes that ongoing and planned projects represent a sound core for assisting the development of an efficient, profitable, privately controlled commercial sector, with a largely agroindustrial base.

Within this framework, the Management Training Project will provide a key support role to the Mission's overall demand-pull development strategy, providing entrepreneurial training to improve the efficiency of businesses assisted through other USAID-financed projects, as well as contributing to private sector growth in general. It is likely that industrial and commercial concerns establishing operations in the La Paz - Cochabamba - Santa Cruz Development Corridor will especially benefit from this training initiative.

USAID/Bolivia believes that the role of the private sector will continue to be significant in the Bolivian economy. Improving the management skills of those working in this sector will enable the sector to contribute more fully to the economic stabilization of the country, lobby more effectively with the Government to obtain the policies it requires to flourish, and prepare businessmen and women to manage their enterprises more productively.

a. A.I.D. Policies

The Management Training Project addresses three of the Agency's four priority areas -- technology transfer, institution building, and support for the private sector.

The proposed project conforms to A.I.D. Policy Papers on Basic Education and Technical Training, Private Enterprise Development, Institutional Development, and Recurrent Costs.

As recommended in the Basic Training Education and Technical Training Policy Paper, a survey of business groups was undertaken during the intensive review to determine which training programs were needed most. Based on this survey, a core program was developed which offers courses (such as accounting, marketing, and financial management) of universal application, as well as regional and industry-specific technical training.

In accordance with the A.I.D. Private Enterprise Development Policy Paper, the project will involve employees and groups representing various sectors of productive employment in the selection of courses to be offered. Also participating in advisory and sponsorship capacities will be representative private sector organizations such as chambers of commerce and associations of agricultural producers. In this way, the courses to be offered by the Institute will serve businessmen and managers in key sectors of the economy, and the courses will be identified and designed with the direct participation of the Bolivian private sector.

In conformance with the A.I.D. Private Enterprise Development and Institutional Development Policies, the project will develop a facility which will improve private enterprise capability in the priority areas of agriculture, agribusiness, small and medium-scale industry and privately operated service enterprises. In addition, based on the A.I.D. Recurrent Costs Policy, IDEA will be an independent private organization. Therefore, it will not rely on the financially constrained GOB, but will be supported by its users and private sector contributions. By the fifth year, it is projected that the Institute will be financially self-sufficient; that is, annual dues from member firms and tuition income from participants are expected to be sufficient to cover all costs.

b. Other Donor and Host Country Activities

The only activities currently carried out by other donors in support of in-country management training are conferences, seminars and short courses related to the specific needs of ongoing projects. Similarly, except for *ad hoc* short courses in management topics, which are mainly sponsored by the various private sector chambers and under inadequate university programs, no regular management training activities are being offered to the private sector by Bolivian entities. Therefore, the Management Training Project represents a unique opportunity for USAID.

The proposed project activities will supplement the operations of other in-country public training institutions, such as the Instituto para el Fomento de Mano de Obra (FOMO) and the Instituto Industrial Pedro Domingo Murillo, which provide vocational training, and the Instituto Superior de Administración Pública (ISAP), which offers training exclusively for public sector managers.

5. Project Strategy

Several organizational plans were considered for this project. They are described below.

a. Alternative Organizational Structures

i. Linkage to a Bolivian University

One possible institutional approach was to link the program formally to a Bolivian university. Under the auspices of a recognized academic institution, the training program could benefit from the prestige associated with the university as well as from access to the school's facilities and faculties. While these advantages were judged to be significant, they were outweighed by several important constraints. Direct alliance with a university would make the program vulnerable to the political unrest that regularly disrupts Bolivian university activities. A related factor was the possibility of pressure being applied to have the program conform to a rigid system of university requirements. This would be in conflict with the flexibility desired for the management training activities and was judged to be too great a risk.

ii. Degree-granting Formal Business School

A second option considered was the creation of a formal degree-granting business school based on the Instituto Centro Americano para Administración de Empresas (INCAE) and the Escuela Superior de Administración de Negocios (ESAN) models. Although this approach would provide the opportunity for participants to earn recognized academic degrees and could address needs for management training in Bolivia over the longer-term, it was judged inappropriate for the purpose of this project; that is, to attend to the management deficiencies of the current generation of Bolivian business owners and managers. Additionally, the creation of a formal institution, with a long-term degree program, would require more training time than the target participants can reasonably spare from their job responsibilities and would involve high infrastructure and recurrent operating costs. Moreover, the start-up and recurrent costs of such an entity would be prohibitive given current and projected financial limitations in Bolivia.

iii. Expansion of Existing Private Sector Program

A third possible plan was to reinforce and expand an existing training program, such as the one functioning under the auspices of the Bolivian-American Chamber of Commerce, which has its main support in the department of Santa Cruz. The attractiveness of this approach was that it would provide an institutional foundation, albeit limited, from which to launch training activities. In addition, the use of an existing administrative base could reduce project start-up costs. The drawback of this scheme is that it would be too narrowly focussed a program to be effective on a national scale, and might founder as well on the acute inter-regional rivalries prevalent in Bolivia.

iv. Creation of an Independent Management Institute

The organizational format selected for delivering the training services is the establishment of a management training institute structurally independent from existing Bolivian organizations. The Institute will be created under the sponsorship of the Confederation of Bolivian Private Businessmen, but it will be completely autonomous, that is it will have its own legal status under statutes that provide for a Board of Directors elected by and representative of its private sector membership. It will offer a series of business management courses and seminars under a variety of instructional modes to three distinct target groups. It is the Mission's judgment that this approach will adequately address the management training needs of the current generation of Bolivian businessmen in a way that is compatible with their work schedules and the economic situation of the country. It will also avoid the drawbacks (e.g. political disruption, regional institutional rivalry, excessive organizational rigidity) inherent in the other organizational structures considered.

b. Implementation Strategy

Implementation of the Institute's training program will be based on a three-part strategy. First, its activities will be self-financing by the end of the project, with revenues generated by course enrollment fees, membership contributions, gifts, and fees for special services.

The second part of the strategy requires that the program be directed entirely by the private sector. While public sector involvement is contemplated through the attendance of paying participants at courses and seminars, control of the training program will remain with private entrepreneurs. It is USAID/Bolivia's judgment that in this fashion the management training needs of the country's private businessmen can be addressed.

The final strategy element is that of controlled expansion. The Institute will begin on a modest scale with limited budgetary resources, physical infrastructure and course offerings. It is anticipated that the Institute will grow over time, but such growth will be measured and take place only in accordance with established successes.

6. Expected Outputs

The following outputs are expected by the end of the project:

a. Curricula/ course materials developed for senior executive, middle-level manager, and small-scale businessman courses.

b. A minimum of 7 "Enterprise Fora" conducted for Bolivian businessmen.

c. A minimum of 55 executive-level management seminars carried out.

d. A minimum of 74 middle-management training courses carried out.

e. A minimum of 93 small-scale business training courses carried out.

f. Up to 700 businessmen having participated in "Enterprise Fora".

g. Up to 1,100 senior-level executives from large-scale firms trained.

h. Up to 1,450 middle-level managers trained.

i. Up to 1,860 small-scale businessmen trained.

j. Five IDEA professional staff members trained abroad.

7. Project Components

The project will consist of two integrally related components: institutional development and the delivery of business management instruction.

a. Institutional Development

i. Auspices and Membership

As noted previously, IDEA will be founded under the auspices of the Confederation of Bolivian Private Businessmen, but will be a legally independent and autonomous institution. The Institute will be founded as a non-profit, private entity organized through an association of companies and individual proprietors. As a group, the representatives of the member businesses will form the General Assembly of IDEA and will be ultimately responsible for the Institute's operations.

(a) Sponsoring Institution

IDEA's sponsoring institution, the Confederation of Bolivian Private Businessmen (Confederación de Empresarios Privados Bolivianos, C.E.P.) is a private, non-profit and non-partisan legal entity, established in 1962. The Confederation's basic objective is to participate actively in the economic and social processes of the country, based on the philosophy of free enterprise as an essential instrument for growth and stability.

C.E.P. is composed of different business organizations. Its members include Chambers of Commerce, Chambers of Industry and Entrepreneurial Associations at the national level, as well as Regional Federations of Private Businessmen. At present, C.E.P. represents 20 organizations, whose combined individual members number in the low thousands. Through its associated member groups, C.E.P. can speak for a broad spectrum of the nation's private sector, including large, medium and small enterprises.

To achieve its objective of promoting free enterprise, C.E.P. has been active in several fields. It vigorously promulgates the principles of the free enterprise system, encourages its members to improve their management skills, administration and productivity; and establishes close relations with similar organizations in other countries. The Confederation has a permanent staff of professionals and regularly publishes a business information bulletin. C.E.P. owns the offices in La Paz where its headquarters are located.

While C.E.P. will help found IDEA and maintain close relations with it; once-founded, the Institute will operate as a fully independent entity.

(b) Membership Categories

There will be three types of IDEA members. The first category will consist of the three founding members: the Confederation of Bolivian Private Businessmen (as a legal entity) and two private Bolivian businessmen (who are also officers of C.E.P.). Second, there will be dues-paying active members representing private firms and businesses, who will have the rights, privileges and obligations described under IDEA's statutes. The third type of member will be honorary. Honorary memberships will be awarded by the Board of Directors at its discretion to individuals who may or may not be businessmen, but who, for reasons of service to the private sector, merit such membership. Honorary members will have the privilege of participating in IDEA meetings, but will not have the right to vote on Institute issues and will not have to pay dues.

The active membership of IDEA will be divided into three dues-paying categories, in accordance with the capacity to pay of the businesses each represents. The precise criteria for category placement will be determined by the IDEA Board of Directors during the writing of the by-laws and operational guidelines for the Institute. It is expected that the level of dues will be based on the number of employees in a firm, or on its gross sales. For budget purposes, minimum initial contributions have been estimated based on numbers of employees. After consultation with the Confederation of Bolivian Private Businessmen, initial annual membership dues have been tentatively set at $300 for Class A Members (large businesses), $150 for Class B Members (medium-scale businesses) and $80 for Class C Members (small businesses.) Table D-6 in the Financial Analysis Section provides detailed information on the predicted membership patterns.

(c) Benefits of Membership

Membership in the Institute is designed to offer financial as well as public service rewards to IDEA members. The first advantage to membership is the right to vote on Institute matters, thereby guiding IDEA toward meeting private sector needs as seen by concerned businessmen. This advantage may appeal more to larger firms than to small and medium-sized ones.

The second advantage is financial. Training opportunities will be open to members and non-members, but members will pay 20% less than non-members for courses and services offered by the Institute. For larger businesses, who may sponsor many students in a year, this discount alone may justify membership.

The third advantage is preferential treatment. Employees from member firms will be enrolled in courses, given consultation rights, and provided services before non-members. This should be a valued advantage in regard to the more popular executive-level seminars and the computer courses, where demand is expected to be high. Under the policy of preferential treatment, members will also gain priority over non-members in access to IDEA training resources (materials, duplicating machines/computers) and to the consultant time of IDEA lecturers and staff. The latter individually tailored advisory services are expected to be especially valued by members.

ii. Organizational Structure

IDEA will be governed by a five-member Board of Directors, representative of Bolivian private businessmen and women at all levels. One Board member will be selected from the IDEA membership by the Confederation of Bolivian Private Businessmen, and four will be elected by the General Assembly of IDEA. (This Assembly is composed of all active dues-paying members.) The Chairman of the Board will be chosen by, and from among, the elected/appointed Board members.

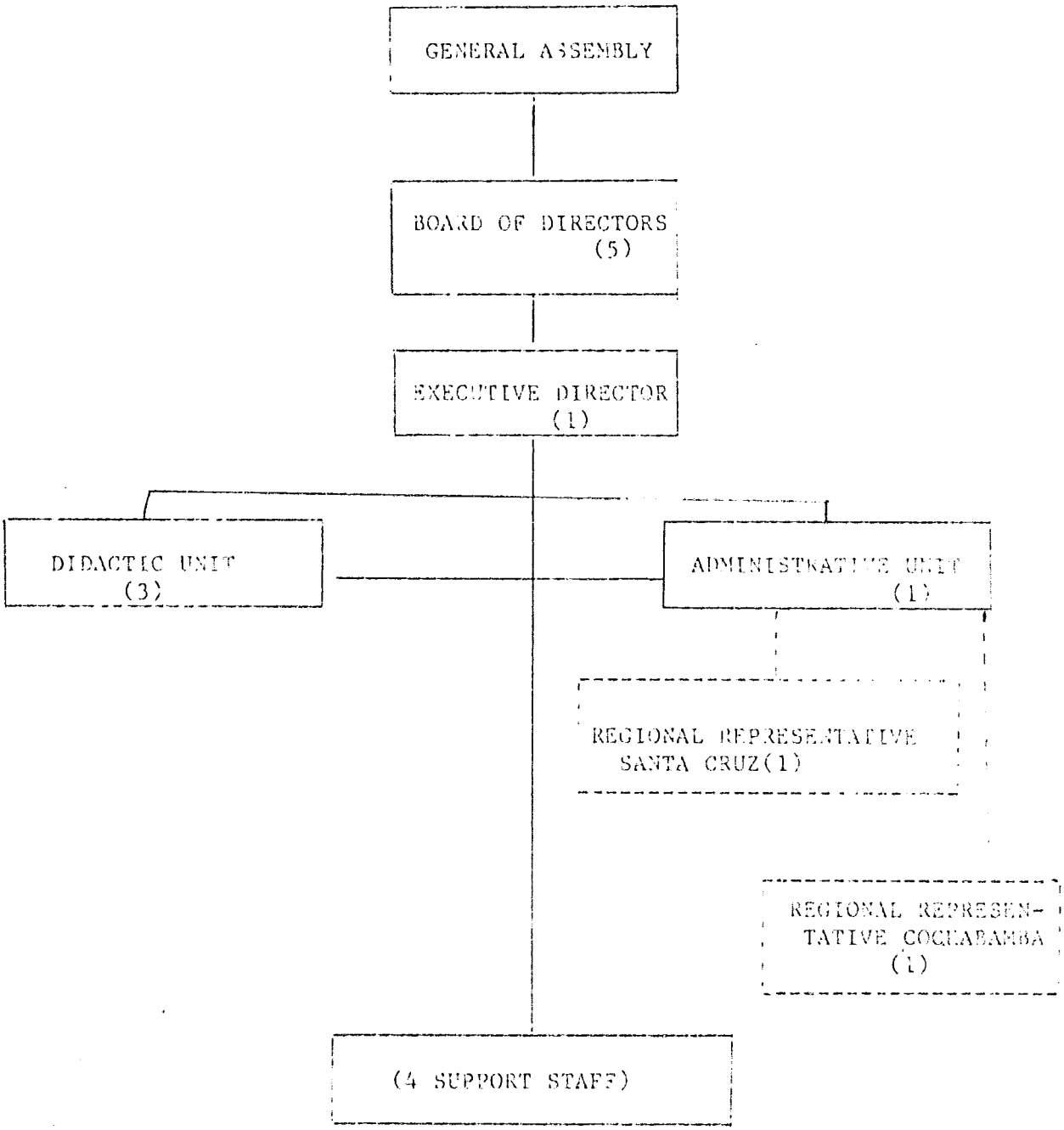
IDEA will be legally established on a de facto basis before A.I.D. signs a cooperative agreement to launch the project. To establish the Institute, the founding members will sign an "Acta de Fundación" and register it with the GOB. At this point, IDEA will be a de-facto legal entity. Later, it will receive official recognition of its status as a non-profit, educational association from the GOB through issuance of a Supreme Decree.

To govern the Institute in the period before the membership increases and the General Assembly comes into being, a five-member ad hoc Board will be appointed by the Executive Director of the Confederation of Bolivian Private Businessmen. This Board will be dissolved when the first meeting of the General Assembly convenes and elects regular Board members, approximately in the seventh month of the Project.

The Board will provide overall direction to IDEA and will be responsible for the academic development and administrative tasks required for the Institute to function effectively. Responsibilities of the Board include: 1) hiring the permanent professional staff of the Institute and contracting for the foreign and local expertise needed to conduct Institute training and curriculum development activities, 2) representing the Institute before similar organizations, both nationally and internationally, and 3) serving as the official conduit for A.I.D. and other donor sources of support. The following Organization Chart (Exhibit 1) and its commentary illustrate how the Institute's hierarchy will function.

Exhibit 1

IDEA ORGANIZATION CHART



ORGANIZATION CHART DESCRIPTION

GENERAL ASSEMBLY:

The General Assembly is IDEA's highest body of representation and decision. The General Assembly consists of all active members of IDEA.

BOARD OF DIRECTORS:

The Board of Directors is responsible for directing IDEA's activities. It is made up of 5 Directors, 1 appointed by the Confederation of Bolivian Private Businessmen and 4 elected by the General Assembly. The Directors serve two-year terms.

EXECUTIVE DIRECTOR:

The Executive Director manages the Institute. He is appointed by the Board of Directors.

DIDACTIC UNIT:

The Didactic Unit prepares course and seminar content and materials. It consists of an Academic Director and two Assistant Directors. (Instructors will be hired via short-term contracts and will not form part of IDEA's permanent staff.)

ADMINISTRATIVE UNIT:

The Administrative Unit handles the financial and administrative affairs of IDEA. It will consist initially of a Financial Manager.

REGIONAL REPRESENTATIVES:

Two regional representatives, one each in Santa Cruz and Cochabamba, will promote IDEA courses and membership in these regions, enroll students, collect fees and tuitions, and handle logistics for local courses. These two staff members will be hired in months 5 (Cochabamba) and 9 (Santa Cruz) of Institute operations, or earlier if regional demand proves larger than anticipated.

SUPPORT STAFF

In addition to the professional staff described above, IDEA will employ the necessary office personnel to include, during the initial period, a minimum of an executive secretary, a secretary-clerk-typist, a messenger, and a custodian/guard. Other support personnel will be added according to need.

iii. Institute Locus; Staff Duties

The headquarters of IDEA will be in the city of La Paz. The Board of Directors will meet there regularly every two months, and in extraordinary sessions as required, to conduct the business of IDEA. The Board may hold its meetings in cities other than La Paz should it wish to do so.

The work of the Institute will be carried out by a full-time salaried staff, initially kept small. In accordance with the controlled expansion strategy, the staff can be increased over time as warranted by the volume of the Institute's activities. Initial professional staff members will be: (1) the Executive Director, (2) an Academic Director (to head the Didactic Unit) , and (3) a Financial Manager (to head the Administrative Unit). Two additional professional-level persons, Assistant Academic Directors, will be added to strengthen the Didactic Unit in the sixth and the thirteenth months of the Project. Supporting office personnel will consist of an executive secretary, a secretary, a messenger, and a custodian/guard. As the demand for training is generated in regions outside La Paz, two field representatives will be employed to perform the promotion/secretarial/clerical duties needed to implement training courses in Santa Cruz and Cochabamba. It is anticipated that the Institute will hire the field representatives at approximately its fifth (Cochabamba) and ninth (Santa Cruz) month of operation.

The Institute staff will work in rented quarters in La Paz. Similarly, facilities for giving courses will be rented in the other cities where instruction will be provided. Overall management of the Institute will be the direct responsibility of the Executive Director. He/She will be charged with carrying out the policies set by the Board of Directors. Specifically, he/she will: (1) oversee development of the course offerings of the Institute, (2) develop promotional campaigns for the training programs, (3) provide leadership to the IDEA staff and the Board in determining the current and future training needs of the Bolivian private sector, (4) represent the Institute in national and international fora, (5) participate in the identification and contracting of international technical assistance and international and local teachers for the training activities, (6) manage fund-raising campaigns, (7) establish and maintain relationships with similar training institutions in other countries and (8) coordinate the delivery of Institute training services throughout Bolivia.

Matters concerning course offerings, teaching methodologies and curriculum development will be the responsibility of the Director of the Didactic Unit (Academic Director). The functions of this Unit will include the selection and/or design of all courses and other training activities.

To handle business and financial matters, IDEA will have a full-time Financial Manager in the Administrative Unit who will be responsible for all aspects of financial planning, accounting, and reporting for IDEA.

iv. Technical Assistance

Sixty-six person-months of project-funded technical assistance, both long-term and short-term, will be provided to the professional staff and Board of Directors of IDEA during the Institute's first three years of operation.

The initial period of technical assistance will begin almost immediately and last for three months. The educational expert contracted will help establish the Institute's administrative functions and will design and draft a Request for Proposals for administrative and pedagogic TA to be awarded to a firm or university with business training experience and Spanish-language capability.

One long-term advisor for 36 months (or two consecutively for eighteen months) will work with the Institute's Didactic Unit, beginning as soon as possible in the life of IDEA. Technical assistance to the Didactic Unit is particularly important because the Unit Director must select and/or design the courses to be offered very early in the Institute's life. It is likely that the staff will use pre-packaged materials adapted for the Bolivian context during the beginning stages of training. In later stages, the Didactic Unit professionals should be capable of developing original Bolivian teaching materials, following technical assistance and training funded by the grant.

The project's 30 person-months of short-term technical assistance will consist of intermittent services from up to five different specialists, largely experts in course development but at least one an Administration Specialist. These experts will serve for varying lengths of time and provide the specific assistance called for as IDEA's needs are determined with precision. The first short-term person will be contracted for three months separately from the institutional contract, as described in paragraph two. The other 27 months of short-term, and the 36 months of long-term, technical assistance will be provided by the entity which wins the institutional contract.

An independent Project Coordinator will also be funded under the Technical Assistance component of the Grant. This expert will be officially housed within AID, but will serve in an "ombudsman" capacity between IDEA and AID, keeping each organization advised of the other's preferences, rules, needs and actions and helping to resolve any differences that arise. In addition, this key person will devise ways to help keep the project on track and on time, working through the duly constituted representatives of both IDEA and USAID.

All technical assistance, except for the initial three months of help and the services of the Project Coordinator, will be furnished through an A.I.D. - direct contract. The direct contract

mechanism will be used because the Institute, while in the process of formation, will still be developing the expertise required to contract for, and properly backstop, technical assistance contractors.

USAID Geographic Code 941 (Selected Free World) will apply to the RFP for the direct contract, so that the many excellent business teaching entities in Ibero-America may enter the competition, along with U.S. institutions having Spanish-language capabilities. It was the opinion of project consultants that the best T.A. candidates were likely to come from Latin American countries, since such firms could offer original textual materials in Spanish, a knowledge of the Bolivian cultural and economic contexts, and seasoned teaching staff - all at highly competitive levels due to earlier investments in, and experience with, their own teaching facilities.

v. Staff Training

The project includes a training component that will provide long-term, short-term, or on-the-job training, in the United States, relevant third countries, and/or in Bolivia, to all Institute professional staff.

Short-term Training: During the initial three years of Institute operations, eighteen months of short-term overseas training will be shared by the Executive Director and the Financial Manager of the Institute. Each may take up to three months a year for three years to attend university-level courses or seminars in job-related topics at institutions in the United States or in other appropriate countries. These two professionals incur no expense or work-term obligation for this training, which is meant to improve their job skills and performance, but they must coordinate their schedules so that one of them is always present to plan and supervise Institute operations. The Board and USAID will approve the terms and topics of these short-term courses of study in advance.

Long-term Training: Also during the project's first three years, one-year overseas scholarships will be offered to the Academic Director and his two assistants, to provide them with high-level training in their fields. One Didactic Unit member will study abroad each year for a total of 36 months of long-term training. The scholarships will be awarded on a loan basis, with the individuals making commitments to serve as full-time employees of the Institute for a minimum three-year period following the training. At the end of that period, their loans will be forgiven.

On-the-job Training: In-country training will be provided to all Bolivian instructors hired by the Institute in two ways. One-week internships at Institute headquarters will familiarize newly-hired teachers with Institute procedures and practices. In addition, professional instruction in such topics as didactic methods, use of materials, and evaluating student performance, will be given to each instructor by experts of the T.A. entity contracted.

vi. Service Center

Project plans call for IDEA to be self-sufficient financially by Project completion (4 years), based solely on income from tuition and membership fees. However, to buttress these income channels, diversify the financial base of the Institute, and provide discretional capital for other IDEA outlays, IDEA will develop a profit-based service menu to offer to the private sector. The IDEA Service Center will become active as soon as feasible in the life of the project, but not before the end of the first year. It will establish all or some of the following services:

a) A Technology Learning Center: Included in the equipment to be purchased for the Insititue are ten computers. Courses will be taught on these machines, but after course hours, students and others may wish to practice or carry out tasks on the computers. An Institute staff member will supervise this Technology Center (which may also include word processors and electronic calculators). The Institute will charge a per-hour fee for use of Center machines, computer programs, and for staff member supervision and/or instruction.

Another possible service within the Technology Learning Center is Computer Assisted Learning (CAL). A CAL module presents information and tests the student on his mastery of it, not releasing new material until previous concepts have been mastered. Depending on the cost, appropriateness, and availablity of these self-instruction modules, as well as on the free time left on the Institute's computers after regular demands are met, IDEA may acquire some of these courses. The modules would be rented to students for a fee, for use on the IDEA computers, and would end with an IDEA examination leading to a course completion certificate. In addition to basic business instruction, these modules might cover "pre-qualifying" subjects such as make-up math for statistics courses.

b) Extension courses: A by-mail extension service will be offered by the Institute. Initially, courses which will cover basic technical concepts and skills will be purchased from established sources and sold with an accompanying package of professorial services (assignment grading, exams). Simultaneously, special materials and extension practices will be developed to reflect local needs. It is expected that many of the larger firms will wish to purchase these materials in bulk for use by their employees, and may also choose to sub-contract Institute staff for live lectures plus the administration of examinations on their business premises. The bulk of the courses will be purchased for accredited home study.

c) Photocopy services: The Institute will purchase a copying machine for its own use, and will offer students copying services for a fee.

d) Consultants' Services for Private Businesses: When highly qualified professors and businessmen are engaged for the Institute lecture series, IDEA will also try to reserve 1-2 days of their time following the seminars for consultations with local businesses. The experts will receive fees for these consultations, but the Institute will also charge a percentage of the payment for its facilitation role. In addition to contributing income, this consulting service is expected to add prestige to the Institute and motivate more firms to become Institute members.

e) Business services: Via separate contracts, the local instructors of the Institute will offer basic business services to the private sector on a fee basis. Examples of these services are feasibility studies, analyses of business operations such as inventory control and bookkeeping, design of personnel systems, and salary surveys.

f) Training Films: The Center will offer a series of business training films for a fee to groups of students, and will also rent these films to businesses for use on their premises.

g) Sale of materials: The Institute will have a bookstore to sell materials to students and others.

The foregoing income-generating channels will operate only if they can do so at a profit. Costs will be set to permit Institute members to be given a discount of 25% on each service. Where a shortage in goods or services exists, members will be given preference. This service menu, with its preferential treatment for IDEA members, will not only offer an additional incentive for Institute membership, but will also make its contribution to the financial independence of IDEA.

b. Business Management Instruction

The principles that will govern the design of course offerings and training formats will be flexibility and relevance to the Bolivian context. Course materials and accompanying teaching methodologies will be formulated along three separate tracks, each addressing the needs of a distinct beneficiary group.

i. Track One

Track One will be formulated primarily for senior executives from large and medium-scale corporations. The core curriculum will consist of a series of sessions on topics of major importance to commerce, industry, or the economy of the country. Courses will be selected on the basis of demand analysis to determine what is of most importance to Bolivian businessmen. Illustrative of the topics that may be included in the series are: (1) operational strategies in a hyper-inflationary economy; (2) planned organizational

development; and (3) common, long-term interests of the Bolivian private sector. The first topic will deal with a variety of issues (e.g. inventory planning, product price setting, and financing strategies) directly related to operating an enterprise in an economy that is inflating at over 2,000 percent per annum and in which the values of goods and services change almost daily. The second topic will focus on strategies to achieve corporate expansion succesfully when confronted with such problems as increasing technological sophistication, significantly expanded staffs, and rapidly diversifying markets. These issues will be dealt with in the context of inflationary and non-inflationary economies and will consider the experience of firms confronting these problems, under similar conditions, in neighboring Latin American countries. The third topic will attempt to define the priority long-term interests of the Bolivian private sector. It will analize the sector's principal industries and the needs of each of these industries. Further, it will consider the economic and political interests that the industries hold in common and the steps that can be taken in the short, medium and long run to promote these common interests.

This series of topics will be presented in a seminar format using a variety of teaching methodologies -- lectures, case study reviews, small group discussions and conceptual reading. All seminars will be short (2-4 days or several evenings), and will be organized by the IDEA Didactic Unit. Efforts will be made to link this program, whenever possible, to the Guest Lecturer Series sponsored by the United States Information Service (USIS).

The number of seminars carried out yearly will depend on demand as determined by surveys. It is estimated that in year one, 3 seminars will be held in La Paz and 3 in other cities. In line with the controlled expansion strategy, the number of seminars held will increase annually, reaching totals of 10 in La Paz and 11 in other Bolivian cities in the fourth year of the project.

ii. Track Two

Track Two will be geared for mid-level managers. For the most part, this target group is made up of heads of specialized departments (e.g. marketing, accounting, production) of medium and large-scale companies. While many of these individuals may have had university training, as a group they require considerable upgrading in matters related directly to their areas of concentration. Accordingly, the Track Two study program will consist of instruction on specialized topics. While subjects to be included in the core curriculum will be determined after market testing, likely topics are automated accounting systems, export promotion strategies, international customs laws, product quality control techniques, marketing strategies, personnel management, publicity approaches, methods for estimating consumer demand, and cost-effective transportation schemes.

The pedagogical format will be short courses, given in varied formats, with up to 30 participants. Experiments with day, evening and weekend course schedules will be tried, until the most effective scheduling mix is identified. In the first year of the Project, it is anticipated that 6 courses will be held in La Paz and 6 outside La Paz. In year four, the number of offerings will increase to 12 in La Paz and 13 in other regions.

iii. Track Three

Track Three will focus on general business management and will be designed primarily for the owners/managers of small and medium-scale firms that have a predominantly family-type organizational structure. These firms constitute the majority of private enterprises in Bolivia. They are characterized by modest levels of fixed assets, small physical plants and little or no personnel specialization. Only in exceptional cases are the owners/managers university trained, and they often assume responsibility for running all of the enterprise's activities (e.g. processing, production, quality control, marketing). Project design research has revealed that members of this group in all areas of the country lack formal knowledge of basic business management practices. Accordingly, the core curriculum to be developed for them will focus on basics, for example general accounting principles, record keeping, strategies for identifying credit sources, loan application procedures, sales promotion, computer programming, and organization and control of production.

These topics will be presented in flexibly scheduled short courses accomodating up to 30 students each. A scholarship program financed by the GOB (using locally generated funds) will provide tuition assistance for those business people, including the leaders of small farmer and artisan producer organizations, who may not be able to afford course fees. As in the other two tracks, the number of courses offered yearly will be related directly to local demand projections. In year one, it is expected that 8 courses will be offered in La Paz, and 8 in other cities. By year 4, the number of offerings should increase to 15 in La Paz, and 15 in other areas of Bolivia.

The teaching syllabuses for all courses will be developed by the Didactic Unit. The content of each study track will be changed as necessary. As the training program progresses, topics for which an important need is identified will be added, while subjects which have been adequately absorbed by the target population, or for which the effective demand has decreased, will be dropped.

The flexibility that will govern the content of the study tracks will also apply to the scheduling of training sessions. To facilitate beneficiary attendance, and to avoid disruption of the busy work schedules of the participants, the training sessions will be of short duration, and, in some instances, will be scheduled on weekends or in the evenings to avoid conflicts with office hours.

iv. Enterprise Fora

Twice a year, IDEA will organize one-day seminars by noted experts, who will speak on an aspect or problem of the Bolivian private sector. These sessions will accomodate approximately 100 participants and will be held in a comfortable hotel setting. The general pattern will be delivery of a prepared address by the expert followed by ample time for questions and discussion. These fora are patterned on those sponsored by U.S. graduate schools for businessmen, scholars, and practitioners - to increase knowledge and the interchange of ideas as well as to contribute to school coffers and prestige. Speakers are recruited at the highest levels, and therefore draw impressive audiences. Especially important is the opportunity of participants to question the famous speakers. While press coverage is encouraged for these events, the press will be excluded from the seminars themselves, which provide proprietary information for the paying participants. These Enterprise Fora are expected to be well attended by the business leaders of Bolivia.

III. COST ESTIMATE AND FINANCIAL PLAN

A. Project Budget

The line item project budget, Table 2, shows the allocation of A.I.D. funds, private sector contributions and locally generated resources over the four-year life of the project. The total estimated cost of the project is $ 3,126,570. Of this amount, A.I.D. will provide $ 2.0 million in grant funds, which will be complemented by $ 976,570 in private sector support and $ 150,000 in locally generated monies. In the first year, A.I.D funds will furnish 100 percent of the costs required for the Institute's operation. As the project progresses, the A.I.D. contribution as a proportion of total support gradually decreases, while the income derived from course tuition fees and membership dues provides an increasingly higher share of the Institute's operating costs. It is planned that in the second, third, and fourth years, AID's share of the operating expenses will be 75%, 50% and 25% respectively, and that by the fifth year the Institute will be financially self-sufficient.

The project budget contains two permanent cost elements: (1) support for the recurring costs of administration, including staff salaries and the expenses for physical facilities; and (2) course presentation costs for the Institute's training programs. In addition, there will be one-time and occasional costs during the four years of AID support that are to be paid entirely from Grant funds. These include: (1) technical assistance, (2) basic furniture and equipment for IDEA's office and instructional needs, (3) overseas staff training, and (4) annual audits and evaluations.

As can be seen in Table 2, Operating Expenses and Course Costs will total $ 1,516,962 of which AID will finance 41% ($ 617,818) and the private sector 59% ($ 899,144). Expenses associated with the technical assistance and commodities costs of the project will total $ 962,650 and will be financed entirely by the A.I.D. grant. The training expenses of the Project, $ 300,000, will be shared equally between AID and the private sector. Finally, contingencies and inflation for the project, approximately $ 346,958, will be divided between AID and the private sector in a 78:22 ratio.

1. A.I.D. Funds

The Grant funds will be disbursed in two ways: (1) payment for foreign technical assistance, training abroad, and procurement of imported commodities will be made directly to overseas suppliers by A.I.D.; and (2) payments for Institute operational and development costs will be made to IDEA on the basis of consolidated quarterly requirements.

TABLE 2
LOP ESTIMATED COST AND FINANCIAL PLAN
(US DOLLARS)

	A.I.D. GRANT			HOST COUNTRY IDEA/MEMBERS		HOST COUNTRY GOB		GRAND TOTAL
	FX	LC	TOTAL	FX	LC	LC	TOTAL	
I. TECHNICAL ASSISTANCE								
A. PERSONAL SERVICES 3 P/M	24900	0	24900	0	0	0	0	24900
B. INSTITUTIONAL CONTRACT								
1. LONG-TERM (2) 36 P/M	292500	0	292500	0	0	0	0	292500
2. SHORT-TERM (5) 27 P/M	134820	0	134820	0	0	0	0	134820
3. OVERHEAD	254430	0	254430	0	0	0	0	254430
C. PROJECT COORDINATOR								
1. SALARIES	30000	0	30000	0	0	0	0	30000
2. OPERATING EXPENSES	10000	0	10000	0	0	0	0	10000
D. EVALUATIONS	20000	0	20000	0	0	0	0	20000
	766650	0	766650	0	0	0	0	766650
II. OPERATING EXPENSES								
A. AUDITS	20000	0	20000	0	0	0	0	20000
B. SALARIES	0	272963	272963	0	201737	0	201737	474700
C. OTHER	2300	73191	75491	0	43574	0	43574	119065
	22300	346154	368454	0	245311	0	245311	613765
III. COMMODITIES								
A. FURNITURE & EQUIPMENT	111000	0	111000	0	0	0	0	111000
B. LIBRARY MATERIAL	15000	0	15000	0	0	0	0	15000
C. PRINTING EQUIPMENT	20000	0	20000	0	0	0	0	20000
D. COMPUTERS	50000	0	50000	0	0	0	0	50000
	196000	0	196000	0	0	0	0	196000
IV. TRAINING								
A. OVERSEAS (US & LA)	135000	0	135000	0	0	0	0	135000
B. LOCAL	10500	4500	15000	0	0	150000	150000	165000
	145500	4500	150000	0	0	150000	150000	300000
V. COURSE COSTS								
A. ENTERPRISE FORA	3600	4800	8400	2700	3600	0	6300	14700
B. EXECUTIVES	24719	11300	36019	23406	10700	0	34106	70125
C. MID-LEVEL MANAGEMENT	63123	32855	95978	46717	25661	0	72378	168356
D. SMALL ENTREPRENEURS	72110	36857	108967	52050	26599	0	78649	187616
E. SALARIES DURING TRAINING	0	0	0	0	462400	0	462400	462400
	163552	85812	249364	124873	528960	0	653833	903197
SUB-TOTAL	1294002	436466	1730468	124873	774271	150000	1049144	2779612
CONTINGENCIES	199621	69911	269532	24985	52441	0	77426	346958
GRAND TOTAL	1493623	506377	2000000	149858	826712	150000	1126570	3126570

TABLE 2a
COST SHARING
(US DOLLARS)

AID GRANT	100% YEAR 1		75% YEAR 2		50% YEAR 3		25% YEAR 4		TOTAL	
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC
SALARIES	0	83640	0	88613	0	64965	0	35745	0	272963
OPERATING EXPENSES	2300	28700	0	22950	0	14350	0	7191	2300	73191
COURSES AND SEMINARS:										
ENTERPRISE FORA	900	1200	1350	1800	900	1200	450	600	3600	4800
EXECUTIVES	5250	2400	7875	3600	7000	3200	4594	2100	24719	11300
MID-LEVEL MANAGEMENT	19020	9720	20209	10328	15850	8100	8044	4707	63123	32855
SMALL ENTREPRENEURS	23770	12150	22580	11542	16380	8370	9380	4795	72110	36857
TOTAL AID	51240	137810	52014	138833	40130	100185	22468	55138	165852	431966

INSTITUTE (IDEA)	0% YEAR 1		25% YEAR 2		50% YEAR 3		75% YEAR 4		TOTAL	
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC
SALARIES	0	0	0	29537	0	64965	0	107235	0	201737
OPERATING EXPENSES	0	0	0	7650	0	14350	0	21574	0	43574
COURSES AND SEMINARS:										
ENTERPRISE FORA	0	0	450	600	900	1200	1350	1800	2700	3600
EXECUTIVES	0	0	2625	1200	7000	3200	13781	6300	23406	10700
MID-LEVEL MANAGEMENT	0	0	6736	3442	15850	8100	24131	14119	46717	25661
SMALL ENTREPRENEURS	0	0	7527	3847	16380	8370	28143	14382	52050	26599
TOTAL INSTITUTE	0	0	17338	46276	40130	100185	67405	165410	124873	311871
GRAND TOTAL	51240	137810	69352	185109	80260	200370	89873	220548	290725	743837

2. IDEA/Membership Contributions

The proceeds generated by student tuitions and company membership dues will partially underwrite the cost of the training programs and IDEA operations during the LOP, and will fully support the Institute by the time A.I.D. support phases out. IDEA will manage the disbursement of these funds in conjunction with the quarterly advances of A.I.D. local currency funds.

3. GOB Contribution

These funds will be disbursed by the P.L. 480 Title III Secretariat to IDEA. The disbursements will be made on the basis of consolidated quarterly requirements.

B. Project Accounting and Disbursement System

The disbursement system includes measures to assure the systematic and timely flow of project funds. The system provides for advances of A.I.D. project funds, and counterpart local currency funds to be deposited as they are generated into special project bank accounts to be maintained by IDEA. IDEA will be responsible for disbursing funds from the special accounts in accordance with quarterly budget approvals by USAID. USAID/Bolivia dollar payments for technical assistance, training, and commodity procurement will not be made through the special accounts, but directly to suppliers. In order to implement the new disbursement system, USAID and the Grantee have agreed on detailed disbursement schedules for the Project. (Tables 3A and 3B)

EXHIBIT 2

FUNDING PROCEDURES
FOR A.I.D. RESOURCES

	Major Element	Method of Implementation	Method of Financing	Approximate Amount
I.	Technical Assistance			
	a) Personal Services	Purchase Order or PSC	Direct pay	24,900
	b) Institutional T.A.	Institutional contract	Direct pay	631,750
	c) Project Coordinator	PSC	Direct pay	40,000
				766,650
II.	Operating Expenses			
	a) Audit	Host Country contract	Direct reimb.	20,000
	b) Salaries	Host Country contract	Direct reimb.	272,453
	c) Other	Host Country Contract	Direct reimb.	75,481
				368,434
III.	Commodities	AID Procurement	Direct pay	196,000
IV.	Training			
	a) Overseas (US and LA)	Direct placement	Direct pay	135,000
	b) Local	Host Country contract	Direct reimb.	15,000
				150,000
V.	Course Costs	Host Country contract	Direct reimb.	249,364
			Contingencies	269,532
			TOTAL	2,000,000

TABLE 3a
DISBURSEMENT SCHEDULE
(US DOLLARS)

A.I.D. GRANT	YEAR 1		YEAR 2		YEAR 3		YEAR 4		SUB-TOTAL		TOTAL
I. TECHNICAL ASSISTANCE	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	
A. PERSONAL SERVICES 3 P/M	24900	0	0	0	0	0	0	0	24900	0	24900
B. INSTITUTIONAL CONTRACT											
1. LONG-TERM (2) 36 P/M	73125	0	97500	0	97500	0	24375	0	292500	0	292500
2. SHORT-TERM (5) 27 P/M	54820	0	48000	0	32000	0	0	0	134820	0	134820
3. OVERHEAD	85192	0	81750	0	73350	0	14138	0	254430	0	254430
C. PROJECT COORDINATOR											
1. SALARIES	14000	0	16000	0	0	0	0	0	30000	0	30000
2. OPERATING EXPENSES	5000	0	5000	0	0	0	0	0	10000	0	10000
D. EVALUATIONS	0	0	10000	0	0	0	10000	0	20000	0	20000
	257037	0	258250	0	202850	0	48513	0	766650	0	766650
II. OPERATING EXPENSES											
A. AUDITS	5000	0	5000	0	5000	0	5000	0	20000	0	20000
B. SALARIES	0	83640	0	88613	0	64965	0	35745	0	272963	272963
C. OPERATING EXPENSES	2300	28700	0	22950	0	14350	0	7191	2300	73191	75491
	7300	112340	5000	111563	5000	79315	5000	42936	22300	346154	368454
III. COMMODITIES											
A. FURNITURE & EQUIPMENT	61000	0	50000	0	0	0	0	0	111000	0	111000
B. LIBRARY MATERIAL	15000	0	0	0	0	0	0	0	15000	0	15000
C. PRINTING EQUIPMENT	0	0	20000	0	0	0	0	0	20000	0	20000
D. COMPUTERS	0	0	0	0	50000	0	0	0	50000	0	50000
	76000	0	70000	0	50000	0	0	0	196000	0	196000
IV. TRAINING											
A. OVERSEAS (US & LA)	7000	0	45000	0	45000	0	38000	0	135000	0	135000
B. LOCAL	3685	1620	3005	1290	1500	640	2310	950	10500	4500	15000
	10685	1620	48005	1290	46500	640	40310	950	145500	4500	150000
V. COURSE COSTS											
A. ENTERPRISE FORA	900	1200	1350	1800	900	1200	450	600	3600	4800	8400
B. EXECUTIVES	5250	2400	7875	3600	7000	3200	4594	2100	24719	11300	36019
C. MID-LEVEL MANAGEMENT	19020	9720	20209	10328	15850	8100	8044	4707	63123	32855	95978
D. SMALL ENTREPRENEURS	23770	12150	22580	11542	16380	8370	9380	4795	72110	36857	108967
	48940	25470	52014	27270	40130	20870	22468	12202	163552	85812	249364
SUB-TOTAL	399962	139430	433269	140123	344480	100825	116291	56088	1294002	436466	1730468
CONTINGENCIES	60382	21343	67530	22605	54371	16774	17338	9189	199621	69911	269532
TOTAL A.I.D.	460344	160773	500799	162728	398851	117599	133629	65277	1493623	506377	2000000

TABLE 3b
DISBURSEMENT SCHEDULE
(US DOLLARS)

HOST COUNTRY CONTRIBUTION	YEAR 1		YEAR 2		YEAR 3		YEAR 4		SUB-TOTAL		TOTAL
INSTITUTE (I.D.E.A.)	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	
I. OPERATING EXPENSES											
A. SALARIES	0	0	0	29537	0	64965	0	107235	0	201737	201737
B. OPERATING EXPENSES	0	0	0	7650	0	14350	0	21574	0	43574	43574
	0	0	0	37187	0	79315	0	128809	0	245311	245311
II. COURSE COSTS											
A. ENTERPRISE FORA	0	0	450	600	900	1200	1350	1800	2700	3600	6300
B. EXECUTIVES	0	0	2625	1200	7000	3200	13781	6300	23406	10700	34106
C. MID-LEVEL MANAGEMENT	0	0	6736	3442	15850	8100	24131	14119	46717	25661	72378
D. SMALL ENTREPRENEURS	0	0	7527	3847	16380	8370	28143	14382	52050	26599	78649
E. SALARIES DURING TRAINING	0	61600	0	98200	0	128000	0	174600	0	462400	462400
	0	61600	17338	107289	40130	148870	67405	211201	124873	528960	653833
SUB-TOTAL	0	61600	17338	144476	40130	228185	67405	340010	124873	774271	899144
CONTINGENCIES	0	0	3970	7640	9967	17046	11048	27755	24985	52441	77426
SUB-TOTAL	0	61600	21308	152116	50097	245231	78453	367765	149858	826712	976570
OTHER											
I. TRAINING											
A. LOCAL PARTICIPANTS	0	37500	0	37500	0	37500	0	37500	0	150000	150000
	0	37500	0	37500	0	37500	0	37500	0	150000	150000
TOTAL HOST COUNTRY	0	99100	21308	189616	50097	282731	78453	405265	149858	976712	1126570
GRAND TOTAL	460344	259873	522107	352344	448948	400330	212082	470542	1643481	1483089	3126570

IV. IMPLEMENTATION PLAN

A. SCHEDULE OF EVENTS

1. Prior to project:

- Development of IDEA statutes.
- Approval of IDEA statutes by USAID/Bolivia and by the Confederation of Bolivian Private Businessmen (C.E.P.).
- Selection by C.E.P. of the founding members of IDEA.
- Initiation of procedures to obtain legal status for IDEA.
- Formal establishment of IDEA.
- Signature of the Cooperative Agreement.
- Contracting of an expert to help design and prepare the RFP for institutional technical assistance.

2. YEAR 1

Month 1

- Issuance of RFP.
- Hiring of the Executive Director, the Director of the Didactic Unit, the Financial Manager, one secretary and a messenger.
- IDEA's core staff, T.A. contractor, ad-hoc Board, and USAID begin detailed planning/implementation of IDEA structure and curriculum.

Month 2

- Rental of office and classroom space.
- Collection of already-existing didactic material for initial courses.
- Development of a data file on promising instructors, both local and foreign, to serve as IDEA short-term teachers.
- Start of membership recruiting campaign.

Month 3

- Hiring of teachers for first courses (Months 4 - 7).
- Preparation of initial courses.

Month 4

- Award of Institutional T.A. Contract.
- First small entrepreneur course held in La Paz.

Month 5

- Beginning of Institutional TA services.
- Hiring of Regional Representative for Cochabamba; rental of temporary office space in that city.
- 1 Small entrepreneur course held in La Paz.
- 1 Executive course held in La Paz.

Month 6

- Meeting between USAID/B and IDEA Board to assess initial activities of IDEA, and suggest follow-on steps.
- Contracting of the first assistant (of 2) for the Didactic Unit.
- Hiring of second secretary.
- 1 Executive course held (La Paz).
- 2 Small entrepreneur courses held (La Paz and outside).
- Preparation of course schedules for months 8, 9, 10 and 11.

Month 7

- First IDEA General Assembly held. Election of IDEA formal Board.
- First Enterprise Forum held (La Paz).
- 1 Mid-level course held (La Paz).
- 2 Small entrepreneur courses held (La Paz and outside).

Month 8

- 2 Mid-level courses held (La Paz and outside).
- 3 Small entrepreneur courses held (1 in La Paz and 2 outside).

Month 9

- Hiring of regional representative for Santa Cruz.
- Establishment of permanent regional offices (space rental, equipment purchase, program design).
- 2 Mid-level courses held (La Paz and outside).
- 2 Small entrepreneur courses held (La Paz and outside).

Month 10

- 2 Executive courses held (La Paz and outside).
- 2 Mid-level courses held (La Paz and outside).
- 3 Small entrepreneur courses held (1 in La Paz and 2 outside).

Month 11

- 2 Executive courses held (outside La Paz).
- 2 Mid-level courses held (La Paz and outside).
- 2 Small entrepreneur courses held (La Paz and outside).

Month 12

- 3 Mid-level courses held (1 in La Paz and 2 outside).
- Internal evaluation of IDEA by USAID/B and IDEA Board.
- Preparation of courses for second year.
- Preparation of an Enterprise Forum.

3. YEAR 2

First Quarter

- Contracting of the second assistant for the Didactic Unit.
- Departure of first Didactic Unit Assistant Director for 1 year of overseas training.
- 1 Enterprise Forum held.

- 4 Executive courses held.
- 5 Mid-level courses held.
- 6 Small entrepreneur courses held.

Second Quarter

- Meeting between USAID/B and IDEA Board to assess activities of IDEA held.
- 3 Executive courses held.
- 4 Mid-level courses held.
- 6 Small entrepreneur courses held.

Third Quarter

- IDEA General Assembly held.
- 1 Enterprise Forum held.
- 2 Executive courses held.
- 4 Mid-level courses held.
- 6 Small entrepreneur courses held.

Fourth Quarter

- 3 Executive courses held.
- 4 Mid-level courses held.
- 4 Small entrepreneur courses held.
- Independent evaluation of IDEA begun/completed.
- Activities for the third year planned.

4. YEAR 3

First Semester

- Second Didactic Unit Assistant departs for 1 year of overseas training.
- 1 Enterprise Forum held.
- 9 Executive courses held.

- 11 Mid-level courses held.
- 14 Small entrepreneur courses held.
- Meeting between USAID/B and IDEA Board to assess IDEA activities held.

Second Semester

- IDEA General Assembly held.
- 1 Enterprise Forum held.
- 7 Executive courses held.
- 9 Mid-level courses held.
- 11 Small entrepreneur courses held.
- Internal evaluation of IDEA completed.
- Meeting between USAID/B and IDEA Board to assess IDEA activities held.
- Activities for the fourth year planned.

5. YEAR 4

First Semester

- Director of Didactic Unit leaves for one year of overseas training.
- 1 Enterprise Forum held.
- 12 Executive courses held.
- 14 Mid-level courses held.
- 15 Small entrepreneur courses held.

Second Semester

- IDEA General Assembly held.
- 1 Enterprise Forum held.
- 9 Executive courses held.
- 11 Mid-level courses held.
- 15 Small entrepreneur courses held.

- External E.O.P. evaluation completed.

- Final meeting of USAID/B and IDEA Board to evaluate project completed.

- Activities for fifth year planned.

B. Evaluation Plan

The evaluation plan is designed to examine activities at two levels: 1) achievement of project purpose, and 2) adherence to the implementation schedule. To carry out this plan two data gathering modes will be used -- normative reviews and ongoing monitoring of progress. The normative reviews will be conducted through contracting the services of an independent evaluator using project funds. The contractor should have broad experience in working with management training institutions as well as close familiarity with A.I.D. policies and programs in the LAC region. The evaluation contractor will perform two external evaluations, one at the end of the second year, and one near project close. The interim evaluation will analyze procedural and administrative implementation problems and will document progress made toward achieving expected outputs. This first evaluation will serve to identify major problems and suggest mid-course corrections. The final evaluation will gauge the overall performance of the project in relation to achievement of its stated purpose and will provide recommendations to IDEA and AID concerning the short-term, mid-term and long-range future of the training institute. The final evaluation will draw on the mid-term evaluation and will focus on such variables as the number of people trained per target group, the number of training sessions held, the distribution of training opportunities among groups and geographic regions, the proportion of women among participants, and comparative training costs. This final evaluation will also place special emphasis on analysis of the financial feasibility of the project and will produce recommendations concerning continued self-sufficiency for the Institute after the AID grant has been utilized.

Complementing the external evaluations, the principals of the project, i.e. IDEA and USAID/Bolivia, will continuously monitor implementation progress. IDEA will be responsible for maintaining accounting and statistical records on participants and course costs, to be submitted to AID in report form each three months, and will conduct periodic personal interviews with former participants in order to assess the impact of the training activities. These internal assessments will provide data upon which to make decisions concerning adjustments in course content and design. As a part of the internal evaluation procedures, USAID, through the project manager, will establish a schedule of meetings with the Institute's Board of Directors and Institute staff to facilitate the self-evaluations of the project through open discussions of pertinent issues.

C. USAID/Monitoring

The project will be managed by a USAID/Bolivia Project Manager and Project Committee in a manner similar to other USAID sponsored projects. To strengthen project management further, a project-funded Coordinator will be contracted on a full time basis. The USAID Project Manager, Project Committee and the Project Coordinator will be jointly responsible for monitoring the provision of inputs (both A.I.D's and those of the private sector) and project outputs. The Project Coordinator will work closely with both IDEA and USAID/Bolivia (through the Project Manager and Project Committee) to assure compliance with the terms and conditions of the Cooperative Agreement, verify that proper procedures are followed for all A.I.D. financed contracts, and help solve implementation problems as they arise. The USAID/Bolivia Project Committee will review project status at least bi-monthly to identify potential implementation and/or other project-related problems, develop appropriate solutions, and prepare periodic status reports.

V. SUMMARY PROJECT ANALYSES

A. Technical Analysis

During the intensive review period, the Project Development Committee examined five technical issues upon which Institute success would depend. These were: 1) the immediate availability of trained and able instructors, especially in IDEA's first year when full technical assistance would not be provided; 2) the availability of teaching materials, particularly the pre-packaged modules on which early classes would be based; 3) designing the appropriate course mix for IDEA; 4) the size and make-up of the potential market for IDEA courses; and 5) the kind, amount, and availability of technical assistance necessary to bring IDEA quickly to an effective operating level.

1) Availability of Able Instructors: IDEA's first classes will be given before the full range of technical assistance, to be provided by a long-term contractor, is available. Because the reputation earned by these first classes will be crucial to drawing follow-on students, the classes must be done well. The intensive review committee therefore gave attention to a method for identifying teachers who could immediately provide quality instruction. It was decided that the budget would contain funds to bring in seasoned instructors from overseas, if necessary. Only those whose courses were already tested and found to be both popular and useful would be invited. An intensive review contractor, IPAE, would be one potential source of such intruction, and other proven Spanish-language schools could provide additional back-up. However, importing all first-year instructors was to be a fall-back position. In the interests of economy, it was agreed that the Didactic Unit would first try to recruit trained, proven, and able instructors in Bolivia.

2. Availability of Pre-packaged Materials: As noted earlier, IDEA will depend on pre-packaged materials in its first year or more of operation. The IPAE consultants, during intensive review, identified several sources of such packages, including their own Institute. Others experienced in the field pointed to catalogues of modules and to the high quality of many of these courses. Indeed, one educational consultant noted that IDEA might wish to continue using these packages for all basic phases of Institute business instruction even after the initial year, making them a permanent and cost-effective part of the IDEA curriculum rather than a stop-gap measure. This expert also noted, however, that such packages must undergo actual review; they are not of even quality and cannot just be selected from written descriptions in a catalogue. An early task of Didactic Unit members will be the identification, and purchase or rental, of the most appropriate of these instructional modules. Whether the packages will be used for the long-term, or only the short-term, will be determined after IDEA has had more experience with this type of teaching-aid.

3. Appropriate Course Designs: The two intensive review contractors (Partners for Productivity and IPAE) investigated which courses were most wanted by the Bolivian business community. Independently, each contractor found a desire for both basic and sophisticated business instruction. In the case of the IPAE report, actual course recommendations with content descriptions were provided. The solution for meeting the very different business instructional needs of various parts of the private sector was the development of the three-track system, described earlier in this paper. An additional factor in keeping course content linked to current needs is the flexible policy on course change which underlies the project. Constant market sampling will be done, with course offerings adjusted quickly to reflect new needs.

4. Potential Market for IDEA Courses: This issue was treated exhaustively during project design and intensive review, since it is the crux of Institute success. Discussions of the demand for courses, and the prices potential students are willing to pay for them, are found on pages 46 to 51.

5. Kind, Amount, and Availablity of Technical Assistance Necessary: Excellent and thorough technical assistance is the lynchpin of IDEA, which is breaking new ground in Bolivia. Because this Institute will be the first of its kind in the country, it was considered necessary to bring in expertise from overseas, and to expend a major proportion of project funds on in-depth technical assistance. This help will go largely to the Didactic Unit, although initial intensive support will be provided to design the administrative framework of the new school. The project Committee and its advisors spent long hours planning a likely mix of length and kinds of technical assistance, as described elsewhere in the paper. However, while the RFP will suggest that the mix described is a good way to meet Project goals, it will also invite bidders to formulate a response to the RFP in the way they deem best. A short-list of probable bidders is being assembled by a Project consultant, and these entities will be sent an RFP by direct mail. Other firms and universities with Spanish-language and business-teaching capabilities are expected to respond to the CBD advertisement. Given the size of the contract and its potential impact on business education in Bolivia, the Project Committee expects lively competition for the technical assistance component of the project.

With careful attention paid to the five basic technical factors described above, IDEA should emerge a technically sound institution, in the view of the Project Committee and its advisors.

B. Institutional Analysis

To meet the project goal of providing short-term management training to Bolivian businessmen and women, various institutional plans were considered, as described in Section II.B.5.a.i).-iv.). Of these, for the reasons noted, the independent institute format was selected as the best training vehicle. Once the format was chosen, the Project Committee built IDEA's design around four key factors. These were the use of a proven model for the Institute's administrative structure, the conscious employment of flexibility as a management tool at all levels, various choices on how to advertise the new school's opportunities, and the selection of ways to choose and strengthen the performance of all IDEA staff members, professional and tutorial.

In regard to the overall design of the new institute, the Project Committee chose to follow a tested pattern - the model of the highly successful IPAE school in Perú. During the intensive review period, a team from this school reviewed and refined the plans for IDEA, giving special attention to demand, course content as related to Bolivian needs, and organizational hierarchy. Adapting a proven model to the Bolivian context should give the new Institute an improved chance at early success.

The second major strand in the institutional design of IDEA was flexibility - in course content (to permit quick adaptation as market analysis identified needed changes), in the hours at which courses and service center facilities were available to students (including the provision of accredited extension courses, where no class hours apply), and in the kind of physical and pedagogical facilities provided (modest at first, with expansion based on real demand.)

This flexibility will allow IDEA to form and reform itself in its initial stages, until it best meets the needs of the private sector market it was created to serve. The absence of long-term commitments and expensive infrastructure at IDEA's beginning will mean that the Institute will not be overburdened with fixed costs in its first few years, and especially at the point of its independence from AID at the beginning of year 5 of operation. Although demand was measured by two contracted firms (IPAE and Partners for Productivity) during intensive review, and found to be extensive by both, course content and course cost will remain the key factors in turning potential demand into actual student response. Therefore, strict attention was paid to both of these in the design of the Institute, and the flexibility factor will permit further refinement when needed.

The third factor that will help IDEA succeed is the continuing support of its sponsoring institution, the Confederation of Bolivian Private Businessmen. This entity is an organization which reaches into all regions of the private sector and into all parts of the country. Its active sponsorship of IDEA will help provide a stable national base of support for the Institute - in students, in corporate contributions, and in status. In addition, the Institute will have a promotional budget, and will use television, radio, flyers, posters, and business site visits to generate inscriptions. In its early phases, IDEA is likely to find that C.E.P. sponsors fill its classes -- but the Institute will still make intensive efforts to reach out to the general public. If these efforts show initial success, the flexibility factor will come into effect, and the implementation schedule will be accelerated.

A fourth factor strengthening the institutional fabric of IDEA is the modesty of its initial internal organization combined with an emphasis on staff training. At the highest level is a Board of Directors composed of five non-paid Bolivian businessmen, four elected by the private sector representatives who make up the General Assembly, and one appointed by the Confederation of Bolivian Private Businessmen. This group of experienced business people will guide the development of the IDEA by-laws and procedures and will select, with USAID, the professional personnel of the Institute. The Board will contain people known for the breadth of their experience in, and the scope of their ideas about, the private sector; and through it, IDEA will tap the best information on Bolivian business trends, without cost.

IDEA's staff members will be chosen with great care by the Board and USAID, since their skills are the foundation on which early success for the Institute will rest. Salaries have been set at levels which will allow the most competent Bolivian experts in these field to be attracted.

The performance of the IDEA staff will be strengthened by the provision of long-term and short-term technical assistance. Initial T.A. to the Institute will consist of three months of work on organizational matters by an independent contractor. Following this help, in month five of the project, the entity contracted to provide the bulk of project-funded technical assistance (63 months) should begin its tasks. This T.A. will include on-the-job training for all Institute instructors.

In addition to the inputs provided by the technical assistance experts, the job-related skills of the IDEA core staff will be upgraded through a project-funded training program. The training will be both long-term and short-term and will take place in the United States and in relevant third countries. At the end of IDEA's first thirty-six months of operation, all of its direct-hire professionals should have enhanced skills.

In the view of USAID/Bolivia, attention to the institutional factors mentioned above should give IDFA an excellent chance to begin its work from a position of strength. With great commitment to competent instruction, able administrators, proper course choices, and intensive public promotion, and with little expenditure on premises, administrative services, or on permanent staff commitments, IDEA should be able to build a strong reputation early in its life. With the addition of financial self-sustainability discussed later in this section, IDEA has every chance to become a long-term institutional contributor to a stronger Bolivian private sector.

C. Social Analysis

1. Target Group Description

The direct beneficiaries of the project will be the private sector business owners and managers who will participate in the training programs, and their firms. Indirectly the Bolivian national economy will benefit. Its private sector base will be strengthened, providing additional resource flows, employment opportunities, and products to the Bolivian population.

The recipients of the training form three distinct groups: (1) senior executives of large-scale firms, (2) middle-level managers of large and medium-scale firms and 3) owners/managers of small-scale businesses.

The senior-level executives form the business elite of Bolivia and are members of the country's upper middle and upper classes. While few in number, they tend to come from well-to-do backgrounds, and exert considerable influence over the functioning of Bolivia's private sector. They usually have advanced degrees from national universities, and many have studied abroad.

The second group, the middle-level managers, is also rather small. Its members belong to Bolivia's middle class and collectively make up the country's burgeoning cadre of modern business managers. While most have graduated from national universities in traditional fields, they also have an appreciation of the value of modern business techniques. A dominant characteristic of this group is its upward mobility. Most members come from middle and lower class backgrounds and have adopted a strategy of leveraging formal training and business experience to advance their social and economic positions.

The owners/managers of the small-scale, family-oriented businesses represent the large majority of the beneficiary group. Like middle-level managers, they belong to Bolivia's middle class. However, unlike middle-level managers, the importance of upward mobility to small-scale entrepreneurs shows considerable variation. Some have inherited the firms they operate and appear comfortable with their current status. Others have created the businesses they manage through their own efforts and are determined to improve their social and economic positions. In terms of formal training, the small-scale managers are significantly more limited than their executive level and middle-level manager colleagues. Project design analysis indicated that the majority, approximately 70 percent, have not progressed in formal education beyond secondary school. Moreover, a portion of this group has had only a basic, primary education. The business acumen which they possess has been gained, for the most part, through practical experience. While this experience has value, it does not compensate for these managers' lack of knowledge of contemporary business management principles and techniques.

2. Social Constraints

The social feasibility of the project is dependent upon designing the project in a way which will effectively nullify the following social constraints: (1) exaggerated private sector regionalism, and (2) social differences among the target groups which often inhibits cooperation.

a. Exaggerated Regionalism

The principal social constraint to the successful implementation of this project is regional vested self-interest within the Bolivian private sector. The positioning of self-interest, under all circumstances, before the common good is a dominant cultural trait in Bolivia. While this phenomenon appears in almost all social contexts, one of its most important manifestations is a heightened sense of regionalism among the country's major geographic areas -- La Paz, Cochabamba and Santa Cruz. Viewed moderately, such regionalism (over-identification with the interests of a given area at the expense of national unity) contributes to healthy competition among the major geographic centers. Taken to an extreme, as often happens, this geographic chauvinism results in counterproductive regional bickering and mistrust. Given this situation, there is a serious question about the possibility of developing a national training institution which, to succeed, would require that it be structured to respond to business needs in the country's major geographic regions.

IDEA'S organizational configuration was structured to deal expressly with this potential constraint. While the Institute's locus will be La Paz, its main curriculum will be applicable to businesses anywhere in the country, IDEA will also design course material related to specific regional interests and needs, and it will give courses regularly in regional centers. USAID/Bolivia believes that this plan will provide the Institute with the proper balance required for it to function successfully in all three major regions.

b. Target Group - Social Differences

The social differences (described in V.C.1.) which exist among the target groups contribute to differing views on business management, as well as to different interests in, and needs for, management training. For example, the approach of an executive from a larger business toward risk taking and making new investments might be much more enlightened then that of his small-scale colleague. Similarly, the executive's style of personnel management varies from that of the owner of a family business. The former makes decisions from a relatively impersonal perspective with the foremost consideration the good of the firm. The latter must take into account personal and family ties when making a similar decision. These differences in perspective, style, and interest could present difficulties in developing a training program that is coherent and truly addresses the needs of the Bolivian private sector.

The project design strategy to address this constraint is the three-track curriculum approach. As described elsewhere, each track will be designed to address the needs and interests of a specific target group -- seminars for senior executives, specialized course material for mid-level managers, and general business management instruction for small-scale entrepreneurs. This targeting of instruction will facilitate the development of coherent, tightly-knit study programs, thereby avoiding the potential to dilute course content by trying to address too diverse an audience.

D. Financial Analysis

A financial analysis was carried out to determine whether the Institute would be self-financing in four years given reasonable assumptions about demand for its courses and the ability to pay for them through course fees and members' dues. The analysis, using conservative assumptions about demand and affordability, concludes that course fees and members' dues will cover the Institute's operating expenses and course costs by the end of IDEA's fourth year of operation. The assumptions and results of this analysis are explained below.

1. Training Demand

The Institute will offer its services to a market composed of individuals, who will pay for courses with their own funds, and firms, which will pay employee course fees and may also pay dues as members of the Institute. Other income, not specified in the analysis and which could become significant, will come from the Institute's Service Center operations.

The analysis of the demand for training is based on 1983 Bolivian census data. Table D.1. shows the private and public enterprises whose owners and employees will fill IDEA's classrooms. In making the table, the census data have been adjusted to exclude 80 percent of Bolivia's smallest enterprises - those employing one to four persons. Also many rural mining companies not covered by the census are excluded. Under-reporting in mining offsets a possible overstatement of potential candidates in the category "Community, Social and Personal services". Public enterprises are included. Although they cannot be members of IDEA, whose purpose is to serve the private sector, parastatal managers will be admitted to available training slots, particularly during the start-up period, if they are needed to meet planned attendance levels. IDEA's market is defined to include managers in state enterprises whose functions and training needs are similar to those of private managers. These managers are not a large portion of IDEA's managerial market, and they often exchange places with their private sector counterparts.

TABLE D. 1

NUMBER OF ECONOMIC ESTABLISHMENTS BY INDUSTRIAL CATEGORY AND PERSONS EMPLOYED, 1983

Activity	1 1 - 24 persons No. Est.	Persons	2 25 - 49 No. Est.	Persons	3 50 and plus No. Est.	Persons	4 Public Enterprises (incl. in cols. 1-3) No. Est.	Persons
Agriculture	92	591	5	166	8	2,108	9	813
Mining	85	796	14	490	49	36,177	4	26,073
Manufacturing	3,833	20,030	194	6,438	195	32,046	53	4,686
Electricity, gas, water	24	195	3	104	10	2,591	13	1,095
Construction	259	2,072	27	915	35	5,638	16	1,039
Commerce, Restaurants, and Hotels	9,776	28,627	54	1,864	30	3,128	69	403
Transport, Storage, and Communications	574	3,527	16	495	19	18,662	73	15,668
Financing, Insurance, Real Estate	909	3,900	40	1,646	41	7,663	53	3,642
Community, Social and Personal Services	4,750	26,796	225	7,346	112	25,004	1,019	31,282
TOTAL	20,302	86,507	587	19,464	499	133,107	1,309	84,701

Source: "Censo de Establecimientos Económicos 1984". Departamento de Estudios Económicos - INE - La Paz, Bolivia.

Notes: 1. Data from Bolivia's 23 largest towns. Enterprises in small towns and many small mining companies not included. 2. Column 1 includes only 20 percent of the firms with 1 - 4 employees reported in the census.

The significant features of Table D.1, are summarized in Table D.2. For example, IDEA's potential market comprised 21,000 establishments and 239,600 people in 1983, an abnormally bad year for Bolivia's economy.

TABLE D. 2

ESTABLISHMENTS BY NUMBER OF PERSONS EMPLOYED

Category	No. of Establishments	%	Persons Employed	%
From 1 to 24 persons	20,302	95	86,507	36
From 25 to 49	587	3	19,464	8
From 50 and plus	499	2	133,107	56
	21,388	100	239,078	100

To determine market share, it is necessary to estimate how many of these 239,000 people will be candidates for IDEA's courses. With its flexible course tracking and capabilities in curriculum development and teacher training, the Institute will be able to serve this clientele from shop foreman to chief executives at locations throughout the country. In percentage terms, the larger firms have fewer people needing the Institute than the small, less differentiated firms. For example, no more than 25 percent of the employees of the Taquiña brewery in Cochabamba might be considered managerial or managerial/technical. At Hansa, Bolivia's largest trading company, perhaps 30 percent of the employees could be considered decision-makers in need of training in accounting, procurement, exporting, personnel, etc. At one of Bolivia's private banks, it is likely that roughly two thirds of the employees would be tellers, secretaries, drivers and messengers and only one third in the managerial/technical jobs relevant to the Institute's program.

As Table D. 2 shows, over 20,000 Bolivian firms employ fewer than 24 people, and of these most employ fewer than 10 people. In these small firms, the owner and his family function as managers and workers at the same time. Thus, it is safe to assume that at least 25 percent of the employees in these firms could benefit from the Institute's courses.

Based on these realities, a conservative managerial factor has been applied to the size categories in Table D. 2.

TABLE D. 3

POTENTIAL CANDIDATES FOR IDEA'S COURSES

Firm Size	Number of Employees	% Managerial	Managers
Large (50 + employees)	133,107	15	19,966
Medium (25 - 49 employees)	19,464	20	3,893
Small (1 - 24 employees)	86,507	25	21,627
Total	239,078	--	45,486

During its first four years, IDEA will offer 6,810 training slots. With no repeat attendees, fewer than 15 percent of those in the client pool will be able to attend one course in four years. However, many clients will take more than one course in 4 years, and since many of the courses will last no longer than a week or weekend, some clients will take more than one course every year. For example, the Enterprise Fora are expected to attract the same people each year. Therefore, if enough resources can be put into the courses to make them valuable, and if they can be priced within the means of the clients, demand should be more than adequate. In the following section, the questions of price and affordability are addressed.

2. Course Prices and Affordability. The base price of a course is determined by summing all variable costs - teacher's salary, travel and per diem, rental of classroom space, course materials, etc. - and dividing by the number of planned attendees (see Tables D. 4a and 4b). Actual fees for students are set by using the Year I base costs and adding a 5% increase for each subsequent year, resulting in a floor price for each course/year (with the exception of the Enterprise Fora which have an immediate and substantial mark-up). For example, actual course costs, without counting overhead, for the executive seminars and mid-level courses in Year I (to III) are $64 and $80 respectively. These sums will be increased five percent each year, to establish the floor. Members will then pay the floor price plus an an additional ten percent to help cover IDEA's operating expenses. Non-members, who do not pay dues, will pay the charge to members plus twenty-five percent. The fact that the variable costs fall over time, due largely to a lesser use of foreign instructors, is not reflected in lesser course fees. Proposed course fees are given in Table D.5.

TABLE D. 4a

DETAIL OF COST PER COURSE AND SEMINAR
(US DOLLARS)

Cost Components	Enterprise Fora (Yrs 1-5)	Executive Level (Yrs 1-5)	Mid-Level Management (Yrs 1-3)	Mid-Level Management (Yrs 4-5)
Rent	100	75	150	150
Materials	500	100	450	450
Files and Miscellaneous	500	100	150	150
Salaries	375	375	725	500
Travel	425	425	300	170
Per Diem	200	200	620	620
TOTAL	2,100	1,275	2,395	2,040
Cost per Participant	21	64	80	68

Note: The categories "Salaries" and "Travel Costs" include payments to both local and foreign instructors. Participation of local and foreign instructors was estimated as follows: Enterprise Fora and Executive Level : 50% local and 50% foreign; Mid-level Management and Small Entrepreneurs: 70% local and 30% foreign.

TABLE D. 4b
DETAIL OF COST PER COURSE AND SEMINAR
SMALL ENTREPRENEURS

COST COMPONENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Rent	150	150	150	150	150
Materials	300	300	300	300	300
Files and Miscellaneous	150	150	150	150	150
Salaries	725	613	557	500	500
Travel	300	235	203	170	170
Per Diem	620	620	620	620	620
TOTAL	2,245	2,068	1,980	1,890	1,890
COST PER PARTICIPANT	75	69	66	63	63

NOTES:

Salaries and Travel Costs include payments to local and foreign instructors participation of local and foreign instructors was estimated as follows:

Year 1: 70% local and 30% foreign
Year 2: 80% local and 20% foreign
Year 3: 85% local and 15% foreign
Years 4 and 5: 90% local and 10% foreign

TABLE D-5
COURSE REVENUE GENERATIONS
(US DOLLARS)

COURSES & SEMINARS	NUMBER OF COURSES	PARTICIPANTS PER COURSE	TOTAL PARTICIPANTS	PARTICIPANTS (1) MEMBERS	PARTICIPANTS (1) NON-MEMBERS	TUITION (2) MEMBERS	TUITION (2) NON-MEMBERS	REVENUES MEMBERS	REVENUES NON-MEMBERS	TOTAL REVENUE	TOTAL YEARLY REVENUES
YEAR 1											
ENTERPRISE FORUM	1	100	100	15	85	50	63	750	5355	6105	
EXECUTIVE LEVEL	6	20	120	18	102	70	87	1260	8874	10134	
MID-LEVEL MANAGEMENT	12	30	360	54	306	88	110	4752	33660	38412	
SMALL ENTREPRENEURS	16	30	480	72	408	79	99	5688	40392	46080	
											100731
YEAR 2											
ENTERPRISE FORUM	2	100	200	40	160	53	66	2120	10560	12680	
EXECUTIVE LEVEL	12	20	240	48	192	74	93	3552	17856	21408	
MID-LEVEL MANAGEMENT	17	30	510	102	408	92	115	9384	46920	56304	
SMALL ENTREPRENEURS	22	30	660	132	528	83	104	10956	54912	65868	
											156260
YEAR 3											
ENTERPRISE FORUM	2	100	200	60	140	56	70	3360	9800	13160	
EXECUTIVE LEVEL	16	20	320	96	224	78	98	7488	21952	29440	
MID-LEVEL MANAGEMENT	20	30	600	180	420	97	121	17460	50820	68280	
SMALL ENTREPRENEURS	25	30	750	225	525	87	109	19575	57225	76800	
											187680
YEAR 4											
ENTERPRISE FORUM	2	100	200	60	140	59	74	3540	10360	13900	
EXECUTIVE LEVEL	21	20	420	126	294	82	103	10332	30282	40614	
MID-LEVEL MANAGEMENT	25	30	750	225	525	102	128	22950	67200	90150	
SMALL ENTREPRENEURS	30	30	900	270	630	92	115	24840	72450	97290	
											241954
TOTAL TO END OF PROJECT											686625
YEAR 5 (AFTER PROJECT)											
ENTERPRISE FORUM	2	100	200	70	130	62	78	4340	10140	14480	
EXECUTIVE LEVEL	25	20	500	175	325	86	108	15050	35100	50150	
MID-LEVEL MANAGEMENT	30	30	900	315	585	107	134	33705	78390	112095	
SMALL ENTREPRENEURS	35	30	1050	366	682	96	121	35328	82522	117850	
											294575
GRAND TOTAL											981200

NOTES:

(1) TOTAL PARTICIPATION OF MEMBERS AND NON-MEMBERS IN COURSES.
MEMBERS: YR 1--15%, YR 2--20%, YR 3 & 4--30%, YR 5--35%.
NON-MEMBERS: YR 1--85%, YR 2--80%, YR 3 & 4--70%, YR 5--65%.

(2) TUITION PER COURSE:
(a) EXECUTIVE LEVEL, & MID-LEVEL MANAGEMENT:
MEMBERS: COST PLUS 10%, INCRASED 5% PER ANNUM
NON-MEMBERS: MEMBERS TUITION PLUS 25%
(b) SMALL ENTREPRENEURS:
90% OF TUITION FOR MID-LEVEL MANAGEMENT COURSES

This price structure covers all variable course costs, contributes to overhead and encourages users to become members of the Institute.

The question of the affordability of these prices can be broken down by type of course. What might be called the upper level courses - Enterprise Fora and executive and mid-level seminars, will be attended by relatively affluent Bolivians, people earning at least $ 10,000 per year. These people, whether sponsored by their firms or using their own funds, should be able to pay a course fee equivalent to one percent or less of their annual incomes. Executives of large and medium-sized corporations interviewed during the development of this project said they would pay up to $ 150 to attend a useful seminar and would pay around $ 100 to send their mid-level people to specialized courses.

The affordability question is most relevant to those who will attend courses for small entrepreneurs. In terms of net worth and income, many of these business owners are on a higher economic, although not social, plane than the salaried managers in larger corporations. For most of these people, the year one small enterprise course fee, $ 79 for members and $ 99 for non-members, will represent less than 1 percent of income. Bolivian national education data, compiled for a group less prosperous than the sub-group of business owners and managers, show that spending on education averages 1.25 percent of the annual income of the person trained. At this percentage of expenditure, the small businessman should be able to attend one course per year. As noted above, given the client pool, the small enterprise courses will be filled if only a modest percentage of small entrepreneurs takes one course in four years. The cost of one course in four or more years would represent an insignificant expense to a small businessman. The interview program mentioned above revealed that small entrepreneurs are willing to pay approximately $ 100 for a short course relevant to their businesses.

In summary, based on interviews, income data and educational expenditure surveys, course fees represent a small and affordable expense to the clients served.

3. Financial Viability. As explained above, affordable course fees will cover variable course costs and make a contribution to overhead. Remaining overhead costs will be covered by members' dues.

Concerning the number of members, Table D. 2 shows 499 firms with over 50 employees. During Year One, only 30 firms of this size are needed as members, 6 percent of the group. Required representation from the small business class is even less, 80 out of 20,302 - not even 1 percent of the group. Planned members in all three categories in year four total 485, only 2 percent of the market of private firms.*

TABLE D. 6
MEMBERS AND DUES PER CATEGORY AND TOTAL REVENUES
(US Dollars)

Size of Member Firm	Year 1	Year 2	Year 3	Year 4	Total	Year 5
Large						
Dues per Annum	300	315	331	347		364
Number of Members	30	43	60	85		95
Total Dues Revenue	9,000	13,545	19,860	29,495	71,900	34,580
Medium						
Dues per Annum	150	158	165	173		182
Number of Members	50	72	104	150		172
Total Dues Revenue	7,500	11,376	17,160	25,950	61,986	31,304
Small						
Dues per Annum	80	84	88	92		97
Number of Members	80	117	171	250		300
Total Dues Revenue	6,400	9,828	15,048	23,000	54,276	29,100
Total Dues Revenue	22,900	34,749	52,068	78,445	188,162	94,984

Note: Dues increased 5% per year

* Total establishments 21,388 less public establishments 1,309 = 20,079; 485 ./. 20,079 = .024

Dues are similarly a small fraction of potential. In Year One, a firm with 50 or more employees is asked to pay only $ 300 rising to $ 347 in Year Four; a small firm starts at $ 80 which rises to $ 92 in Year Four.

These estimates are conservative even in relation to Bolivia's currently depressed economy. As the economy recovers from this abnormal period, revenue from dues is likely to exceed the levels in Table D. 6.

If demand, fees and dues meet the conservative targets explained above, the Institute will have the positive cash flow shown in Table D.7. This estimate of cash flow includes USAID grant assistance and shows a surplus each year which accumulates to $ 385,086 at the end of Year Four.

TABLE D-7
CASH FLOW STATEMENT
(US DOLLARS)

	YR 1	YR 2	YR 3	YR 4	TOTAL	YR 5 (AFTER PROJECT)
I. SOURCES (REVENUES)						
A. FEES (TUITIONS)	100731	156260	187680	241954	686625	294575
B. MEMBERSHIP DUES	22900	34749	52068	78445	188162	94984
C. AID CONTRIBUTION	621117	663527	516450	198906	2000000	0
D. OTHER	37500	37500	37500	37500	150000	0
TOTAL SOURCE OF FUNDS	782248	892036	793698	556805	3024787	339559
II. USE OF FUNDS (COSTS)						
A. TECHNICAL ASSISTANCE	257037	258250	202850	48513	766650	0
B. OPERATING EXPENSES	119640	153750	163630	176745	613765	188920
C. COMMODITIES	76000	70000	50000	0	196000	0
D. TRAINING	49805	86795	84640	78760	300000	0
E. COURSE COSTS	74410	105711	122000	138675	440796	163425
SUB-TOTAL	576892	674506	623120	442693	2317211	352345
CONTINGENCIES	79325	94551	87783	60831	322490	0
TOTAL USE OF FUNDS	656217	769057	710903	503524	2639701	352345
CASH BALANCE FOR THE YEAR	126031	122979	82795	53281	385086	37214
CASH BALANCE PREVIOUS YEAR	0	126031	249010	331805		385086
ACCUMULATED CASH BALANCE	126031	249010	331805	385086		422300

Table D. 8 shows IDEA's cash flow excluding the sources and uses of funds resulting from USAID's involvement. In this projection, costs of administration and courses exceed income from dues and course fees during the first three years, with the Institute earning a surplus of $ 10,039 in the fourth year. This surplus more than triples in the fifth year to $ 37,214.

TABLE D. 8
IDEA'S YEARLY CASH FLOW EXCLUDING USAID SUPPORT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
I. SOURCES (REVENUES)					
A. Fees (Tuitions)	100,731	156,260	187,680	241,954	294,575
B. Dues	22,900	34,749	52,068	78,445	94,984
TOTAL REVENUES	123,631	191,009	239,748	320,399	389,559
II. USE OF FUNDS (COSTS)					
A. Salaries	83,640	118,150	129,930	142,980	157,278
B. Other Expenses	31,000	30,600	28,700	28,705	31,642
C. Courses & Seminars	74,410	105,711	122,000	138,675	163,425
TOTAL COSTS	189,050	254,461	280,630	310,360	352,345
CASH BALANCE FOR YEAR	-65,419	-63,452	-40,882	10,039	37,214

To the extent that IDEA receives donations from Bolivia's largest corporations and generates income from extension courses and interactive computer training - using the printing equipment, library materials and computers included in the USAID grant - the positive cash balance beginning in year four will be higher or will start earlier. Also given IDEA's administrative and technical overhead, it would be possible without additional overhead to offer more courses. In this sense, IDEA's financial viability is based on less than full capacity operation.

4. Sensitivity Analysis

As described above, the number of IDEA members and the rates for Institute dues and course fees have been estimated at levels below those projected by the two surveys conducted during the intensive review. Continued investigation, the worsening economic situation, the opinions of IDEA's prospective board members, and the Mission's desire to resolve uncertainties on the conservative side have led to these reduced expectations. To further expose the project to pessimistic assumptions, the following tests comparing changes in income from fees and dues and expenses for administration and courses were made:*

a. If during each of the four project years, membership is 10 per cent less than estimated, (but course attendance by member-sponsored students remains constant), during the fourth year revenues from dues and fees still exceed expenses for administration and courses.

b. If membership occurs as planned but dues rates are cut 10 per cent in each project year, the cash flow balance is still positive in Year Four.

c. If members and dues rates are 10 per cent less than planned during each project year, the cash balance in Year Four is minus $ 4,647 which becomes a positive $ 19,348 in Year Five.

d. If membership is 10 per cent less than in Table D-6 each year (with dues rates unchanged), causing 10 per cent fewer students from members, with the places of these students filled by students from non-members, the balance in Year Four remains positive.

* Tables illustrating these analyses are included as Annex 3.

These tests show that the project's financial viability is not very sensitive to inferior outcomes at the 10 per cent level and that there is more sensitivity to attendance levels than to changes in dues or members.

Estimated attendance levels are protected by the low ratio of course slots to the student market, as explained in the section on demand.

E. Environmental Decision

An Initial Environmental Examination (IEE) and Recommended Environmental Threshold Decision were presented to A.I.D./W with the PID. This analysis suggested that the project falls within the parameters of those categorically excluded from followihg the procedures outlined in 22 CPR Part 116. This recommendation was based on the fact that the project is essentially a training program and includes no activities (such as construction of facilities) directly effecting the environment. The LAC Environmental Coordinator agreed with this conclusion.

MANAGEMENT TRAINING

ANNEXES 1, 2, 3, 4, 5, 6 and 7

ANNEX 1: LOGICAL FRAMEWORK

ANNEX 2: BUDGET DETAILS

ANNEX 3: SENSITIVITY ANALYSIS CHARTS

ANNEX 4: APPLICATION LETTER

ANNEX 5: PID GUIDANCE CABLE

ANNEX 6: CHECKLISTS

ANNEX 6(A): STANDARD ITEM CHECKLIST

ANNEX 6(B): PROJECT CHECKLIST

ANNEX 7 : IEE

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 84 to FY 89
Total U.S. Funding 2.0 million
Date Prepared: 6/[illegible]/85

Project Title & Number: Management Training 511-0530

PAGE (1)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Purpose:	Conditions that will indicate purpose has been achieved: End of project status.		Assumptions for achieving purpose:
The establishment of a Bolivian Management Institute, within the private sector which will provide specialized courses on business management.	1. A financially self-sufficient management training institute will have been established and will be offering a full array of business courses designed to meet the needs of the Bolivian private sector.	End of project evaluation. Project management information system. USAID/Bolivia project manager monitoring.	Contracted instructors and other program technical assistance will be sufficient and available. Program participants and/or firms are willing to pay for [institutions] training. Sufficient demand exists for the three levels of courses. COB will not interfere with private sector training and education programs. Exaggerated regionalism will not destroy the Institute. The socio-economic mix of large, medium and small scale entrepreneurs will work.

ANNEX 1

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project:
From FY 86 to FY 89
Total U.S. Funding 2.0 million
Date Prepared: 6/13/84 6/11/84

PAGE 2

ect Title & Number: Management Training 511-0580

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
gram or Sector Goal: The broader objective to ch this project contributes: To increase the efficiency of business management in the Bolivian private sector thereby enhancing productivity throughout the ec my.	Measures of G al Achievement: 1. Expansion of Bolivian private sector as measured by contribution to Gross Domestic Product. 2. Higher rates of large medium, and small businesses starting up and remaining solvent. 3. Increasing net income of businesses of all sizes brought about by improved managerial efficiency. 4. Improved employment opportunities for small entrepreneurs mid-level managers and executives.	Data available from Ministry of Commerce on Bolivian annual GDP. Project base line data, Ministry of Commerce information on start-up and bankrupt business. Surveys and evaluations utilizing balance sheet and income statement information of project participants. Ministry of Commerce information and spot surveys.	Assumptions for achieving goal targets: Private Sector continues to receive policy support of Bolivian Government. Existing and new businesses can survive the current economic crisis, remain productive and effectively utilize the skills training provided under the project.

AID [illegible] (7-71)
SUPPLEMENT I

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project:
From FY 85 to FY 89
Total U.S. Funding 2.0 million
Date Prepared:

Project Title & Number: Management Training 511-0580

PAGE 3

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes:	Measures of Goal Achievement:		Assumptions for achieving goal targets:
1. National events	1. 7 National events held over the life of project.		
2. Curricula developed for executives mid-level managers and small-scale entrepreneurs.	2. Executive level: 55 courses held and up to 1100 persons trained over the life of project.	Project manager surveys and reports.	Qualified professors can be identified and recruited.
3. Executive level seminars carried out and mid-level participants trained.	3. Mid-level: 74 courses held and up to 1480 persons trained over the life of project.	Yearly evaluations. Consultants, reports.	Facilities adequate for courses presentation exist or can be rented or donated.
4. Mid-level management courses carried out and mid-level managers trained.	4. Small entrepreneurs: 93 courses held and up to 1860 persons trained over the life of project.		
5. Small entrepreneurs courses carried out.	5. 5 employees of IDEA trained overseas and all local instructors trained locally.		

D 1020-0 (7-71)
ATTACHMENT 1

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project:
From FY 85 to FY 89
Total U.S. Funding 2.0 million
Date Prepared:

Project Title & Number: Management Training 511-0580

PAGE 4

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes:	Measures of Goal Achievement:		Assumptions for achieving goal targets:
A.I.D.:			
I. Technical Assistance	I. Resources for financing 100% of technical assistance costs $ 766,650.	I. AID and Host Country accounting books and records.	I. AID and Host Country funding will be available.
II Operating Expenses	II. Resources for financing approximately 60% of operating costs $ 368,454.		II. Participants will be willing to pay programmed dues and fees.
III. Commodities	III. Resources for financing 100% of commodities acquisition costs $ 196,000.		
IV. Training	IV. Resources for financing 50% of training costs $ 150,000.		
V. Course Costs	V. Resources to cover approximately 28% of courses costs $ 249,364		
VI. Contingencies	VI. Funds to cover approximately 78% for contingency $ 269,532 Total AID contribution $ 2,000,000.		
HOST COUNTRY:			
I. Operating Expenses	I. Resources for financing approximately 40% of operating expenses $ 245,311.		
II. Training	II. Resources for financing 50% of training costs $ 150,000.		
III. Course Costs	III. Resources to cover approximately 72% of course costs $ 664,194.		
IV. Contingencies	IV. Funds to cover approximately 22% for contingency $ 77,426 Total Host Country contribution $ 1,125,570		

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ANNEX 2
BUDGET DETAILS
(U.S. Dollars)

I. TECHNICAL ASSISTANCE	
A. Personal Services (3 months)	24,900
B. Institutional Technical Assistance	
Long-term	
1 or 2 Technicians, for a total period of 36 months	292,500
Short-term	
Up to 4 Technicians, for a total period of 27 months	134,820
Overhead	254,430
B. Project Coordinator	
Salary	30,000
Operating expenses	10,000
C. Evaluations	20,000
Total Technical Assistance	766,650
II. OPERATING EXPENSES	
A. Audits to be conducted each year during the LCP	20,000
B. Salaries	
1 Executive Director (4 years)	97,400
1 Academic Director (4 years)	62,800
1 Financial Manager (4 years)	62,800
1 Assistant Academic Director (3.5 years) month 6 year 1)	49,000
1 Assistant Academic Director (3 years - month 1 year 2	42,200
1 Executive Secretary (4 years)	36,450
1 Secretary (4 years)	34,160
2 Field Secretaries (3.5 years	61,000
1 Messenger (4 years)	14,000
1 Custodian/Guard (4 years)	14,000

C. Other

1. Facilities - rental office space	24,000
2. Office supplies and other materials	11,165
3. Utilities - electricity, telephone, water, cleaning and office maintenance, etc.	4,000
4. Travel and per diem	
- Executive Director, in-country trips	9,600
- Executive Director or other IDEA representative, overseas trip	2,300
- Academic Director, in-country trip	6,400
- Financial Manager, in-country trips	12,200
- Field Secretaries, in-country trips	2,200
- Board of Directors, regular and extraordinary meetings	24,200
5. Promotion - TV, newspapers and brochures	22,900
Total Operating Expenses	613,765

III. COMMODITIES

A. Furniture and Equipment

Conference table, 12 person capacity including 12 chairs	2,690
15 desks and chairs	7,425
1 Set of sofa, four armchairs and a table for reception area	700
5 Filing cabinets	600
3 Copying machines	13,500
3 Micro computer	250
6 Desk calculators	780
5 Electric typewriters	6,500
6 Bookstands	720
4 Telephone lines	6,000
1 Switchboard, small	2,000
6 Blackboards	600
6 Flipchart stands	600
12 Staplers	200
6 Hole punches	120
6 Staple removers	30
8 Coat racks	360
4 Opaque projectors	4,000
4 Projector screens	300
3 Amplifier systems with microphone and loudspeakers	4,500
4 Tape recorders	4,000
4 TV sets	2,800
4 Video cassette players	3,200
3 Duplicating machines	4,500
70 Chairs with adjustable table arms	10,500
2 Tables and 2 chairs for instructors	600
Other items	3,075
Total furniture and equipment	34,070
Total Administration	227,070

B. Library Material

Books	10,000
Book shelves for above	3,500
2 Tables, 6 person capacity with chairs	500
1 Desk with chair	500
1 Library rack	500

C. Printing Equipment

Printing equipment, including the cost of a printer-offset type, a stitcher, plaques, ink and other items needed to reproduce teaching materials	20,000

D. Computer

Interactive Computer training. Cost of personal computers to assist the participants during the courses and seminars	50,000
Total Commodities	196,000

IV. TRAINING

A. Overseas (U.S. or L.A.)

3 Persons from IDEA for 12 months/ea.	112,500
2 Persons from IDEA, 9 months/ea.	22,500

B. Local Instructors

To train approximately 50/60 local instructors in new teaching techniques and subjects	15,000

C. Local Participants

IDEA scholarships for participants who are unable to meet the financial requirements of the program	150,000
TOTAL TRAINING	300,000

V. COURSE COSTS

A. Enterprise Fora

Rent	700
Materials	3,500
Miscellaneous	3,500
Salaries of instructors	2,625
Travel and per diem	4,375
Total Enterprise Fora	14,700

B. Executive Level

Rent	4,125
Materials	5,500
Miscellaneous	5,500
Salaries of instructors	20,625
Travel and per diem	34,375
Total Executive Level	70,125

C. Mid-Level

Rent	11,100
Materials	33,300
Miscellaneous	11,100
Salaries of instructors	43,025
Travel and per diem	64,830
Total Mid-Level	168,355

D. Small Entrepreneur

Rent	13,950
Materials	41,850
Miscellaneous	13,950
Salaries of instructors	60,675
Travel and per diem	91,660
Total Small Entrepreneur	212,085

E. Salaries during Training

Estimated cost of salaries paid by the entrepreneurs to their employees while the latter are course participants	462,400
TOTAL COURSES AND SEMINARS	927,665
Subtotal	2,804,060
Contingency	322,490
TOTAL PROJECT COST	3,126,570

TABLE D.7-a(i)
IDEA'S CASH FLOW
(U.S. DOLLARS)
SENSITIVITY ANALYSIS: NUMBER OF MEMBERS DECREASED BY 10% *

	YR 1	YR 2	YR 3	YR 4	YR 5
I. SOURCES (REVENUES)					
A. FEES (TUITIONS)	100731	156260	187680	241954	294575
B. DUES	20610	31375	46936	70774	85704
TOTAL REVENUES	121341	187635	234616	312728	380279
II. USE OF FUNDS (COSTS)					
A. SALARIES	83640	118150	129930	142980	157278
B. OTHER EXPENSES	31000	30600	28700	28705	31642
C. COURSES AND SEMINARS	74410	105711	122000	138675	163425
TOTAL COSTS	189050	254461	280630	310360	352345
CASH BALANCE FOR YEAR	-67709	-66826	-46014	2368	27934

* Number of students sponsored by members remains constant.

TABLE D.7-b(i)
IDEA'S CASH FLOW
(U.S. DOLLARS)
SENSITIVITY ANALYSIS: DUES DECREASED BY 10%

	YR 1	YR 2	YR 3	YR 4	YR 5
I. SOURCES (REVENUES)					
A. FEES (TUITIONS)	100731	156260	187680	241954	294575
B. DUES	20610	31328	46885	70670	85468
TOTAL REVENUES	121341	187588	234565	312624	380043
II. USE OF FUNDS (COSTS)					
A. SALARIES	83640	118150	129930	142980	157278
B. OTHER EXPENSES	31000	30600	28700	28705	31642
C. COURSES AND SEMINARS	74410	105711	122000	139675	163425
TOTAL COSTS	189050	254461	280630	310360	352345
CASH BALANCE FOR YEAR	-67709	-66873	-46065	2264	27698

TABLE D.7-c(i)
IDEA'S CASH FLOW
(U.S. DOLLARS)
SENSITIVITY ANALYSIS: NUMBER OF MEMBERS AND DUES DECREASED BY 10%

	YR 1	YR 2	YR 3	YR 4	YR 5
I. SOURCES (REVENUES)					
A. FEES (TUITIONS)	100731	156260	187680	241954	294575
B. DUES	18549	28286	42264	63759	77118
TOTAL REVENUES	119280	184546	229944	305713	371693
II. USE OF FUNDS (COSTS)					
A. SALARIES	83640	118150	129930	142980	157278
B. OTHER EXPENSES	31000	30600	28700	28705	31642
C. COURSES AND SEMINARS	74410	105711	122000	138675	163425
TOTAL COSTS	189050	254461	280630	310360	352345
CASH BALANCE FOR YEAR	-69770	-69915	-50686	-4647	19348

TABLE D.7-d(i)
IDEA'S CASH FLOW
(U.S. DOLLARS)
SENSITIVITY ANALYSIS: NUMBER OF MEMBERS DECREASED BY 10%,
NUMBER OF MEMBER PARTICIPANTS DECREASED BY 10% AND
REPLACED BY NON-MEMBER PARTICIPANTS

	YR 1	YR 2	YR 3	YR 4	YR 5
I. SOURCES (REVENUES)					
A. FEES (TUITIONS)	101028	156910	188880	243510	296823
B. DUES	20610	31375	46936	70774	85704
TOTAL REVENUES	121638	188285	235816	314284	382527
II. USE OF FUNDS (COSTS)					
A. SALARIES	83640	118150	129930	142980	157278
B. OTHER EXPENSES	31000	30600	28700	28705	31642
C. COURSES AND SEMINARS	74410	105711	122000	138675	163425
TOTAL COSTS	189050	254461	280630	310360	352345
CASH BALANCE FOR YEAR	-67412	-66176	-44814	3924	30182

Table D.7-a(ii)

MEMBERS AND DUES PER CATEGORY AND TOTAL REVENUES
(US DOLLARS)
SENSITIVITY ANALYSIS: NUMBER OF MEMBERS DECREASED BY 10%

SIZE OF MEMBER FIRM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL	YEAR 5
LARGE						
DUES PER ANNUM	300	315	331	347		364
NUMBER OF MEMBERS	27	39	54	77		86
TOTAL DUES REVENUE	8100	12285	17874	26719	64978	31304
MEDIUM						
DUES PER ANNUM	150	158	165	173		182
NUMBER OF MEMBERS	45	65	94	135		155
TOTAL DUES REVENUE	6750	10270	15510	23355	55885	28210
SMALL						
DUES PER ANNUM	80	84	88	92		97
NUMBER OF MEMBERS	72	105	154	225		270
TOTAL DUES REVENUE	5760	8820	13552	20700	48832	26190
TOTAL DUES REVENUE	20610	31375	46936	70774	169695	85704

Table D.7-b(ii)

MEMBERS AND DUES PER CATEGORY AND TOTAL REVENUES
(US DOLLARS)
SENSITIVITY ANALYSIS: DUES DECREASED BY 10%

SIZE OF MEMBER FIRM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL	YEAR 5
LARGE						
DUES PER ANNUM	270	284	298	312		328
NUMBER OF MEMBERS	30	43	60	85		95
TOTAL DUES REVENUE	8100	12212	17880	26520	64712	31160
MEDIUM						
DUES PER ANNUM	135	142	149	156		164
NUMBER OF MEMBERS	50	72	104	150		172
TOTAL DUES REVENUE	6750	10224	15496	23400	55870	28208
SMALL						
DUES PER ANNUM	72	76	79	83		87
NUMBER OF MEMBERS	80	117	171	250		300
TOTAL DUES REVENUE	5760	8892	13509	20750	48911	26100
TOTAL DUES REVENUE	20610	31328	46885	70670	169493	85468

Table D.7-c(ii)

MEMBERS AND DUES PER CATEGORY AND TOTAL REVENUES
(US DOLLARS)
SENSITIVITY ANALYSIS: NUMBER OF MEMBERS AND DUES DECREASED BY 10%

SIZE OF MEMBER FIRM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL	YEAR 5
LARGE						
DUES PER ANNUM	270	284	298	312		328
NUMBER OF MEMBERS	27	39	54	77		86
TOTAL DUES REVENUE	7290	11076	16092	24024	58482	28208
MEDIUM						
DUES PER ANNUM	135	142	149	156		164
NUMBER OF MEMBERS	45	65	94	135		155
TOTAL DUES REVENUE	6075	9230	14006	21060	50371	25420
SMALL						
DUES PER ANNUM	72	76	79	83		87
NUMBER OF MEMBERS	72	105	154	225		270
TOTAL DUES REVENUE	5184	7980	12166	18675	44005	23490
TOTAL DUES REVENUE	18549	28286	42264	63759	152858	77118

Table D.7-d(ii)

COURSE REVENUE GENERATIONS
(US DOLLARS)
SENSITIVITY ANALYSIS: NUMBER OF MEMBER PARTICIPANTS DECREASED BY 10% AND REPLACED BY NON-MEMBER PARTICIPANTS

COURSES & SEMINARS	NUMBER OF COURSES	PARTICIPANTS PER COURSE	TOTAL PARTICIPANTS	PARTICIPANTS (1) MEMBERS	PARTICIPANTS (1) NON-MEMBERS	TUITION (2) MEMBERS	TUITION (2) NON-MEMBERS	REVENUES MEMBERS	REVENUES NON-MEMBERS	TOTAL REVENUE	TOTAL YEARLY REVENUES
YEAR 1											
ENTERPRISE FORUM	1	100	100	14	86	50	63	700	5418	6118	
EXECUTIVE LEVEL	6	20	120	16	104	70	87	1120	9048	10168	
MID-LEVEL MANAGEMENT	12	30	360	49	311	88	110	4312	34210	38522	
SMALL ENTREPRENEURS	16	30	480	65	415	79	99	5135	41085	46220	
											101028
YEAR 2											
ENTERPRISE FORUM	2	100	200	36	164	53	66	1908	10824	12732	
EXECUTIVE LEVEL	12	20	240	43	197	74	93	3182	18321	21503	
MID-LEVEL MANAGEMENT	17	30	510	92	418	92	115	8464	48070	56534	
SMALL ENTREPRENEURS	22	30	660	119	541	83	104	9877	56264	66141	
											156910
YEAR 3											
ENTERPRISE FORUM	2	100	200	54	146	56	70	3024	10220	13244	
EXECUTIVE LEVEL	16	20	320	86	234	78	98	6708	22932	29640	
MID-LEVEL MANAGEMENT	20	30	600	162	438	97	121	15714	52998	68712	
SMALL ENTREPRENEURS	25	30	750	203	547	87	109	17661	59623	77284	
											188880
YEAR 4											
ENTERPRISE FORUM	2	100	200	54	146	59	74	3186	10804	13990	
EXECUTIVE LEVEL	21	20	420	113	307	82	103	9266	31621	40887	
MID-LEVEL MANAGEMENT	25	30	750	203	547	102	128	20706	70016	90722	
SMALL ENTREPRENEURS	30	30	900	243	657	92	115	22356	75555	97911	
											243510
TOTAL TO END OF PROJECT											690328
YEAR 5 (AFTER PROJECT)											
ENTERPRISE FORUM	2	100	200	63	137	62	78	3906	10686	14592	
EXECUTIVE LEVEL	25	20	500	158	342	86	108	13588	36936	50524	
MID-LEVEL MANAGEMENT	30	30	900	284	616	107	134	30388	82544	112932	
SMALL ENTREPRENEURS	35	30	1050	331	719	96	121	31776	86999	118775	
											296823
GRAND TOTAL											987151

Table D.7-a(iii)

CASH FLOW STATEMENT
(US DOLLARS)
SENSITIVITY ANALYSIS: NUMBER OF MEMBERS DECREASED BY 10%

	YR 1	YR 2	YR 3	YR 4	TOTAL	YR 5 (AFTER PROJECT)
I. SOURCES (REVENUES)						
A. FEES (TUITIONS)	100731	156260	187680	241954	686625	294575
B. MEMBERSHIP DUES	20610	31375	46936	70774	169695	85704
C. AID CONTRIBUTION	621117	663527	516450	198906	2000000	0
D. OTHER	37500	37500	37500	37500	150000	0
TOTAL SOURCE OF FUNDS	779958	888662	788566	549134	3006320	380279
II. USE OF FUNDS (COSTS)						
A. TECHNICAL ASSISTANCE	257037	258250	202850	48513	766650	0
B. OPERATING EXPENSES	119640	153750	163630	176745	613765	188920
C. COMMODITIES	76000	70000	50000	0	196000	0
D. TRAINING	49805	86795	84640	78760	300000	0
E. COURSE COSTS	74410	105711	122000	138675	440796	163425
SUB-TOTAL	576892	674506	623120	442693	2317211	352345
CONTINGENCIES	79325	94551	87783	60831	322490	0
TOTAL USE OF FUNDS	656217	769057	710903	503524	2639701	352345
CASH BALANCE FOR THE YEAR	123741	119605	77663	45610	366619	27934
CASH BALANCE PREVIOUS YEAR	0	123741	243346	321009		366619
ACCUMULATED CASH BALANCE	123741	243346	321009	366619		394553

Table D.7-b(iii)

CASH FLOW STATEMENT
(US DOLLARS)
SENSITIVITY ANALYSIS: DUES DECREASED BY 10%

	YR 1	YR 2	YR 3	YR 4	TOTAL	YR 5 (AFTER PROJECT)
I. SOURCES (REVENUES)						
A. FEES (TUITIONS)	100731	156260	187680	241954	686625	294575
B. MEMBERSHIP DUES	20610	31328	46885	70670	169493	85468
C. AID CONTRIBUTION	621117	663527	516450	198906	2000000	0
D. OTHER	37500	37500	37500	37500	150000	0
TOTAL SOURCE OF FUNDS	779958	888615	788515	549030	3006118	380043
II. USE OF FUNDS (COSTS)						
A. TECHNICAL ASSISTANCE	257037	258250	202850	48513	766650	0
B. OPERATING EXPENSES	119640	153750	163630	176745	613765	188920
C. COMMODITIES	76000	70000	50000	0	196000	0
D. TRAINING	49805	86795	84640	78760	300000	0
E. COURSE COSTS	74410	105711	122000	138675	440796	163425
SUB-TOTAL	576892	674506	623120	442693	2317211	352345
CONTINGENCIES	79325	94551	87783	60831	322490	0
TOTAL USE OF FUNDS	656217	769057	710903	503524	2639701	352345
CASH BALANCE FOR THE YEAR	123741	119558	77612	45506	366417	27698
CASH BALANCE PREVIOUS YEAR	0	123741	243299	320911		366417
ACCUMULATED CASH BALANCE	123741	243299	320911	366417		394115

Table D.7-c(iii)

CASH FLOW STATEMENT
(US DOLLARS)
SENSITIVITY ANALYSIS: NUMBER OF MEMBERS AND DUES DECREASED BY 10%

	YR 1	YR 2	YR 3	YR 4	TOTAL	YR 5 (AFTER PROJECT)
I. SOURCES (REVENUES)						
A. FEES (TUITIONS)	100731	156260	187680	241954	686625	294575
B. MEMBERSHIP DUES	18549	28286	42264	63759	152858	77118
C. AID CONTRIBUTION	621117	663527	516450	198906	2000000	0
D. OTHER	37500	37500	37500	37500	150000	0
TOTAL SOURCE OF FUNDS	777897	885573	783894	542119	2989483	371693
II. USE OF FUNDS (COSTS)						
A. TECHNICAL ASSISTANCE	257037	258250	202850	48513	766650	0
B. OPERATING EXPENSES	119640	153750	163630	176745	613765	188920
C. COMMODITIES	76000	70000	50000	0	196000	0
D. TRAINING	49805	86795	84640	78760	300000	0
E. COURSE COSTS	74410	105711	122000	138675	440796	163425
SUB-TOTAL	576892	674506	623120	442693	2317211	352345
CONTINGENCIES	79325	94551	87783	60831	322490	0
TOTAL USE OF FUNDS	656217	769057	710903	503524	2639701	352345
CASH BALANCE FOR THE YEAR	121680	116516	72991	38595	349782	19348
CASH BALANCE PREVIOUS YEAR	0	121680	238196	311187		349782
ACCUMULATED CASH BALANCE	121680	238196	311187	349782		369130

Table D.7-d(iii)

CASH FLOW STATEMENT
(US DOLLARS)
SENSITIVITY ANALYSIS: NUMBER OF MEMBERS DECREASED BY 10%,
NUMBER OF MEMBER PARTICIPANTS DECREASED BY 10%, AND
REPLACED BY NON-MEMBER PARTICIPANTS

	YR 1	YR 2	YR 3	YR 4	TOTAL	YR 5 (AFTER PROJECT)
I. SOURCES (REVENUES)						
A. FEES (TUITIONS)	101028	156910	188880	243510	690328	296823
B. MEMBERSHIP DUES	20610	31375	46936	70774	169695	85704
C. AID CONTRIBUTION	621117	663527	516450	198906	2000000	0
D. OTHER	37500	37500	37500	37500	150000	0
TOTAL SOURCE OF FUNDS	780255	889312	789766	550690	3010023	382527
II. USE OF FUNDS (COSTS)						
A. TECHNICAL ASSISTANCE	257037	258250	202850	48513	766650	0
B. OPERATING EXPENSES	119640	153750	163630	176745	613765	188920
C. COMMODITIES	76000	70000	50000	0	196000	0
D. TRAINING	49805	86795	84640	78760	300000	0
E. COURSE COSTS	74410	105711	122000	138675	440796	163425
SUB-TOTAL	576892	674506	623120	442693	2317211	352345
CONTINGENCIES	79325	94551	87783	60831	322490	0
TOTAL USE OF FUNDS	656217	769057	710903	503524	2639701	352345
CASH BALANCE FOR THE YEAR	124038	120255	78863	47166	370322	30182
CASH BALANCE PREVIOUS YEAR	0	124038	244293	323156		370322
ACCUMULATED CASH BALANCE	124038	244293	323156	370322		400504

CONFEDERACION DE EMPRESARIOS PRIVADOS DE BOLIVIA

RECEIVED
USAID
31 MAYO 1985
LA PAZ

FILE IND		
DIV	ACTION	INFO
DIR		✓
DD		
EXO		✓
DP		✓
PD&I		✓
CONT		
RD		
HR		
HHA		
PS	✓	
RIG/A		
FMY CUR	6/13	
ACTION TAKEN	NB 13	

Nos 6/3

CEP/196/85

La Paz, mayo 30 de 1985

Señor
David Cohen
Director de USAID
en Bolivia
Presente

Señor Director:

Según nuestras varias comunicaciones y de acuerdo al avance que se ha logrado en la elaboración de los Estatutos y un presupuesto provisional, me dirijo a Ud. para solicitar a esa Misión bajo su digna dirección, apoyo de USAID para la creación del Instituto para el Desarrollo de Empresarios y Administradores bajo las siguientes características:

- JUSTIFICACION

En los últimos cinco años el empresariado boliviano ha intentado varias veces crear un Instituto y su fracaso ha sido en gran parte a la falta de recursos económicos y un débil compromiso de los empresarios en participar directamente en su creación. Sin embargo, y ante la perspectiva de que USAID respalde financieramente la creación del Instituto, creemos que esta vez este proyecto puede convertirse en una realidad.

- TIPO DE INSTITUCION

La creación del Instituto estaría basada en una estructura centralizada, ubicado en la ciudad de La Paz y dirigido por un directorio cuya representación será a nivel nacional.

- OBJETIVOS

Los objetivos básicos del Instituto serán:

- Poner a disposición del Empresariado Privado Boliviano los cursos necesarios para el desarrollo de su capacidad gerencial.

- Actualizar y perfeccionar los conocimientos de los niveles alto y medio de gestión de las empresas, y de pequeños empresarios mediante un conjunto de programas debidamente seleccionados.

/2.-

Av. Mcal. Santa Cruz esq. Colombia Casilla No. 20439

CONFEDERACION DE EMPRESARIOS PRIVADOS DE BOLIVIA

- Contribuir a un cambio sustantivo en el comportamiento organizacional que permita elevar la productividad y el crecimiento empresarial.

- Si bien el Instituto estará ubicado en la ciudad de La Paz, se tiene proyectado que el ámbito de sus actividades será todo el territorio nacional, comenzando obviamente por los tres centros de desarrollo más importantes que son: La Paz, Cochabamba y Santa Cruz.

- APORTES

El apoyo solicitado a USAID está basado en el entendido de que su contribución será por un período de cuatro años al final del cual este Instituto será autofinanciable mediante el reclutamiento de socios, sus aportes y pago de matrículas por asistencia y participación en los cursos.

Seguros de contar con la recepción y apoyo de USAID, saludamos a Ud. con nuestra mayor consideración.

CONFEDERACION DE EMPRESARIOS PRIVADOS DE BOLIVIA

Fernando Illanes
PRESIDENTE

FI/acv.

(4) AID AMB DCM PE Rec'd 12/27

VZCZCLPO265 File: PD&I LOC: 240 439
PP RUEHLP 24 DEC 83 1416
DE RUEHC #3767/01 3561431 CN: 33805
ZNR UUUUU ZZH CFRG: AID
P 241301Z DEC 83 DIST: AIDP
FM SECSTATE WASHDC
TO AMEMBASSY LA PAZ PRIORITY 7520
BT
UNCLAS SECTION 01 OF 02 STATE 363767

Action: PD&I
Info: D/DD
EXO
DP
C
RF 2
SF

Reply due 12/30

Action tkn _____

AIDAC

E.O. 12356: N/A
TAGS:
SUBJECT: GUIDANCE CABLE - BOLIVIA MANAGEMENT TRAINING PID

1. THE MANAGEMENT TRAINING PID WAS REVIEWED BY THE DAEC ON DECEMBER 19, 1983. THE MISSION MAY PROCEED WITH DEVELOPMENT OF THE PROJECT PAPER (PP) AND MAY AUTHORIZE THE PROJECT IN ACCORDANCE WITH THE FOLLOWING GUIDANCE AND DECISIONS.

2. IT WAS AGREED THAT SUSTAINED PRIVATE SECTOR FINANCIAL SUPPORT WILL BE THE MOST CRITICAL VARIABLE IN THE PROJECT'S SUCCESS. WE BELIEVE THAT THE MISSION SHOULD EXPLORE MEANS OF DIVERSIFYING THE TRAINING INSTITUTE'S SOURCES OF INCOME, THROUGH DEVELOPMENT OF PROFIT CENTERS, TO LESSON ITS DEPENDENCE ON PRIVATE SECTOR DONATIONS AND MATRICULATION FEES.

THE PROJECT SHOULD INITIALLY EMPLOY A FEE STRUCTURE THAT FINANCES THE OPERATIONS OF THE INSTITUTE AT COST RECOVERY LEVELS (NOT INCLUDING RECOVERY OF START-UP COSTS) AS OPPOSED TO A SLIDING FEE SCHEDULE THAT WOULD CHARGE LOW FEES INITIALLY AND LATER REQUIRE PROGRESSIVELY HIGHER CHARGES.

3. IN THE INTENSIVE REVIEW THE MISSION SHOULD EXAMINE FACTORS RELATING TO THE NEED FOR TRAINING SERVICES AND THE EXPERTISE AVAILABLE IN BOLIVIA TO PROVIDE THE TRAINING. THESE FACTORS INCLUDE: (A) THE EXTENT TO WHICH THE LACK OF MANAGEMENT SKILLS IS A CONSTRAINT ON PRIVATE SECTOR PRODUCTIVITY; (B) THE NATURE AND EXTENT OF MANAGEMENT TRAINING NEEDS; (C) WHETHER THE PROJECT DESIGN, INCORPORATING THE THREE TRACK CONCEPT, CORRESPONDS TO IDENTIFIED MANAGEMENT SKILL NEEDS; AND (D) THE AVAILABILITY OF QUALIFIED FACULTY TO TEACH THE REQUIRED COURSES. THE ECONOMIC ANALYSIS SHOULD EXAMINE THE DEMAND FOR MANAGEMENT TRAINING SERVICES IN TERMS OF THE COSTS THAT PRIVATE SECTOR ORGANIZATIONS AND INDIVIDUAL BUSINESSMEN WOULD BE WILLING TO PAY FOR THESE SERVICES. SPECIAL ATTENTION SHOULD BE GIVEN TO THE POTENTIAL OF THE INSTITUTE TO BECOME SELF-FINANCING BY THE END OF ITS FOURTH YEAR OF OPERATION. FURTHER

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GUIDANCE ON ANALYTICAL APPROACHES TO THESE ISSUES HAS BEEN PROVIDED TO THE MISSION IN A SEPERATE MEMORANDUM FROM IAC/DR ECONOMIST BEN SEVEREN.

4. THE LEVEL OF TECHNICAL ASSISTANCE ORIGINALLY ANTICIPATED FOR PROJECT DEVELOPMENT (1 PERSON MONTH) APPEARS TO BE INSUFFICIENT, AND THE MISSION WILL NEED TO PROVIDE ADDITIONAL RESOURCES IN THIS AREA. CONCERNING TECHNICAL ASSISTANCE DURING PROJECT IMPLEMENTATION, MISSION SHOULD CONSIDER A LONG-TERM CONTRACT WITH IPAE OR ANOTHER SIMILAR INSTITUTION TO PROVIDE TECHNICAL SUPPORT AND TO HELP IDENTIFY MEANS OF INCREASING THE PROBABILITY THAT NEW MANAGEMENT SKILLS TAUGHT BY THE PROGRAM WILL BE APPLIED IN THE WORKING ENVIRONMENT. THE MISSION SHOULD DESCRIBE IN THE PP THE TYPE OF CONTRACT CONTEMPLATED, CONTRACTING PARTIES, AND ANY WAIVERS THAT MAY BE NECESSARY.

5. ASSUMING JUSTIFIED BY THE NEED ANALYSIS, THE THREE MANAGEMENT TRAINING TRACKS SHOULD BE IMPLEMENTED WITHIN THE LIFE OF THE PROJECT. HOWEVER, WE ARE CONCERNED THAT THE IMPLEMENTATION OF ALL THREE TRACKS DURING THE INITIAL YEAR AT THE LEVEL OF EFFORT INDICATED IN THE PID MAY BE BEYOND THE ORGANIZATIONAL OR FINANCIAL CAPABILITY OF THE INSTITUTE. IN VIEW OF THIS CONCERN, THE PP SHOULD PROVIDE A SCHEDULE OF ACTIVITIES THAT TAKES INTO ACCOUNT THE CAPACITY OF THE IMPLEMENTING ORGANIZATION TO PROVIDE HIGH QUALITY TRAINING SERVICES.

6. PROPOSAL TO FUND UP TO FOUR U.S. SCHOLARSHIPS WITH PROJECT FUNDS WAS ACCEPTED. HOWEVER, IT WAS DECIDED THAT EACH SCHOLARSHIP SHOULD BE FOR NO MORE THAN ONE YEAR. THE SCHOLARSHIPS SHOULD BE GIVEN TO STUDENTS ON A LOAN BASIS UNDER TERMS THAT PROGRESSIVELY FORGIVE REPAYMENT OF THE LOANS IN PROPORTION TO THE TIME THE STUDENTS TEACH AT THE INSTITUTE. IT IS EXPECTED THAT REQUIRED SERVICE TO THE INSTITUTE WILL BE FOR A PERIOD OF FIVE YEARS BEGINNING AT THE COMPLETION OF THE ONE YEAR SCHOLARSHIP. IN ADDITION TO A COMMITMENT FROM EACH STUDENT TO TEACH IN THE INSTITUTE, THE MISSION SHOULD EXPLORE THE POSSIBILITY OF A FORMAL COMMITMENT WITH THE EMPLOYERS OF STUDENTS IN WHICH EMPLOYERS WOULD ASSUME A PROPORTION OF THE LOAN OBLIGATION SHOULD THE STUDENT FAIL TO COMPLY WITH HIS OR HER CONTRACT. THE CRITERIA FOR THE SELECTION OF STUDENTS FOR U.S. SCHOLARSHIPS SHOULD INCLUDE: (A) CAPABILITY TO DO WELL IN GRADUATE SCHOOL; (B) DEMONSTRATED EXPERIENCE, INTEREST AND/OR APTITUDE FOR TEACHING; (C) POTENTIAL LEADERSHIP ROLE IN THE PRIVATE SECTOR; AND (D) FINANCIAL NEED.

7. CONCERNING THE INSTRUCTIONAL MATERIALS AVAILABLE TO THE INSTITUTE, THE MISSION REPRESENTATIVE INDICATED THAT

A WIDE RANGE OF CURRICULUM MATERIALS WOULD BE REVIEWED IN THE CURRICULUM DEVELOPMENT PROCESS, INCLUDING THOSE FROM INSTITUTIONS OTHER THAN IPAE.

8. DURING INTENSIVE REVIEW, THE MISSION SHOULD EXPLORE WHETHER AN ADMINISTRATIVELY AUTONOMOUS ARRANGEMENT WITH AN EXISTING BOLIVIAN INSTITUTION, SUCH AS A UNIVERSITY, COULD PROVIDE MUTUAL BENEFITS FOR THE DELIVERY OF TRAINING SERVICES.

9. THE MISSION SHOULD INCLUDE AN EVALUATION PLAN AND BUDGET IN THE PP.

10. THE MISSION SHOULD ASSURE THAT THE ENTITY WITH WHICH THE AID PROJECT AGREEMENT IS EXECUTED IS LEGALLY RECOGNIZED UNDER BOLIVIAN LAW. THE MISSION SHOULD CONSULT WITH THE REGIONAL LEGAL ADVISOR ON THE APPROPRIATE FORM OF AGREEMENT.

11. NO FUNDING FOR THIS PROJECT IS INCLUDED IN THE CURRENT FY 84 OYB AND WE ARE UNABLE TO PREDICT WHEN SUCH FUNDING MAY BECOME AVAILABLE. HOWEVER, WE WILL MAKE EVERY EFFORT TO IDENTIFY AN APPROPRIATE FUNDING SOURCE. EAGLEBURGER ET
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ANNEX 6-A

STANDARD ITEM CHECKLIST

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small businesses to participate equitably in the furnishing of commodities and services financed?	Yes
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him?	From the U.S. and other Code 941 countries. The project is modelled on other successful AID-financed business training efforts in Latin America and will need to obtain some services from these tested sources in order to meet its objectives.
3. FAA Sec. 604 (d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?	Bolivia does not so discriminate.
4. FAA Sec. 604 (e); ISDCA of 1980 Sec. 705 (a). If offshore procurement of agricultural commodity or product is to be financed, is there a provision against such procurement, when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)	N/A
5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas?	N/A

6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in Section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates.	No.
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal Agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?	Yes.
8. International Air Transport. Fair Competitive Practices. Act. 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?	Yes.
9. FY 1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?	Yes.

B. Construction

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

2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? N/A

3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed $100 million (except for productive enterprises in Egypt that were described in the CP)? N/A

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A

3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of Communist-block countries? Yes.

4. Will arrangements preclude use of financing?

a. FAA Sec. 104(f); FY 1982 Appropriation Act. Sec. 525: (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for involuntary sterilization as method of family planning, or coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or in part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion?	Yes.
b. FAA Sec. 620(q). To compensate owners for expropriated nationalized property?	Yes.
c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?	Yes.
d. FAA Sec. 662. For CIA activities?	Yes.
e. FAA Sec. 636(i). For purchases, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained?	Yes.
f. FY 1982 Appropriation Act. Sec.503. To pay pension, annuities, retirement pay, or adjusted service compensation for military personnel?	Yes.
g. FY 1982 Appropriation Act. Sec.505 To pay U.S. assessments, arrearages or dues?	Yes.

h. FY 1982 Appropriation Act, Sec. 506
To carry out provisions of FAA Section 209(d) (Transfer of FAA funds to multilateral organizations for lending? — Yes.

i. FY 1982 Appropriation Act. Sec.510.
To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? — Yes.

j. FY 1982 Appropriation Act, Sec.511.
To aid the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the United States Declaration of Human Rights? — Yes.

k. FY 1982 Appropriation Act. Sec. 515.
To be used for publicity or propaganda purposes within U.S. not authorized by Congress? — Yes.

PROJECT CHECKLIST

A. General Criteria for Project

1. FY 1982 Appropriation Act, Sec. 523 FAA Sec. 634A; Sec.653(b).
(a) Describe how authorization and appropriations committees of Senate and House have been or will be notified concerning the project; — CN
(b) Is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than $1 million over that amount)? — Yes

2. FAA Sec.611(a)(1). Prior to obligation in excess of $100,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? — Yes. Yes.

3. FAA Sec. 611(a) (2). If further legislative action is required within recipient country, what is basis for reasonable expectations that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? — N/A

4. FAA Sec. 611(b); FY 1981 Appropriation Act, Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) — N/A

5. FAA Sec. 611(e). If project is capital assistance (e.g. construction), and all U.S. assistance for it will exceed $1 million, has Mission Director certified and Regional Assistance Administrator taken into consideration the country's capability effectively to maintain and utilize the project? — N/A

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.	No
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.	The project will help in areas a, b, and e.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).	
9. FAA Sec. 612(b), 636(h); FY 1982 Appropriation Act, Sec.507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.	Bolivia will meet minimum 25% contribution requirement with Title III funds and private sector contribution. No U.S.-owned Bolivian currency.
10. FAA Sec.612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?	N/A

11. FAA Sec.601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?	Yes.
12. FY 1982 Appropriation Act.Sec.521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?	N/A
13. FAA 118(c) and (d). Does the project comply with the environmental procedures set forth in AID Regulation 16?	Yes. See I.E.E. which has been approved by AID/W.
Does the project or program take into consideration the problem of the destruction of tropical forests?	N/A
14. FAA 121 (d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditures of project funds (dollars or local currency generated therefrom)?	N/A

3. Funding Criteria for Project

1. Development Assistance Project Criteria

a. FAA Sec.102(b), 11, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology,	The project will have impact in areas a, c, d, and e.

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spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec.103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used? — Yes

c. FAA Sec.107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? — Yes

d. FAA Sec.110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? — Yes

e. FAA Sec.110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or if the recipient country "relatively least developed"? (M.O. 1232.1 defined a capital project as "the construction", expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than $100,000, including related advisory managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character.	N/A
f. FAA Sec.122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?	Yes
g. FAA Sec.281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development, and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.	Project will have an impact in the first two areas.

2. Development Assistance Project Criteria (Loans Only)

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

b. FAA Sec.620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan? N/A

c. ISDCA of 1981, Sec.724(c) and (d). If for Nicaragua, does the loan agreement require that the funds be used to the maximum extent possible for the private sector? Does the project provide for monitoring under FAA Sec. 624(g)? N/A

3. Economic Support Fund Project Criteria

a. FAA Sec.531(a). Will this assistance promote economic or political stability? To the extent possible, does it reflect the policy directions of FAA Section 102? Yes

b. FAA Sec.531(c). Will assistance under this Chapter be used for military, or paramilitary activities? N/A

c. FAA Sec.524. Will ESF funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to non-proliferation objectives? N/A

d. FAA Sec.609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made N/A

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

LAC/DR-IEE-84-16

ENVIRONMENTAL THRESHOLD DECISION

Project Location	:	Bolivia
Project Title and Number	:	Management Training 511-0574
Funding	:	$950,000 (G)
Life of Project	:	Five years
IEE Prepared by	:	USAID/La Paz
Recommended Threshold Decision	:	Categorical Exclusion
Bureau Threshold Decision	:	Concur with Recommendation

Copy to : Henry H. Bassford
Director, USAID/La Paz

Copy to : Douglas Chiriboga, LAC/DR/SA

Copy to : IEE File

James S. Hester Date 29 December 1983
James S. Hester
Chief Environmental Officer
Bureau for Latin America
and the Caribbean

RECORD COPY

Environmental Analysis/Recommended Environmental Threshold

The purpose of the project is to establish a business training program that will enhance the Bolivian private sector. To achieve this purpose, the project will create an administrative entity - a Management Institute - that will be responsible for designing the curricula, selecting the courses and delivering the training services. The proposed project does not include any other components, such as construction, which require an environmental examination. Based on the purpose of the project and the guidance in Handbook 3, Appendix 2D, Section 216.2(c), the requirement for carrying out an Environmental Assessment is not applicable.

Accordingly, it is recommended that the Assistant Administrator, LAC/DR, determine that the proposed project falls within the parameters of those categorically excluded from following the procedures outlined in 22 CFR Part 216. This recommendation is based on the fact that the project is essentially a training program and includes no activities (such as construction of facilities etc.) directly affecting the environment (22 CFR Part 216.2(c)(2)(i)).