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**EVALUATION
OF
INSTITUTO DE DESARROLLO
DE EMPRESARIOS Y ADMINISTRADORES**

I D E A

**BOLIVIAN MANAGEMENT TRAINING PROJECT
Contract No. 511-0580-C-00-6087-00
Project No. 511-0580**

**Prepared for:
Agency for International Development/Bolivia
and IDEA**

(Task No. 22)

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EXECUTIVE SUMMARY

INTRODUCTION

In August 1988, USAID/Bolivia contracted with the International Science and Technology Institute, Inc. (ISTI) to conduct a mid-term evaluation of the Bolivian Management Training Project (511-0580). The training organization is officially known as Instituto de Desarrollo de Empresarios y Administradores (IDEA). A team of two consultants with expertise in management training and finance carried out this project over a three week period. The task assignments were, respectively:

A. MANAGEMENT TRAINING EXPERT

- 1) Evaluate IDEA as a training organization by examining its institutional structure and functions, including relationships between the national and regional offices, staffing patterns, and IDEA's ability to design, promote, price and deliver courses appropriate to the local market and needs.
- 2) Assess IDEA's courses by analyzing the course menu, competence of instructors, efficiency of delivery, quality of supporting materials, and the relationship to Bolivian needs and market demands.
- 3) Review IDEA non-course activities, including seminars for AID and other donors and services such as sale of books and materials.
- 4) Evaluate technical assistance provided by the Institute for Resource Development (IRD).
- 5) Make recommendations for improvements in current activities and suggestions for new training fields or services to explore.

B. FINANCE EXPERT

- 1) Evaluate IDEA's progress towards self-financing by examining operating costs and income generation.
- 2) Assess the performance, goals, and progress towards self-financing of the regional offices.
- 3) Evaluate IDEA's marketing plan regionally and nationally, with a focus on client and sponsor groups.
- 4) Assess the impact of the Strengthening Financial Markets project on IDEA, and make recommendations to allow for the incorporation of new activities in a manner that maximizes the financial benefits.
- 5) Make recommendations regarding the attainment of financial self-sufficiency by IDEA, including changes which should be mandated in a revised Project Paper.

BACKGROUND

The Instituto de Desarrollo de Empresarios y Administradores (IDEA) is a new organization which provides short-term management training to the private sector in Bolivia. The organization was created in 1985 by the Bolivian Confederation of Private Businessmen (CEPB) with a \$2 million grant from USAID under Contract #511-0580-C-00-6087-00. Of the initial \$2 million, \$1 million was contracted to the Institute for Resource Development (IRD) to provide technical assistance. Two subsequent amendments, one in September 1986 (\$700 thousand) and one in July 1987 (\$330 thousand), raised AID's contribution to the project from \$2 to \$3 million.

The primary objective of IDEA is to provide short-term training for a wide range of business personnel: administrative staff, supervisors, executives and micro-entrepreneurs. This training, which actually began in July 1986, is provided through standard, public courses as well as courses designed on demand for the needs of a specific client organization. Training formats are varied, as are course topics. IDEA's course offerings focus on the following areas: supervisory skills, management by objectives, employee evaluation, hiring and interviewing techniques, personnel management, marketing, sales, financial management, production, inventory systems, computer operation, plant layout and import/export marketing.

Currently, 96 courses are offered, many of which are given at IDEA's three regional training facilities. While this number meets the projections set out in the Project Paper, lower-than-projected tuition fees, a result of Bolivia's cash-poor economy, have hindered IDEA's progress towards the goal of financial self-sufficiency.

In addition to its course offerings, IDEA is concurrently developing a Resources and Service Center which will function as a information base for IDEA clients. By providing access to periodicals, films, videos, and other materials addressing current business issues, the center intends to generate additional revenues. While demand for this service continues at this time to be slight, IDEA personnel are positive about the future of this center.

EVALUATION DESIGN

This evaluation was carried out by two ISTI consultants, each with extensive work experience in Latin America. The methodology consisted of a content analysis of project documents, interviews with key AID and IDEA personnel, observations of classes, review of IDEA's non-course activities, and interviews with IDEA trainers and "graduates."

The team asked a number of questions: Is IDEA functioning and developing as originally conceived? What impact, if any, have the two funding amendments had on the direction and rate of IDEA's development? Was the original goal of financial self-sufficiency realistic and, if not, can or should IDEA continue to operate in a deficit mode? That is, should IDEA exist only if it can attain self-sufficiency, or should AID and/or other donor agencies continue funding it for an extended period?

SUMMARY OF FINDINGS

A. CURRICULUM

- 1) Since its inception in 1986, the number of courses offered by IDEA and the range of topics covered has grown, surpassing projections in the Project Paper.
- 2) Evaluation forms, completed by students, show uniformly high levels of satisfaction with courses and instructors.
- 3) Review of files containing materials used in each course indicates adequate preparation by the instructors. However, there was no evidence of stated course objectives or minimum learning goals.
- 4) Supplemental course materials, such as transparencies, posters, and related hand-outs were adequate.
- 5) IDEA instructors are relatively innovative in their class presentations. The administrative coordinator, however, needs to conduct evaluations of IDEA instructors to insure consistency of quality.
- 6) Practical courses in bookkeeping and secretarial skills are popular. Some courses, however, need adjustment to increase their relevancy for

Bolivian students. Courses not reflecting current market patterns may account in part for the five percent decrease in course demand.

B. NON-COURSE ACTIVITIES

- 1) Guest speakers have been provided by IRD. IDEA, on its own initiative, has also contracted local and visiting business personalities to give speeches.
- 2) IDEA's FOROS have featured distinguished speakers, such as Jeffrey Sachs, and have been well attended.
- 3) Speakers from Colombia, Chile, and Argentina specializing in business management training have participated frequently.
- 4) Many FOROS have been held with the support of international agencies, though, when necessary, they have been funded by fees.
- 5) Bimonthly breakfast workshops for upper-level executives have been very successful, addressing topics such as currency exchange and comparative economics in Bolivia and Peru.
- 6) IDEA's non-formal activities draw approximately 30 participants working in upper management. Their attendance helps to improve IDEA's image.

C. IRD/WESTINGHOUSE - TECHNICAL ASSISTANCE

- 1) IRD continues to provide technical assistance to IDEA. IRD has also coordinated technical assistance from Colombia, Peru, Argentina and the United States.
- 2) A "clarification" meeting in July has improved IRD technical assistance,

though IRD's consultant needs to develop the same rapport with IDEA administrators as he has with the IDEA board.

D. FINANCIAL

- 1) Total actual expenditures were more than a million dollars less than estimated.
- 2) The original budget had anticipated that 84 percent of total expenditures would be provided by AID and 16 percent by IDEA. AID's actual share has been 93 percent.
- 3) Hardly any expenses were incurred for staff training.
- 4) Operating expenses exceeded budget by 22 percent. AID's share was 39 percent more than budget estimates; IDEA's share was 41 percent less.
- 5) Salary and salary-related expenses of the permanent IDEA staff, excluding instructors, constituted 63 percent of operating expenses.
- 6) Actual course costs comprised only 39 percent of the amount budgeted for this activity. While the original budget estimates show that AID was to be responsible for 69 percent and IDEA for 31 percent of these costs, the actual budget shows that the entire cost was borne by AID.
- 7) The Project Paper and budget projections anticipated a total income of \$775,000. Of this amount, \$539,000 was to have come from tuition fees and \$153,000 from membership dues. IDEA actually has generated total revenues of \$253,000; \$201,000 from tuition fees and \$20,000 from membership dues. Excluding revenue from PL480, which remains unutilized, and including revenue from some of the services IDEA provides, total income is only 37 percent of original estimates.

- 8) At the present level of income and expenditure, IDEA has and will continue to have an annual deficit of about \$500 thousand. The objective of 100 percent financial self-sufficiency will not be achieved.
- 9) The objective of financial self-sufficiency was optimistic. At any rate, even according to the project design IDEA would not have attained financial self-sufficiency in years four or five.
- 10) It is possible that the number of support staff allowed in the project design was too few. IDEA's regional expansion and numbers of students justify a larger staff than currently employed. However, IDEA should be able to function with fewer people than presently on the payroll.
- 11) IDEA has failed to attract members. The drop in membership in 1988, to one-fourth that of 1987, is indefensible.
- 12) It should be possible for IDEA to increase its income from tuition fees.
- 13) Excluding support for technical assistance, the balance of AID funds available to IDEA for all other project components is \$700 thousand. Without an increase in tuition fees, IDEA should be able to have an income of \$300 thousand from this source, membership dues and other services it provides in the next two years. The PL480 fund of \$150 thousand remains unused. The resources available to IDEA add up to \$1,150,000, equal to two years of its expenditure at the 1988 level.
- 14) The evaluation of IDEA supports the conclusion that IDEA has performed well, both qualitatively and quantitatively. IDEA satisfies a

demonstrated need in the Bolivian economy by providing timely and quality training.

REPORT RECOMMENDATIONS

ACADEMIC

IDEA should focus its efforts on improving and consolidating its existing services over the course of 1989, rather than expanding course offerings. Efforts to add services may also detract IDEA from its original goals. Prior to expanding services, IDEA must achieve greater progress toward self-sufficiency. On the other hand, it must be emphasized that the goal of financial solvency in four years was never a realistic one, and needs to be amended.

In its present form, IDEA cannot continue without an infusion of funds from AID or other international agencies. IDEA can and should, however, improve its efficiency through reorganization. It can also charge higher tuition fees as a means to improve its financial situation.

FINANCIAL

- 1) The life of the project should be extended by 1 to 2 years.
- 2) The unused balance of the AID grant should be allocated to operating expenses and course costs. This would be done on the condition that IDEA would agree to achieve the following minimum attainable targets in three years:
 - Reduce its operation expenses to \$400 thousand;
 - Reduce its course costs to \$100 thousand;
 - Increase its income from tuition fees to \$200 thousand;
 - Increase its income from membership fees to \$50 thousand;

--Increase its income form other services to \$50 thousand.

Implementation of these recommendations would make it possible for IDEA to continue with its activities for at least two and probably three years, depending on how quickly the reductions in expenditures and increases in income are realized. Nevertheless, IDEA would continue to have a deficit of \$200 thousand. Any additional financial assistance should await the achievement of the above targets and the reevaluation of IDEA's financial and academic performance two years from now.

ACADEMIC SECTION

CURRICULUM ANALYSIS

The curriculum of IDEA, like that of other training institutions, must be examined in the context of the environment in which it is presented and the assumptions which inform its content. Review of this curriculum should be conducted routinely to insure quality and relevance of offerings. In addition, the impact of the policies formulated by the IDEA Board of Directors on curriculum content and direction needs to be examined. As an institution, IDEA must address the following fundamental questions:

- What educational goals does IDEA seek to attain?
- What educational experiences are provided to attain these goals?
- How are these educational experiences structured?

Due to the short-term nature of this consultancy, the evaluator focussed his efforts on an analysis of the current state of IDEA's curriculum. Because it has been transplanted from other countries to Bolivia, the evaluator examined possible methods for improving and revising courses by increasing their relevancy to the Bolivian economy.

The evaluation revealed selection of relevant and useful course offerings. The curriculum analysis was carried out by conducting a review of course information lists (Appendix 1) and course files, and interviewing IDEA's Director and Academic Director.

The course list contains the following information: course name, participants for whom it is intended, instructor's name, region where offered, dates, participants by sex, total hours of course, and student evaluations of the course and instructor. The evaluation instrument ranks the course on a

scale of one to five; the instructor on a scale of one to ten. An evaluation of this kind, while common in Latin America, gives little indication of the quality of student that IDEA turns out and offers little information on which to base curriculum improvements. IDEA should identify minimum levels of skills and knowledge to be transmitted in each course and then test the students at the end to confirm that they have met these minimum standards. This practice would bolster IDEA's reputation for providing quality education. Businesses sponsoring students would receive some assurance that IDEA is providing high-quality training.

The introduction of new courses to IDEA's curriculum is determined by an assessment of educational needs. The original Project Paper examined market need and identified potential clientele. Presently, however, there is a need for a renewed market study. In fact, IDEA needs to conduct market analyses at least every eighteen months to insure course relevancy and seek information for expanding its client base through an effective program of marketing.

In addition to formulating marketing strategies, results of the study should be used to develop objectives for existing courses. Except for individual instructors, who have included in their course files outlines of the goals they seek to achieve in their course(s), there are no fixed objectives for individual courses. IDEA needs to develop a comprehensive course information packet for instructors, providing a detailed syllabus which outlines the objectives of the course, the time needed to teach it and the minimum level of knowledge or skills that students should develop. Different teaching methods will be used by different instructors, though it will be useful to record the success each has in achieving course goals.

In crafting an effective curriculum, IDEA also needs to focus its efforts on revising courses to meet national and regional needs. The Carvajal courses, for example, have been developed in Columbia. To succeed, these courses must be modified, if necessary, to fit the needs of each region. In order to assure

quality courses, the academic directors from each region should meet quarterly with the central office academic director to review the relevancy of each course to regional and national markets. These meetings should also facilitate planning for the introduction of new courses to IDEA's curriculum and interregional transfer of courses. The academic coordinating meeting should have as its objective the production of a course information bank, containing essential course information in an accessible location.

Recommendations for specific course offerings are not necessary in this report since previous consultants, such as Tonia Papke, have done an excellent job of recommending a course menu. Appendix 1 reveals, in fact, a comprehensive course menu for 1986-87 and 1987-88. In "Informe sobre Actividades de Capacitacion," the number of seminars and participants is listed. The 1988 report includes only the first semester, for which they projected:

62	Seminarios a Nivel Ejecutivo	1,240 participants
88	Cursos para Mandos Medios	2,200 participants
110	Cursos para Pequena Empresa	2,750 participants
68	Cursos de Conduccion de Oficina	1,700 participants
16	Foros Empresariales	800 participants

The actual course offerings totalled 334 with 8,488 participants. It is clear that IDEA, as of the second semester of 1988, has met the original goals in both the number of courses offered and the number of students trained. Executive training, however, should be pursued with a greater degree of intensity and improved marketing tactics.

IDEA's course programming has, since 1986, changed from courses of 20 hours over a period of two weeks to systematized format of five courses for 40 hours over one month. The areas of specialization available are Marketing, Accounting and Finance, Human Resources, and Operation and Production. For micro-entrepreneurs, the courses include Principles of Accounting, Investments,

Financial Analysis, Principles of Administration, and Cost, Market and Sales. These Carvajal courses are supplemented by an on-site evaluation for micro-entrepreneurs who take IDEA courses. This technical assistance is provided by university students and is provided free of charge.

Recommendations: IDEA should consolidate and prioritize its efforts. Increasing the number of course offerings has not and will not bring IDEA to financial self-sufficiency. IDEA must, therefore, assess its operation in terms of the following:

- 1) Should IDEA continue to increase its courses and services if they are not cost-effective?
- 2) Under what circumstances should non-cost-effective courses be continued or introduced?
- 3) If IDEA's objective consists of having a far-reaching positive effect on Bolivia's economic future, must IDEA be reconstructed in order to attain this goal (assuming that such changes are within the scope of the Project Paper's intent)?
- 4) If IDEA has the flexibility to increase courses and services, what strategies must it consider to reduce costs and yet maintain services it considers essential?

It is clear that IDEA must return to previously established cost estimates for courses. Tuition revenue should pay for the expense of the courses. IDEA's reductions of tuition by 20 and 30 percent cannot be sustained; tuition fees must be raised.

IDEA should prioritize its activities and work within a realistic schedule in order to reach project goals. In addition, recommendations by IRD

consultants should be implemented, with the exception of the suggestion to increase IDEA's personnel.

The La Paz regional office, though well-organized, is a financial burden for IDEA. The duties handled by this branch should be absorbed by the central office.

Finally, a cadre of five or six secretarial trainees should be included in the central office staff. As trainees, their salaries would be low, thereby helping to reduce operational costs. In addition, local businesses could hire from this pool of IDEA-trained secretaries.

TECHNICAL ASSISTANCE

The Westinghouse Technical Assistance Proposal and progress reports were reviewed by the evaluation team and the following conclusions reached.

Since the first Chief of Party was terminated early in the contract, the events and activities evaluated include only the period covered since the arrival of the second Chief of Party in March, 1987.

Many of IDEA's requests for technical assistance were provided by IRD/Westinghouse through indefinite quantity contracts (IQCs) and direct technical assistance of its staff and consultants. At the request of IDEA, contracts for technical assistance were given to: ESAN, Fundacion Caravajal, and IDEA Buenos Aires. Technical assistance from these agencies included consultation services for micro, small, medium and large businesses.

IRD/Westinghouse's Chief of Party has routinely taught the trainers course, in addition to other courses. The training course is well organized, both in content and objectives to be reached. Other courses taught by IRD-Technical Assistance consultants are:

Managing Effective Workshops
Problem Solving for Managers
Communication and Human Relations for Supervisors
Facilitating Training Courses for Communication
Human Relations for Supervisors
Program Planning and Budgeting Systems for Health Workers
Management by Objectives
The Management Function
The Marketing Plan
Banking Laws and Financial Institution
Small Business Training
Training Courses for Small Business Program Assessors

All of the above courses are recorded in the progress reports issued to IDEA/Bolivia and IRD/Westinghouse home office by the Chief of Party.

Recommendations: Since IRD/Westinghouse terminates its functions in December 1988, I strongly recommend that the Chief of Party work directly with the Director, Academic Coordinator and the Financial Manager of IDEA to bring about some of the recommendations left by the ISTI advisors. An action plan for the coming year should be constructed, detailing work to be completed, persons responsible, and time requirements for implementation and completion.

Course outlines and syllabi for courses taught by IRD consultants should be collected and placed in IDEA's course files. These files should include a statement of the general objective, lesson objectives, necessary materials and minimum learning requirements of the course.

MARKETING

While the need for marketing has been recognized since IDEA's inception, it has taken two and a half years to contract a consultant to prepare a marketing plan. IRD consultant Ronald Lonsdale, who is currently developing such a plan, concurred with the ISTI evaluators and the conclusions of the Tift evaluation, that there is no formal strategy for marketing IDEA's courses or services. Marketing efforts have been made among IDEA members by letter and telephone call. Efforts to utilize television were also made but proved to be too expensive. IDEA has, since then, focussed almost exclusively on newspaper advertisements for announcements of courses and seminar offerings.

Recommendations: A comprehensive marketing plan should be available by September. IDEA can then develop a systematic approach to marketing its services. IDEA's best marketing tool is, however, students who return to work equipped with skills attained from IDEA. Newsletters should be sent to IDEA members keeping them apprised of IDEA's activities. The IRD consultant's marketing plan must be examined carefully with respect to cost-effectiveness and relevancy to IDEA's goals prior to implementing its suggestions. IDEA should also continue to make its classrooms and conference rooms available to both members and non-members, thereby increasing IDEA's visibility and revenue.

NON-COURSE ACTIVITIES

IDEA has developed non-course activities to complement its curriculum. The Director has shown interest in developing these activities, and he has been responsible for their development. IRD/Westinghouse has also participated by bringing to Bolivia noted consultants from Colombia, Peru, Argentina, and the United States. While these persons were contracted to assess and/or give courses, they also became active participants in IDEA's short conferences and

breakfast meetings. These informal meetings have given IDEA good visibility and recognition from the membership and the Board. IDEA's non-course activities, which naturally complement IDEA's courses, should be coordinated together with IDEA's marketing efforts. IDEA's seminars have brought in, thus far, 800 participants.

The most beneficial and innovative activities are the breakfast meetings. Cost-effective and informative, these events should be continued.

International organizations, business contacts and IDEA's Board have also increased IDEA's visibility and have attracted many more senior management participants. Though there has been a significant decline in the number of dues-paying members, this can be attributed partly to the Bolivian economic recession, poor marketing, and inadequate follow-up service.

Recommendations: Maintain non-course activities that are cost-effective and productive. Non-cost-effective activities, such as issuing recent publications and publishing books or reports solely for IDEA's use, should be terminated.

Continued USAID support is essential for IDEA's survival. USAID can assist IDEA by utilizing some of IDEA's facilities and contracting for training.

The non-course activities that IDEA sponsors offer a good means by which to see the work that IDEA does. AID attendance at some of these functions would be welcomed.

IDEA REGIONAL OFFICES

SANTA CRUZ

The evaluator visited the IDEA regional training centers in Santa Cruz and Cochabamba, spending a day at each. The Cochabamba center opened in May 1986 and offered its first class two months later in July. The training center in Santa Cruz opened eight months later, delayed by an initial reluctance in Santa Cruz to work in association with IDEA. The exaggerated cruceno sense of regionalism continues to be evident. The Santa Cruz office staff feel that, given a fair share of IDEA's budget, they can successfully manage their own training organization.

The basic curriculum offered by the Santa Cruz branch is the same as that in La Paz. Santa Cruz, however, has been more aggressive in pursuing clients, expanding its reach to Montero and Trinidad. The course offerings extend beyond the standard curriculum to include courses for "azafatas de ferias," management by objectives and commercial English for bankers. Courses have also been specifically designed for Cervecería Boliviana del Oriente, Federación de Ganaderos and entrepreneurs and professionals in Trinidad. In addition, Carvajal courses in micro-enterprise, developed by the Carvajal Foundation in Colombia, have been adapted to the Santa Cruz region.

The follow-up service, or site evaluations, for micro-entrepreneurs who take the IDEA classes is performed by university students. In interviews, these students proved to be dynamic and demonstrated a good understanding of the organization and objectives of IDEA.

With regard to the Santa Cruz staff, a newly hired accountant should improve the financial accountability of the Santa Cruz office. This addition will also relieve the academic coordinator of much of the accounting duties. The secretary is experienced and efficient. She organizes the course publicity, files, and follow-through.

Recommendations: The IDEA director in Santa Cruz, himself a businessman,

has developed a good rapport with the local business community. The regional board has also been very involved. Though the board is clearly provincial in its perspective, the central office can and should initiate measures to improve relations between La Paz and Santa Cruz. Adopting an attitude of inclusiveness and shared responsibility along with increased sensitivity by the central office should improve intra-institutional relations.

COCHABAMBA

The evaluator interviewed all personnel and reviewed the records at the Cochabamba regional office. The Director has made a substantial effort to institutionalize IDEA. The activities of this office reflect attention to planning and coordination. The Director has contributed to his office's resources, for example, bringing books back from a trip to Buenos Aires for circulation among the membership. While the Director is enthusiastic and energetic, he has made some significant management errors, notably assigning his academic director to administer office finances. The Director himself should have assumed this responsibility. Fortunately, a part-time accountant has now been hired, relieving the Academic Director of financial duties, permitting her to direct her efforts toward the tasks for which she had originally been hired.

The Academic Director for the Cochabamba region has been exemplary in carrying out her duties. She has adapted most pre-packaged courses to fit Cochabamba regional needs. She is conscious of the need for cost-effective courses. Her pedagogic capabilities are good, at least as displayed in her teaching of micro-enterprise courses. Her introduction of courses (i.e. micro-agriculture) to the Chapare area represents the best coordinated effort between AID and IDEA observed by the evaluator.

The secretary was very knowledgeable of the whole operation. She even suggested several ways of saving money in the logistical preparation of each course.

Recommendations: The Cochabamba office seemed more effective in its delivery of courses than the other sites visited. Regularly scheduled meetings to exchange ideas between regions would be valuable.

The Director's "Tertulia," a discussion session focussing on current events and recent books, is an innovative concept which encourages IDEA members to share ideas in a relaxed atmosphere.

Training for the other regions by Maria Eugenia is recommended. She is dynamic and knowledgeable.

DOCUMENTS REVIEWED

1. Management Training Project: Amendments 1 and 2.
2. Cooperative Agreement: Amendments 1, 2, and 3.
3. IDEA Organization Chart.
4. Tifft Report on IDEA and Self-Financing.
5. Antezana's Report.
6. Kritz's Report.
7. Academic Accomplishment 1986-1988.
8. Budgets and Balance Sheets 1986-1988.
9. IRD/Westinghouse TA proposal and contract.
10. Economic Background/Bolivia.
11. Summary evaluation form required by DP.
12. World Bank - First Education and Vocational Training Project.
13. Actividades de capacitacion 1986-1988.
14. Estudio de Trabajo y Productividad - Rumph.
15. Training Program for Small Business Owners in Bolivia.
16. Popke's Report.
17. IRD/Westinghouse Progress Reports since start of project.
18. La Experiencia de ESAN - Peru Sterling Sessions,

COST ESTIMATES, FINANCIAL PLAN, AND FINANCIAL
OPERATIONS OF IDEA

FINANCIAL PROJECTIONS OF THE PROJECT

1. As initially conceived in August, 1985, the project called for a total expenditure of \$3.1 million over a period of 4 years. This sum was to be spent on; technical assistance \$767 thousand, operating expenses \$613 thousand, commodities \$196 thousand, staff training \$300 thousand, and course costs \$903 thousand, including a contingency fund of \$348 equal to 12.5 per cent of the estimated total costs. These expenditures were to be financed primarily from three sources; AID Grant \$2 million, tuition fees and membership dues \$977 thousand, and the proceeds of the PL480 funds \$150 thousand.

2. The AID grant contribution was to provide financial support to all the components of the project. However, the technical assistance and the commodities components were to be fully financed by AID. Furthermore, in the first year of operation the AID funds would cover 100 percent of the costs of IDEA. In the subsequent three years the share of AID would decline to 75 percent, 50 percent, and 25 percent respectively. The rationale behind these projections was that in the initial year IDEA would have no significant income while its start up costs would be heavy. Once the institute was established its expenditure would decline while its revenue would increase. At the end of the life of the project, i.e. year 4, IDEA would need not spend any funds on technical assistance, commodities or training. Its expenditures would be limited to only operating expenses and course costs. But with the expansion of its activities its income from tuition fees and membership dues would increase by more than three fold. Therefore it was projected that in year 5 of its operation IDEA would become financially self-sustaining. (Tables I and II).

The AID grant agreement was amended twice, in September 1986 and July 1987. In the September 1986 amendment the total project cost was increased by \$700 thousand to \$3.8 million. There was no change in the host country contribution. However, there was a redistribution of the host country contribution among various components of the project. Course costs were reduced to half the previous allocation, from \$654 thousand to \$320 thousand, operating expenses were increased by \$971 thousand, and staff training was increased by \$80 thousand. The \$700 thousand increase in the AID grant was allocated to all the components of the project. The largest portion, 33 percent, was allocated to technical assistance with 26 percent and 19 percent to course costs and operating expenses respectively (Table III).

The justification presented for the additional grant funds was that there was higher-than-expected demand for training. Therefore IDEA needs to expand both the number of its courses and its regional activities. This entails new investments. Also the international technical assistance was costing more than initially estimated. The new funds would enable IDEA to expand its course offerings by 50 percent and the number of its participants by 69 percent.

In the July, 1987 Amendment the total project cost was increased by another \$330 thousand to \$4.2 million. There was an insignificant increase of \$30 thousand in the host country contribution for technical assistance. The \$300 thousand increase in the AID grant was divided equally among technical assistance, operating expenses and commodities components of the project. While in these two amendments the allocations for the various components of the project were increased, the allocation for course costs was reduced by \$79 thousand. The net result was that the AID contribution to the project increased from \$2 million to \$3 million; an increase of 50 percent. The host country contribution for all practical purposes remained constant.

The justification presented for this additional grant fund was that the fast growth of IDEA requires additional funds to help institutionalize the procedures on which the Institute's fast growth has been based. In addition to class expansions in the cities originally included in the project, representational offices were opened in four cities. This rapid institutional growth has put pressure on IDEA to consolidate its internal management capability before permitting any further expansion to take place. The funds provided by this Amendment will support this institutionalization process by providing computer linkages among the seven regional offices, upgrading classroom space, audiovisual equipment and library materials and purchasing additional technical assistance. (Table IV).

It should be reiterated that in spite of these new grant funds made available to the project for additional expenditure, the initial objective of financial self-sustainability in the fifth year of the establishment of IDEA continued to be maintained as a realistically achievable goal.

PERFORMANCE TO JUNE 1988

IDEA came into existence almost three years ago. The table below reflects a consolidated summary of the revised project budget according to Amendment No. 2 and the actual expenditures and income of IDEA from inception to the end of June 1988.

Expenditures	<u>REVISED BUDGET</u>			<u>ACTUAL</u>		
	<u>FIRST</u>	<u>THREE</u>	<u>YEARS</u>	<u>INCEPTION TO JUNE 1988</u>		
	<u>TOTAL</u>	<u>AID</u>	<u>IDEA</u>	<u>TOTAL</u>	<u>AID</u>	<u>IDEA</u>
	(\$,000)					
Technical Assistance	1,005	1,005	-	712	712	-
Staff Training	227	147	80	25	25	-
Operating Expenses	647	490	184	789	681	109
Salary & related to salary				(495)	(495)	-
Commodities	326	326	-	281	254	27
Course Costs	497	342	155	194	187	7
Contingency	341	286	55	-	-	-
Total	3,070	2,596	474	2,001	1,858	143
Income from Activities						
Tuition Fee			539			201
Membership Dues			152			20
Other, including PL480			84			32
Total			775	(2)		253

(1) Refers to tables V, VI and VII for the annual figure

(2) Income figures are the estimates in the Project Paper for the first year and the budgets for years 2 and 3.

A comparison of the budget estimates and actual reveal:

1. Total actual expenditure was more than a million dollars less than estimated. While expenditures from AID funds were 72 percent of the budget, expenditures from IDEA funds were only 30 percent of the budget.
2. The budget had anticipated that of the total expenditures 84 percent would be AID's contribution and 16 percent IDEA's contribution. In fact AID's share has been 93 percent and IDEA's 7 percent.
3. Hardly any expenditures were incurred for staff training.
4. Operating expenditures exceeded the budget estimates by 22 percent. AID's contribution was 39 percent more and IDEA's contribution was 41 percent less than the budget estimates.
5. Salary and salary related expenditures of the permanent staff, excluding instructors, constituted 63 percent of the operating expenditures.
6. Expenditure on commodities was 14 percent less than budgeted. While in the budget the total cost of commodities was to be born by AID, the actuals show that about 10 percent was contributed by IDEA.
7. Course costs were significantly below the amount budgeted, i.e. only 39 percent. While in the budget estimates the share of AID and IDEA was supposed to be 69 and 31 percent respectively in the actuals almost all of the cost was borne by AID.
8. To summarize, the expenditure side of the financial operations of IDEA shows that: (a) total actual expenditures were significantly below the budget estimates, (b) course costs were significantly below budget estimates, (c) only about 10 percent of the budget estimates was expended on staff training, and (d) there was over-expenditure in operating expenses the bulk of which was for salaries of the permanent staff.
9. On the revenue side, the project paper and budgets called for total income of \$775 thousand. Of this amount \$539 thousand was to have come from tuition fees and \$152 thousand from membership dues. IDEA had total revenues of \$253 thousand, \$201 thousand from tuition fees and \$20 thousand from membership dues. Excluding revenue from PL480 which remains unutilized and including revenue from some of the services IDEA provides, total income is only 37 percent of the budget estimates.
10. The revised budgets in the Amendments do not address themselves to the revenue side of the financial operations of IDEA. Therefore, inevitably, the point of departure for an evaluation of the income performance of IDEA has to be the estimates in the project paper. However, the Amendments do address themselves to the output of IDEA in terms of increased number of individuals to be trained. The project paper, the Amendments and the actual output of number of courses and individuals to be trained is summarized in the tables below.

OUTPUT IN COURSES AND PARTICIPANTS (LOP) (1)

	<u>PROJECT PAPER</u>		<u>REVISED ESTIMATES</u>		<u>ACTUAL</u>	
	<u>NO. COURSES</u>	<u>PART.</u>	<u>NO. COURSES</u>	<u>PART.</u>	<u>NO. COURSE</u>	<u>PART.</u>
Year 1	35	1,060			40	1,049
Year 2	53	1,610			145	4,209
Year 3 (1)	110	1,870			151	3,230
Year 4	78	2,270				
Total	229	6,810	344	8,690	336	8,488

OUTPUT IN COURSES AND PARTICIPANTS (1)
ACCORDING TO LEVEL OF TRAINING (LOP)

	<u>PROJECT PAPER</u>		<u>REVISED ESTIMATES</u>		<u>ACTUALS (2)</u>	
	<u>NUMBER COURSES</u>	<u>NUMBER PARTIC.</u>	<u>NUMBER COURSES</u>	<u>NUMBER PARTICIPANTS</u>	<u>NUMBER COURSES</u>	<u>NUMBER PARTIC.</u>
Enterprise Fora	7	700	16	800	37	1,895
Executive Level	55	1,100	62	1,240	35	731
Middle Management	74	2,200	88	2,200	81	1,382
Small Scale						
Business	93	2,790	110	2,750	137	2,736
Clerical	-	-	68	1,700	46	1,244
Total	229	6,810	344	8,690	336	8,488

(1) The actual figures are for the first half of the year.

(2) For the first half of 1988.

11. The above tables show that by mid 1988 IDEA, in three years, the number of courses offered and the number of individuals trained has almost already achieved the objectives set for the life of the project. At this pace of activity, there is little doubt that the number of individuals trained will surpass the project objectives by a significant margin. Only the executive level training lags behind the objectives.

12. The question is why in spite of a larger number of participants IDEA's income from tuition fees is only 37 percent of the anticipated income. This is because the tuition fees charged by IDEA are considerably less than those proposed in the project. Without going into the details, the project had assumed that the tuition fee to be charged would cover all variable costs i.e. salary of instructors, travel, per diem rental of classrooms space, course materials, etc and an additional 10 percent for overhead expenditures. Non members, who do not pay dues, would pay the charge to members plus 25 percent. The divergence between tuition fees in the project and what is actually charged is very wide. In year three of the project the tuition fees for various courses according the original estimates would have ranged between \$56 and \$121. The amount IDEA is charging is between \$33 (Bs. 80) and \$83 (Bs. 200).

13. Another source of income in the project paper was membership dues. It was estimated that by the end of the third year of the project IDEA would have 335 due paying members who would have paid the accumulated sum of \$110 thousand. The actual comparative figures are 22 members and \$20 thousand respectively. (2).

(1) Refer to table VIII

(2) Membership dropped from 87 in 1987 to 22 in 1988. Refer to table IX.

EVALUATION OF FINANCIAL PERFORMANCE

As already mentioned, in the design of the project, one of the major objectives was financial self-sufficiency in year 5 of the operation of IDEA. The basic assumptions supporting the achievement of financial self-sufficiency were; (1) foreign technical assistance, the most costly item of expenditure, would no longer be required, (2) the training of the permanent staff and instructors would have been completed, (3) all the furniture, equipment, materials would be in place and no further expenditure would be incurred for these items. Therefore, the expenditures of IDEA in year 5 would be limited to the recurring operating expenses and course costs, and (4) compared to year one of operation, in year five income from tuition fees and membership dues would have increased by more than three fold. The decline in expenditure and increase in revenue would result in a surplus of \$37 thousand in year 5. The accumulated cash balances of the first 4 years of \$384 thousand added to this figure would provide IDEA with reserve funds of \$422 thousand, a comfortable cushion for a rainy day (Table II).

This has not happened and will not happen in the near future. In 1987, excluding expenditures on technical assistance, commodities, and training, \$488 thousand was spent on operating expenses and course costs while the total income from tuition fees, membership dues and other services was only \$156 thousand. The corresponding figures for the first half of 1988 are \$294 thousand and \$53 thousand.

Obviously, the present trends do not indicate financial self-sufficiency in another year or in the near future. Conversely, if the present trends continue, it should be expected that IDEA would face large deficits from one year to the next.

Before identifying the factors which are responsible for failure in achieving financial self-sufficiency, two comments are in order. First, contrary to the project paper projections, at the end of its fourth year of operation, IDEA would have had a deficit of \$77 thousand instead of an accumulated cash balance of \$385 thousand. Therefore, in year five IDEA would have had an accumulated deficit of \$40 thousand instead of an accumulated cash balance of \$422 thousand and would not have been financially self-sufficient.

This is the case because there seems to be an error in the expenditures related to course costs. The project paper allocates \$903 thousand for this component. But, in the cash flow statement only \$441 thousand is charged to this item (Table II) (1). Second, in the two Amendments to the

(1) There seems to be another error in the projected income. According to the project paper IDEA contribution from tuition and membership is \$977 thousand. But the cash flow statement projects income of \$876 thousand, a difference of \$101 thousand (Tables I and II).

project the cost of the project was increased from \$3.1 million to \$4.2 million, by 35 percent, and AID contribution from \$2 million to 3 million, by 50 percent. A very important change in the revised budget according to Amendment No.2 was an increase of 57 percent in the operating expenses of IDEA. However, strangely enough, the Amendments to the project do not address themselves to the non-AID recurring revenues. The income side of the ledger seems to have been neglected but the objective of self-sufficiency maintained.

There are two reasons for non-achievement of financial self-sufficiency. The most important reason is the failure to generate income from tuition fees and membership dues. IDEA is supposed to defray all of its expenses from these two sources. However, to the end of June 1988 IDEA had received \$221 thousand compared with a projected income of \$445 thousand according to the project paper or \$691 thousand according to its budgets. Insofar as income from tuition fees are concerned the seriousness of the problem is better appreciated considering the fact that in the number of courses offered and in the number of participants the performance of IDEA has significantly exceeded the targets established initially and in the revisions to the project.

Another cause for concern is the seeming decline in income from tuition fees in 1988 compared with 1987. In the first half of 1988 income from tuition fees was \$43 thousand while in the whole year of 1987 it was \$118 thousand. If actually income from tuition fees declines any expectation of achieving financial self-sufficiency is unwarranted.

The other reasons for non-achievement of financial self-sufficiency are the outlays for operating expenses. The initial allocation to this component of the project was \$613 thousand. Subsequently in the Amendments this was increased to \$961 thousand, or by 57 percent.

It is already obvious that this amount will not be sufficient to cover the operating expenses during the life of the project due to the fact that by the end of June 1988 already \$789 thousand was spent and the expenditure on operating expenses is running at the rate of \$450 thousand in 1988. Assuming the same rate of expenditures in 1989, IDEA shall have spent \$1,470 thousand compared with \$961 thousand budgeted for this component. Over-expenditures on salary of the permanent staff of IDEA excluding instructors, is the single most important item. In the project paper the total sum of \$474 thousand was allocated to salary. Unfortunately Amendment No. 1 is silent on how much of the increase in operating expenses was allocated to salary. To be absolutely on the safe side it is here assumed that all the increase was for salary expenditure. That would be \$228 thousand (AID \$ 131,000, IDEA \$97,000). In Amendment No. 2 additional allocation from AID funds for salary was \$20 thousand. Again because the salary element in IDEA additional contribution is not specified, it is assumed that all of it was for salary expenditure. The table below summarizes the absolute maximum total that could have been spent on salary.

	<u>Project Paper</u>	<u>Amendment No. 1</u>	<u>Amendment No 2</u>	<u>Total</u>
		<u>\$(000)</u>		
AID	273	131	20	424
IDEA	<u>201</u>	<u>97</u>	<u>30</u>	<u>328</u>
	474	228	50	752

A more reasonable figure would be definitely less than \$700 thousand. However, by the end of June 1988 the sum of \$495 thousand was already spent on salary. Salary expenditure at the rate of about \$300 thousand in 1988 means that IDEA is going to spend another \$450 thousand on salary by the end of 1989 bringing the total to \$945 thousand. The discrepancy between the estimated actual expenditures, the absolute maximum budgeted and a more reasonable budget figure is 26 percent and 35 percent respectively.

The reason for over-expenditure in salary appears to be in the number of the permanent staff of IDEA. The project allowed for a total staff of 11. To date IDEA has a full time permanent staff of 26, part time staff of 4 and 3 individuals in the 3 new representative offices who work on commission.

Future Outlook

At present IDEA is faced with an annual deficit of about \$500 thousand i.e. expenditure of \$600 thousand for operating expenses and course costs against income of about \$100 thousand from tuition fees, membership dues and other services. Even if the impossible is assumed i.e. operating expenditures are cut to half and income is increased by 100 percent the objective of self-sufficiency will not be attained because still IDEA shall have a deficit of \$100 thousand.

The management of IDEA believe that the objective of financial self-sufficiency was and is unrealistic. In support of this view they express the opinion that the tuition fees proposed in the project are too high for the Bolivian market particularly at this juncture when Bolivia is faced with economic recession. The Bolivian tradition of providing education free of charge is not conducive to the objective of cost recovery. Income from membership was also exaggerated. There is little incentive for firms to pay annual dues of \$90 to \$330. They also argue that the operating expenses were under estimated. The project could not have been executed with a staff of 11 people. To become financially self-sufficient \$160 would have to be charged per participant. This is not possible.

Starting with the central proposition that financial self-sufficiency is unattainable, the management of IDEA proposes a modest reduction in operating expenditures and course costs to \$550 thousand and an increase in tuition income to about \$150 thousand resulting in an unavoidable deficit of \$ 400 thousand.

The management of IDEA in desperation has come out with various suggestions for balancing the budget. None of these suggestions have been thought through, they are conjectural and bear no relationship to reality. The central theme in all of these suggestions is the provision of grant funds or non-interest bearing loans.

One suggestion is that AID make a non-interest bearing loan of \$3 million that would be repaid on the eleventh year. Interest income and an annual contribution of \$200 thousand from the private sector would make IDEA solvent.

Another suggestion is that the contingency fund of \$315 thousand and an additional \$235 thousand be made available by AID to cover the 1989 expenditures. In the subsequent two years AID provide \$550 thousand of grant funds each year. All tuition income and the PL480 fund would be maintained in an interest bearing bank deposit. During this three year period IDEA would hopefully arrange for a contribution of \$200 thousand per year by the private sector i.e. one percent of its total payroll of \$20 million.

Finally, IDEA besides training would also engage in providing credit to small entrepreneurs. A loan of \$1.4 million would be obtained from Inter-American Development Bank carrying an interest rate of one percent to be repaid in 30 years after a grace period of 10 years. Lent at the present market rate of 23 percent, IDEA would have a profit margin of 15 percent after providing for reserve for bad debts, cost of the services of intermediate credit institutions, salary of IDEA staff employed for this purpose, etc.

Conclusion and Recommendation

Obviously none of the above suggestions are realistic. IDEA Management is seeking financial self-sufficiency through interest income from a large lump sum donation. This is unlikely.

However, it seems to be true that the objective of financial self-sufficiency was optimistic. At any rate, even according to the project design IDEA would not have attained financial self-sufficiency in year 4 or year 5.

The evaluation of the performance of IDEA supports the conclusion that IDEA's performance both quality wise and quantity wise have been very satisfactory. IDEA does satisfy a need in the Bolivian economy and it would be unfortunate if it ceases to exist.

It is likely that the number of support staff allowed in the project was too few. Inevitably, the expansion of the activities of IDEA regional wise and in the number of people trained justify a larger staff. However, IDEA should be able to function with fewer people than are presently on the payroll.

IDEA has completely failed to attract members. The drop in membership in 1988 to one-fourth of 1987 is indefensible.

It should be possible for IDEA to increase its income from tuition fees.

Excluding the AID funds allocated to technical assistance, the balance of AID funds available to IDEA for all other components of the project is \$700 thousand. Without increase of tuition fees IDEA should be able to have an income of \$300 thousand from this source, membership dues and other services it provides in the next two years. The PI.480 fund of \$ 150 thousand remains unutilized. These resources available to IDEA add up to \$ 1,150 thousand, equal to two years of its expenditure at 1988 level.

It is recommended that:

1. The life of the project be extended by 1 or 2 years.
2. The unutilized balance of AID grant be allocated to only operating expenses and course costs.

This would be done on condition that IDEA would agree to achieve the following minimum attainable targets in three years.

1. Reduce its operating expenses to \$400 thousand.
2. Reduce its course costs to \$100 thousand.
3. Increase its income from tuition fees to \$200 thousand.
4. Increase its income from membership fees to \$ 50 thousand.
5. Increase its income from other services to \$50 thousand.

The implementation of the above recommendations would make it possible for IDEA to continue with its activities for at least 2 and possibly 3 years depending on how quickly the reductions in expenditures and increase in income are realized. Nevertheless IDEA would continue to have a deficit of \$200 thousand. Any additional financial assistance should await the achievement of the above targets and the reevaluation of IDEA's financial and academic performance two years from now.

TABLE I

ORIGINAL SUMMARY PROJECT BUDGET, AUGUST, 1985

(US\$ 000)

<u>Components</u>	<u>A.I.D.</u>	<u>Host Country</u>		<u>Total</u>
		<u>Private Sector</u>	<u>Local Currency Generations</u>	
I. Technical Assistance	767	-	-	767
II. Operating Expenses	368	245	-	613
III. Commodities	196	-	-	196
IV. Training	150	-	150	300
V. Course costs	249	654	-	903
Subtotal	1,730	899	150	2,779
Contingencies	270	78	-	348
GRAND TOTAL	2,000	977	150	3,127

TABLE II

CASH FLOW STATEMENT
(US DOLLARS)

	<u>YR 1</u>	<u>YR 2</u>	<u>YR 3</u>	<u>YR 4</u>	<u>TOTAL</u>	<u>YR 5</u>
						<u>(AFTER PROJECT)</u>
I. <u>SOURCES (REVENUES)</u>						
A. FEES (TUITIONS)	100,731	156,260	187,680	241,954	686,625	294,575
B. MEMBERSHIP DUES	22,900	34,749	52,068	78,445	188,162	94,984
C. AID CONTRIBUTION	621,117	663,527	516,450	190,906	2,000,000	0
D. OTHER	37,500	37,500	37,500	37,500	150,000	0
TOTAL SOURCE OF FUNDS	782,248	892,036	793,698	556,805	3,024,787	389,559
II. <u>USE OF FUNDS (COSTS)</u>						
A. TECHNICAL ASSIST.	257,037	258,250	202,850	48,513	766,650	0
B. OPERATING EXPENSES	119,640	153,750	163,630	176,745	613,765	188,920
C. COMMODITIES	76,000	70,000	50,000	0	196,000	0
D. TRAINING	49,805	86,795	84,640	78,760	300,000	0
E. COURSE COSTS	74,410	105,711	122,000	138,675	440,796	163,425
SUB TOTAL	576,892	674,506	623,120	442,693	2,317,211	352,345
CONTINGENCIES	79,325	94,551	87,783	60,831	322,490	0
TOTAL USE OF FUNDS	656,217	769,057	710,903	503,524	2,639,701	352,345
CASH BALANCE FOR THE YEAR	126,031	122,979	82,795	53,281	385,086	37,214
CASH BALANCE PREVIOUS YEAR	0	126,031	249,010	331,905	-	385,086
ACCUMULATED CASH BALANCE	126,031	249,010	331,805	385,086	-	422,300

TABLE III

REVISED SUMMARY BUDGET

AMENDMENT NO. 1
(\$ 000)

Component	A I D			HOST COUNTRY		GRAND TOTAL
	Current Total	This Amendment	New Totals	Private Sector	Local Currency Generations	
1. Technical Assistance	1,000 (1)	-	1,000	30	-	1,030
2. Operating Expenses	368	131	499	287	55	841
3. Commodities	196	70	266	-	-	266
4. Staff Training	150	20	170	230	-	400
5. Course Costs	249	180	429	320	75	824
6. Contingencies	37 (1)	299	336	110	20	466
TOTAL	2,000	700	2,700	977	150	3,827

(1) In the PP, this line item contained \$767,000 for Technical Assistance. \$233,000 was taken from the Contingencies line item (originally \$270,000) in April 1986, when the TA contract was awarded to Westinghouse at a cost of just under one million dollars. This Amendment restores the Contingencies line item to its original level plus 24% to allow IDEA the flexibility it needs to continue its innovative work.

TABLE IV

REVISED SUMMARY BUDGET

AMENDMENT No. 2

(\$000)

Component	<u>A I D</u>			<u>HOST COUNTRY</u>		GRAND TOTALS
	Current Totals	This Amendment	New Totals	Private Sector	Local Currency Generations	
1. Technical Assistance	1,000	100	1,100	30	-	1,130
2. Operating Expenses	499	90	589	317	55	961
3. Commodities	266	110	376	-	-	376
4. Staff Training	170	-	170	230	-	400
5. Course Costs	429	-	429	320	75	824
6. Contingencies	336	-	336	110	20	466
TOTAL	2,700	300	3,000	1,007	150	4,157

TABLE V

IDEA Financial Operations
Inception to end of 1986
(\$000)

<u>Expenditures</u>	<u>Budget</u>			<u>Actual</u>		
	<u>Total</u>	<u>AID</u>	<u>IDEA</u>	<u>Total</u>	<u>AID</u>	<u>IDEA</u>
Technical Assistance (2)	281	281	-	167	167	-
Staff Training	4	4	-	3	3	-
Operating Expenses	146	146	-	159	159	-
Salary and related to salary	-	-	-	(97)	(97)	-
Commodities	126	126	-	106	106	-
Course costs	35	35	-	42	42	-
Contingency	7	7	-	-	-	-
Total	599	599	-	477	477	-
 <u>Income from Activities</u>						
Tuition	101	-	101	40	-	40
Membership	23	-	23	2	-	2
Others (1)	38	-	38	2	-	2
Total	162	-	162	44	-	44

(1) The budget figures are PL480 funds. These funds have not been utilized. The actuals are income from sundry services provided by IDEA. Refer to table X.
(2) Refer to table XIII.

TABLE VI

IDEA Financial Operations
1987
(\$000)

<u>Expenditures</u>	<u>Budget</u>			<u>Actual</u>		
	<u>Total</u>	<u>AID</u>	<u>IDEA</u>	<u>Total</u>	<u>AID</u>	<u>IDEA</u>
Technical Assistance (1)	539	539	-	378	378	-
Staff Training	62	62	-	22	21	1
Operating Expenses	419	336	84	403	363	41
Salary and related to salary	(242)	(242)	-	(251)	(251)	-
Commodities	224	224	-	125	101	24
Course costs	236	236	-	85	85	-
Contingency	115	115	-	-	-	-
Total	1,595	1,511	84	1,013	947	66
 <u>Income from Activities</u>						
Tuition	203	-	203	118	-	118
Membership	80	-	80	16	-	16
Others	26	-	26	22	-	22
Total	309	-	309	156	-	156

Refer to table XI

(1) Refer to table XIII.

TABLE VII

IDEA Financial Operations
1988 to end of June
(\$000)

<u>Expenditures</u>	<u>Budget (Whole year)</u>			<u>Actual (half year)</u>		
	<u>Total</u>	<u>AID</u>	<u>IDEA</u>	<u>Total</u>	<u>AID</u>	<u>IDEA</u>
Technical Assistance (2)	185	135	50	173	173	-
Staff Training	32	32	-	1	1	-
Operating Expenses	361	159(1)	202	227	159	68
Salary and related to salary	(150)	(150)	-	(147)	(147)	-
Commodities	30	30	-	50	47	3
Course costs	130	130	-	67	60	7
Contingency	-	-	-	-	-	-
 Total	 738	 486	 252	 518	 440	 78
 <u>Income from Activities</u>						
Tuition	235	-	235	43	-	43
Membership	49	-	49	2	-	2
Others	20	-	20	8	-	8
 Total	 304	 -	 304	 53	 -	 53

Refer to table XII

(1) 1/2 year

(2) Refer to table XIII

TABLE VIII

IDEA

RESUMEN DE LAS ACTIVIDADES DE IDEA: SEGUNDO SEMESTRE 1986, AÑO 1987 Y PRIMER SEMESTRE 1988 (NIVEL NACIONAL)

PROGRAMA DE CAPACITACION	1986				1987				1988				TOTAL			
	No. ACT.	TOTAL	HOMBRES	MUJERES	No. ACT.	TOTAL	HOMBRES	MUJERES	No. ACT.	TOTAL	HOMBRES	MUJERES	No. ACT.	TOTAL	HOMBRES	MUJERES
DESARROLLO GERENCIAL (ALTA GERENCIA)	8	207	120	27	17	333	270	55	10	191	163	28	35	731	621	110
DESARROLLO EJECUTIVO (MANOS MEDIAS)	7	145	120	25	49	1,337	1,016	221	25	560	380	120	61	1,382	1,516	366
PEQUEÑA Y MICROEMPRESA	15	437	353	64	36	545	624	222	95	1,451	986	465	137	2,736	1,965	771
PERSONAL DE APOYO	0	200	58	162	27	776	239	537	11	248	121	127	46	1,244	418	826
FOROS	1	40	36	4	15	1,015	955	60	20	540	673	167	37	1,395	1,664	231
TOTAL	40	1,049	747	302	145	4,309	3,114	1,095	151	3,230	2,323	907	336	8,428	6,194	2,304
FOROS DE INMEDIACION	7	611	586	25									7	611	586	25
TOTAL	47	1,660	1,333	327									343	9,039	6,770	2,329
CURSO DE INSTRUCTORES	4	73	61	12	13	131	133	28	4	26	12	14	21	132	121	11
	51	1,733	1,394	339	158	4,340	3,247	1,123	155	3,256	2,435	921	364	9,301	6,945	2,325

TABLE IX

IDEA
MEMBERSHIP

	<u>LA PAZ</u>	<u>COCHABAMBA</u>	<u>SANTA CRUZ</u>	<u>TOTAL</u>
1986	10	-	-	10
1987	35	33	19	87
1988	14	6	2	22

TABLE X
PROJECT FINANCING TABLE
PERIOD: OCTOBER - DECEMBER 1, 1986

ITEM	ELEMENTS	ASSIGNED SUM	ADDITIONAL	TOTAL DONATION	FUNDS GIVEN BY USAID TO 31/12/86			TOTAL DISBURSEMENT TO 30/12/86	
		BY PROJECTS	DONATIONS	TO 31/DIC/86	IN \$b.	Equiv. US\$	In US\$		
		U.S.A.I.D.			MILLIONS			FROM A/I.D.	
1	2	3	4	(5=3+4)	6	(7=6)	8	9	(10=7+8+9)
1.	TECHNICAL ASSIST.	1,000,000	0	1,000,000	0	0	700	1,000,000	1,000,700
2.	TRAINING	150,000	20,000	170,000	0	0	4,470	0	4,470
3.	OPERATING COSTS	368,454	130,000	498,454	81,336	53,750	92,082	0	145,832
4.	COMMODITIES	196,000	70,000	266,000	26,984	15,450	81,931	28,230	125,611
5.	COURSES COSTS	249,364	180,000	429,364	0	0	35,005	0	35,005
6.	CONTINGENCIES	36,182	300,000	336,182	6,346	3,430	3,380	0	6,810
T O T A L E S		2,000,000	700,000	2,700,000	114,666	72,630	217,568	1,028,230	1,318,428

TABLE XI
IDEA BUDGET 1987
IN US DOLLARS

<u>ACCOUNTS DESCRIPTION</u>	<u>IDEA</u>	<u>USAID</u>	<u>TOTAL</u>
<u>EARNINGS</u>			
INTERNAL ORIGIN	309,195	0	309,195
=====	=====	=====	=====
Course fees	203,025	0	203,025
Membership fees	80,250	0	80,250
Services	25,920	0	25,920
<u>EXPENSES</u>			
<u>TECHNICAL ASSISTANCE</u>			
=====	=====	=====	=====
Westinghouse	0	0	0
<u>TRAINING</u>			
=====	=====	=====	=====
IDEA Staff	0	61,550	61,550
<u>OPERATIONS COSTS</u>			
=====	=====	=====	=====
ADMINISTRATIVE EXPENSES	24,981	333,973	358,954
Salaries	0	182,280	182,280
	0	38,280	38,280
Christmas bonus	0	15,190	15,190
Indemnities	0	7,473	7,473
Public Services	6,546	0	6,546
Transport (*)	810	270	1,080
Bank expenses	0	240	240
Legal expenses	0	645	645
Representation expenses (*)	2,920	2,940	5,860
Mail	0	2,900	2,900
Fotocopies	0	6,720	6,720
Subscriptions	0	1,840	1,840
Snacks (*)	2,130	750	2,880
Press advertisements	0	3,720	3,720
Tickets	0	9,285	9,285
Per Diems (*)	12,575	4,455	17,030
Insurance	0	1,815	1,815
Honor. Ases. & Consult.	0	7,000	7,000
Freight and shipments	0	4,860	4,860
Printing	0	8,250	8,250
Office rent	0	24,260	24,260
Various	0	10,800	10,800

(CONTINUATION)

TABLE XI
IDEA BUDGET 1987
IN US DOLLARS

<u>ACCOUNTS DESCRIPTION</u>	<u>IDEA</u>	<u>USAID</u>	<u>TOTAL</u>
FINANCIAL EXPENDITURES	0	1,800	1,800
PUBLICITY EXPENDITURES	59,200	0	59,200
EQUIPMENT	0	224,364	224,364
=====	=====	=====	=====
FURNITURE	0	136,467	136,467
Office Furniture	0	63,570	63,570
Office Equipment	0	68,550	68,550
Other Furniture	0	4,347	4,347
WAREHOUSE	0	83,297	83,297
Library Material	0	51,400	51,400
Office Material	0	29,097	29,097
Maintenance Material	0	2,800	2,800
INVESTMENTS	0	4,600	4,600
Telephone lines	0	4,600	4,600
COURSES COSTS	0	236,407	236,407
=====	=====	=====	=====
Academic salaries	0	36,200	36,200
Didactic material	0	69,100	69,100
Logistics	0	92,427	92,427
Publicity expenses	0	38,680	38,680
CONTINGENCIES	0	115,000	115,000
=====	=====	=====	=====

TOTAL OPERATIVE INCOME	309,195	0	309,195
TOTAL OPERATIVE EXPENSES	84,181	973,094	1,057,275
INCOME-EXPENSES OPERATIVE	225,014	- 1,034,391	- 748,080
NET OPERATIVE	225,014	973,094	748,080

TABLE XII
INFORME FINANCIERO
PROYECTO 511-0580
CONTRIBUCION DE A.I.D. (EFECTIVO)
TRIMESTRE QUE FINALIZA: 06/30/88
IN US DOLLARS

<u>PROJECT</u> BUDGET ELEMENTS	<u>LIFE OF PROJECT</u> TOTAL APPROVED BUDGET (OBLIGATIONS)	<u>CURRENT YEAR</u> APPROVED BUDGET	<u>FUNDS RECEIVED</u> FROM INCEPTION	<u>FUNDS</u> EXPENDED THIS QUARTER	<u>FUNDS EXPENDED</u> THIS YEAR	<u>FUNDS EXPENDED</u> FROM INCEPTION	<u>BA LANCE</u> AVAILAPLE FROM INCEPTION	<u>REQUESTED</u> IN THIS VOUCHER
<u>GRANT</u>								
<u>1. Element</u>								
1. Technical Assist.	1,100,000		700.00		0	6,827.64	(6,127.64)	20,000
2. Training	170,000	31,500	54,794.94	343.85	478.85	24,360.66	30,434.28	10,500
3. Operating Costs	588,454	158,719	545,504.26	67,561.94	159,203.99	631,970.58	(86,466.32)	4,403
4. Commodities	376,000	29,658	345,874.38	13,046.25	46,714.36	282,726.31	63,148.07	0
5. Course costs	429,364	130,106	240,631.88	16,304.80	23,786.24	124,790.36	115,841.52	35,100
6. Contingence	336,182	0	23,500	0	0	0	23,500	0
Other Accounts	3,000,000	947,097	1,211,005.46	97,256.84	230,183.44	1070,675.55	140,329.91	70,003
				48,085.52	36,716.12	113,075.22	(113,075.22)	0
	3,000,000	947,097	1,211,005.46	145,342.36	266,899.56	1,183,750.77	27,254.69	70,003

(*) Special account and direct account

(CONTINUATION)

TABLE XII
INFORME FINANCIERO
PROYECTO 511-0580
CONTRIBUCION DE A. I. D. (EFECTIVO)
TRIMESTRE QUE FINALIZA: 06/30/88
IN US DOLLARS

<u>PROJECT</u> <u>BUDGET ELEMENTS</u>	<u>LIFE OF PROJECT</u> <u>TOTAL APPROVED</u> <u>BUDGET</u> <u>(OBLIGATIONS)</u>	<u>CURRENT YEAR</u> <u>APPROVED</u> <u>BUDGET</u>	<u>FUNDS RECEIVED</u> <u>FROM INCEPTION</u>	<u>FUNDS</u> <u>EXPENDED</u> <u>THIS</u> <u>QUARTER</u>	<u>FUNDS EXPENDED</u> <u>THIS YEAR</u>	<u>FUNDS EXPENDED</u> <u>FROM INCEPTION</u>	<u>BALANCE</u> <u>AVAILABLE</u> <u>FROM</u> <u>INCEPTION</u>
<u>GRANT</u>							
<u>1. Element</u>							
1. Technical Assist.	30,000	0	30,000	0		2,546.40	27,453.60
2. Training	230,000	0	69,780.72	0	-	1,317	68,463.72
3. Operating Costs	317,000	201,821.	67,947.06	22,639.87	39,922.30	74,600.65	(6,653.59)
4. Commodities	0	0	0	1,065.91	3,104.69	27,571.59	(27,571.59)
5. Course Costs	320,000		59,200	3,687.90	6,612.55	6,612.55	52,587.45
6. Contingencies	110,000	0	0	0	0	0	0
Sub Total	1,007,000	201,821	226,927.78	27,393.68 (17,342.01)	49,639.54 27,888.05	112,648.19 33,888.05	114,279.59 (33,888.05)
Other Accounts							
TOTAL	1,007,000	201,821	226,927.78	10,051.67	77,527.59	146,536.24	80,391.54

TABLE XIII
IDEA
TECHNICAL ASSISTANCE EXPENDITURES
IRD/WESTINGHOUSE
(USDOLLARS)

	Contract Value	Expenditures through Dec. 1986	Expenditures through Dec. 1987	Expenditures through June 1988
Salaries and Wages	201,003	52,882	126,488	156,375
Indirect Costs	182,902	38,764	116,593	158,039
Consultant Fees	84,783	4,296	45,495	49,095
Travel & Transportation	107,993	19,291	62,675	66,464
Allowances & Per Diem	80,356	18,162	61,395	73,440
Other Direct Costs	43,193	6,296	22,631	27,714
Subcontracts	120,828	0	14,300	57,451
General & Administrative	99,345	13,969	52,799	73,775
TOTAL COST	920,403	153,660	502,376	662,353
FIXED FEE	78,235	13,061	42,701	55,553
TOTAL CPFF	998,538	166,721	545,077	717,906

August 18, 1988

TABLE XIV
I D E A
SUMMARY OF DISBURSEMENTS (1)
BY CALENDAR YEAR

	<u>Aug. 30, 1985</u>	<u>Jan. 1, 1986</u>	<u>Jan. 1, 1987</u>	<u>Jan. 1, 1988</u>
	<u>to</u>	<u>to</u>	<u>to</u>	<u>to</u>
	<u>Dec. 31, 1985</u>	<u>Dec. 31, 1986</u>	<u>Dec. 31, 1987</u>	<u>June 30, 1988</u>
Technical Assistance	-	131,899	158,131	327,250
Training	-	9,048	2,888	10,626
Operating Costs	1,074	74,827	174,248	302,437
Commodities	-	43,649	159,726	83,974
Course costs	-	43,649	71,603	53,405
Disbursed Current Year	1,074	259,423	566,596	777,692
Commulative Disbursed	1,074	260,497	827,093	1,604,785
Cummulative Expended	21,674	324,448	1,443,342	1,857,147

(1) Source: AID, La Paz

