

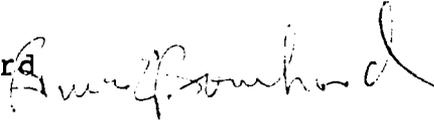
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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR

FROM : PRE/PPR, Bruce E. Bouchard



Problem: Your approval is required to authorize an amount up to \$149,938 for the Training/Entrepreneurship Development project (940-0002.38). It is planned that the entire amount will be obligated in FY 84 in grant funds for the "MBAs in Development" program.

Discussion: In most developing countries there is a dearth of adequately trained people in management and technical fields. This constrains the development of new businesses and expansion of existing businesses. The Training/Entrepreneurship Development project ("Project") addresses this deficiency by providing both long and short-term assistance in skills upgrading through new courses and course material, exchange programs, and program development in management and vocational training institutions.

The first obligation under the Project will be to J. L. Kellogg Graduate School of Management at Northwestern University ("Northwestern") for a subproject containing two components referred to below as "MBAs in Development" and the "Microcomputer Applications Training for Development." These components are only portions of the original proposal presented by Northwestern. On July 13, 1983, Northwestern submitted an unsolicited proposal to the Bureau consisting of four major components as follows:

- Agricultural management program for countries in South and East Africa;
- MBAs in development program including microcomputer applications training for development;
- Midwest structure of private firms to promote private sector programs in developing countries; and
- Establishment of a commercial enterprise to receive private equipment donations and find appropriate AID recipients for them, handling all import/export arrangements.

This proposal was modified (budget only) through a September 21, 1983 letter to PRE. The original proposal and amendment are attached to this memo as Annexes 3 and 4.

Fiscal year end funding constraints in FY 1983, problems in getting an approved FY 1984 OYB and, more importantly, concerns over the magnitude and focus of the proposal, given the Bureau's strategy and limited resources, resulted in a long delay in adequately reviewing it. The Bureau's review of the proposal led us to conclude that three of the four proposed component parts of the program were inappropriate for Bureau involvement as follows:

- Agricultural management: This program would require commitment of considerable resources over an extended period of time. Given the Bureau's limited resource base we concluded that this type of program could best be handled and/or funded by a regional bureau or country USAID mission.

- Midwest structure of private firms: The objectives and, more importantly, result of this proposed program were too unclear for us to consider providing the resources recommended. For this reason, we declined to participate.

- Commercial enterprise to receive/distribute donated equipment: Given the fact that an organization exists (Pan American Development Foundation - PADF) which currently performs this service, we felt it would be inappropriate to provide grant funding for a competing organization and so declined to participate.

The Bureau was quite interested in supporting the ongoing MBAs in development (including microcomputer applications training for development) program.

These conclusions were conveyed to Northwestern during meetings held in early June, 1984. Based on those conversations, a revised proposal was submitted to the Bureau for consideration (see Annex 5). That proposal has two principal component parts:

1. MBAs For Development: This component of the Northwestern subproject will provide support to an ongoing Northwestern program under which summer interns are placed

in the overseas operations of U.S. companies. Two eventual phases are envisaged for this program: (i) The use of MBA graduates to work with private sector enterprises and institutions in developing countries; and (ii) The use of MBA summer interns to assist such organizations for two-to-three month periods during their study programs.

The Bureau will provide grant funds to support the latter of these two. Specifically, A.I.D. resources will be used to fund the placement of eight (8) summer interns during 1985 in private LDC businesses or organizations. While interest among such LDC firms has been high, resources have not been available to place students in them.

2. Microcomputer Applications Training for Development: Under this component of the subproject, A.I.D. funds will support a graduate MBA for one year in the IBM-supported microcomputer training center at the Kenya Polytechnic Institute in Nairobi to assist in establishing the center while providing training in microcomputer applications and consulting to indigenous Kenyan businesses and other groups.

The program will culminate with a conference/seminar to be held at Northwestern which analyzes the experience under the two program components and recommends potential future action/support.

A Congressional Notification on the overall Project (Training/ Entrepreneurship Development - 940-0002.38) was submitted on June 15, 1984 and expired without objection on June 30, 1984. There are no human rights issues affecting the undertaking of this project in Kenya. USAID/Nairobi has indicated its concurrence in the Microcomputer Applications component of the subproject through Nairobi 33623 subject to the resolution of the problem of duty free entry of microcomputers. PRE has determined that IBM has resolved this problem. The Congressional Notification contained a Life of Project Funding level of \$300,000. Additional documentation regarding future subprojects will be provided as those subprojects are identified. The amount authorized will be increased as necessary through amendment of this authorization.

Recommendation: That you authorize The Training/  
Entrepreneurship Development project (940-0002.38) in an  
amount up to \$149,938 by signing the attached  
Authorization (Annex 1) and PIO/T (Annex 2).

Attachments:

1. Project Authorization
2. PIO/T
3. Original Proposal
4. Amended (Budget Only) Proposal
5. Revised Proposal

PROJECT AUTHORIZATION

Name of Countries: Kenya and selected Less Developed Countries

Number of Project: 940-0002.38

Name of Project: Training/Entrepreneurship Development

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Training/Entrepreneurship Development project for Kenya and other selected Less Developed Countries involving planned obligations of not to exceed One Hundred Forty-Nine Thousand Nine Hundred Thirty-Eight United States ("U.S.") Dollars (\$149,938) in grant funds over a one 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 costs of the project.

2. The project will consist of grants to or contracts with educational institutions or individuals associated with those institutions for the purpose of providing both long and short-term assistance to upgrade the management and technical skills of persons in selected Less Developed Countries through courses and course materials, exchange programs, and program development in management and vocational training institutions.

3. The grant agreement(s) between A.I.D. and the grantee(s) may be negotiated and executed by the office(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority and shall be subject to the following provision, together with such other terms as A.I.D. may deem appropriate:

Source and Origin of Goods and Services. Commodities financed by A.I.D. under the project shall have their source and origin in the United States except as A.I.D. may otherwise provide in writing. Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.



Edgar C. Harrell  
Acting Assistant Administrator  
Bureau for Private Enterprise

Clearance:

PPC/PDPR:EHullander	_____	Date	_____
PRE/PPR:CGormly	_____ <i>WW</i>	Date	7/5/84
PRE/PPR:BBouchard	_____ <i>MS</i>	Date	7-5-84
GC/PRE:SECarlson	_____ <i>MS</i>	Date	7-5-84
AAA/AFR/PE:HIMunson	Draft	Date	7/5/84

Drafted:GC/PRE:NBPage:7/3/84:lds0128L