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International Science and Technology Institute, Inc.

Headquarters: 1129 20th Street, N.W., Washington, D.C. 20036
202/785-0831 • Telex 272785 ISTIUR • FAX 202/223-3865

BOLIVIA

**FIVE-YEAR STRATEGIC PLAN
I D E A**

**INSTITUTO DE DESARROLLO
DE EMPRESARIOS Y ADMINISTRADORES
(I.D.E.A.)**

**Prepared for:
Agency for International Development
LAC/PS
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**Prepared by:
Ernesto Kritz, ISTI**

**In collaboration with:
Jim Rumph
George Millard
IRD/Westinghouse**

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EXECUTIVE SUMMARY

This five year plan (1989 - 1993), prepared by IDEA staff and consultants, is IDEA's map toward self-sufficiency. It will be presented to USAID to be included in a request for additional funding.

While continually detailing how the budget deficit will be reduced, the plan also offers a realistic time frame of 10 years since inception for IDEA to be completely self-sufficient.

The plan is organized with a line item discussion of the budget. Actions to be accomplished in 1989 regarding income and expense items are presented throughout the plan and summarized in an 1989 Action Plan to be used as a management tool.

Income as a percent of total expenses shows an increase from a project projected 36% in 1989 to 63% in 1993, while expenses increase only slightly during the five year period. Major new sources of income include projected new technical assistance contracts with international organizations, a Business Service Center and a Conference Center. Present sources of income--courses and membership--are strengthened by a new focus and better marketing and publicity. A Quality Circles group has been established as a permanent source of generating and implementing feasible ideas to increase income and decrease expenses. Finally, a funding office will be established to formally seek other sources of financial support.

Expenses rise minimally during the five year period mainly due to increases in salaries and course costs. However, income from the several new services being established more than offset this rise.

Three other potential sources of income and assistance are discussed separately: a) the possibility of purchasing a new building for IDEA, b) a contract to provide training services for Strengthening Financial Markets, a USAID project, and c) liaison with one or more foreign universities.

INTRODUCTION

The Instituto Para El Desarrollo De Empresarios Y Administradores (IDEA), an independent management training institute, was created in 1985 by the Bolivian Confederation of Private Businessmen with a \$2 million grant from the United States Agency for International Development (USAID). Of the initial \$2 million grant, \$1 million was contracted to the Institute for Resource Development (A Westinghouse Electric Corporation) to provide technical assistance. Two subsequent amendments raised USAID's contribution to the project from \$2 to \$3 million.

The purpose of IDEA is to improve the professional capabilities of Bolivian private sector managers through training geared to the needs of their enterprises. It provides intensive short-term management training to Bolivian businessmen and women. This training, which began in July 1986, provides courses open to the public and courses designed specifically for the needs of interested companies and organizations. To date, approximately 100 different courses have been delivered in the three regional offices in Santa Cruz, Cochabamba, and La Paz with a total of more than 480 sessions and approximately 11,000 participants. (See Appendix No.)

MIDTERM EVALUATION OF IDEA

In the September 1988 Mid-term Project Evaluation, the ISTI evaluators stated that "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, and it would be unfortunate if it ceases to exist." They recommended that the life of the project be extended for a maximum of two years, contingent upon achievement of the following minimum attainable targets in 3 years (or by the end of 1991).

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 other services (to \$50 thousand)
5. Increase its income from membership fees (to \$50 thousand)

Even if IDEA can meet the above targets, it would still have a deficit of \$200 thousand, according to the ISTI evaluators (See Appendix IV for additional comments). Specific, financial methods and objectives are incorporated in this plan to address

BUDGET

Line Item Discussion of Budget

To reach "self-sufficiency," IDEA must open some new paths to both reduce costs and increase income. Earlier, it was apparently assumed, possibly without comparison to other similar organizations (See Appendix III), that tuition fees would cover all expenses eventually. This prospect is considered highly unlikely. In the line item discussion of the budget that follows, these other avenues to reduce costs and increase income will be discussed. This section is divided into a category by category explanation of the income and expense budget.

Two other activities that will affect the budget must be taken into account. Both of these have been approved by the IDEA Board of Directors and discussed with USAID:

1. IDEA's obtaining its own locale or building, to assure continuity of location and to reduce or control rent. (Matching funds must be obtained).
2. IDEA needs to form an association with one or more foreign universities with strong reputations, and ones which have reputable Management Centers and can/will provide attention to IDEA's needs in return for financial and other considerations in the agreement.

However, as both of these aspects of this plan are large, contained considerations, it is believed that they would best be handled in a separate projection so as not to confuse or distort the details of the basic operation (See Table No. 2)

Another activity which will affect the budget is participation in a major USAID (Private Sector) program to strengthen financial markets (called PROCAF). IDEA would have the principal training input. This possible input is also handled separately (See Appendix II).

The spread sheet used from which line items are drawn in each section below is the basic operating list of income and expenses, without a) the building plan, b) the university association, or c) PROCAF inputs. (See TABLE 1)

I. D. E. A.

BASIC OPERATING INCOME - EXPENSES
In thousands of U.S. Dollars

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	1986		1987		1988		1989		1990		1991		1992		1993	
E L E M E N T S	US\$.	%														
A.- INCOME																
1.- Tuition	40.-	20	118.-	24	142.-	27	155.-	28	171.-	30	182.-	33	205.-	36	227.-	38
2.- Membership	2.-	1	16.-	3	10.-	2	15.-	3	18.-	3	22.-	4	26.-	4	31.-	5
3.- Services	-		9.-		10.-		15.-		20.-		27.-		37.-		50.-	
4.- Other Activities	2.-		7.-		3.-		5.-		7.-		9.-		12.-		17.-	
5.- Other Sources	-		-		-		10.-		15.-		22.-		30.-		41.-	
TOTAL INCOME	44.-	22	150.-	31	165.-	31	200.-	36	221.-	41	265.-	47	311.-	54	366.-	62
B.- EXPENSES																
1.- Technical Assistance	167.-		287.-		537.-		60.-		40.-		30.-		30.-		30.-	
- Westinghouse	167.-		287.-		545.-		-		-		-		-		-	
- Other	-		-		11.-		60.-		40.-		30.-		30.-		30.-	
2.- Training	3.-		22.-		4.-		58.-		15.-		12.-		12.-		12.-	
3.- Operating Costs	159.-		403.-		428.-		458.-		461.-		464.-		467.-		470.-	
- Salaries	-		-		-		308.-		308.-		308.-		308.-		308.-	
- Other Operating Costs	-		-		-		150.-		153.-		156.-		159.-		162.-	
4.- Equipment	106.-		125.-		55.-		65.-		45.-		40.-		40.-		20.-	
5.- Course Costs	42.-		85.-		104.-		95.-		100.-		106.-		112.-		120.-	
6.- Contingencies	-		-		-		-		-		-		-		-	
TOTAL EXPENSES	201.-		488.-		532.-		553.-		561.-		570.-		579.-		590.-	
(Operating Costs + Course Costs)	-		-		-		-		-		-		-		-	
DEFICIT	(157.-)		(338.-)		(367.-)		(353.-)		(340.-)		(302.-)		(268.-)		(224.-)	

TABLE No. 1

In thousands of U.S. Dollars

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ELEMENTS	1986		1987		1988		1989		1990		1991		1992		1993	
	US\$	%														
A. - INCOME																
1.- Tuition	40.-	20	118.-	24	142.-	27	155.-	28	171.-	31	188.-	34	206.-	36	227.-	39
2.- Membership	2.-	1	16.-	3	10.-	2	15.-	3	18.-	3	22.-	4	26.-	5	31.-	5
3.- Services	-		9.-		10.-		15.-		20.-		27.-		37.-		50.-	
4.- Other Activities	2.-		7.-		3.-		5.-		7.-		9.-		12.-		17.-	
5.- Other Sources	-		-		-		10.-		15.-		22.-		30.-		41.-	
6.- Building	-		-		-		-		150.-		-		-		-	
TOTAL INCOME	44.-	22	150.-	31	165.-	31	200.-	36	381.-	69	268.-	48	311.-	55	366.-	63
B. - EXPENSES																
1.- Technical Assistance	167.-		287.-		557.-		60.-		140.-		105.-		105.-		30.-	
- Westinghouse	167.-		287.-		546.-		-		-		-		-		-	
- Foreign University	-		-		11.-		60.-		40.-		75.-		75.-		-	
- Other	-		-		-		-		30.-		30.-		30.-		30.-	
2.- Training	3.-		22.-		4.-		56.-		15.-		12.-		12.-		12.-	
3.- Operating Costs	159.-		403.-		428.-		458.-		451.-		454.-		457.-		460.-	
- Salaries	-		-		-		-		-		-		-		-	
- Other Operating Costs	-		-		-		308.-		305.-		308.-		308.-		308.-	
4.- Equipment	106.-		125.-		55.-		85.-		45.-		40.-		40.-		20.-	
5.- Course Costs	42.-		85.-		104.-		95.-		100.-		106.-		112.-		120.-	
6.- Contingencies	-		-		-		-		-		-		-		-	
TOTAL EXPENSES	201.-		488.-		532.-		553.-		551.-		560.-		569.-		580.-	
(Operating Costs + Course Costs)																
DEFICIT	(157.-)		(338.-)		(367.-)		(353.-)		(170.-)		(292.-)		(258.-)		(214.-)	

TABLE No. 2

INCOME

1. TUITION

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
\$	155,000	171,000	188,000	206,000	227,000

From \$142,000 estimated tuition income in 1988, IDEA predicts an increase to \$155,000 in 1989. Originally, it had predicted more. However, with a national election in 1989 during the height of IDEA's activities, the total should be cautiously estimated. The total tuition income, as a percentage of total IDEA expenses still amounts to 28%, maintaining the increased percentage as tuition income continues to rise against adjustments in costs.

As can be seen in the figures of future years, this same percentage (tuition income to total institution expenses) rises in 1993 to 37%. And, as pointed out in the section on self-sufficiency Time Frame (page 3), IDEA's tuition income percent is consistently higher throughout the plan than many private, non-profit educational institutions in the United States. (See Appendix III)

Limitation of classrooms in Cochabamba and Santa Cruz, plus competition and saturation in certain parts of the market, particularly in Cochabamba also limit expansion of training programs in the short range. Investigations into new course areas, more in-house training and expansion of training programs with certain corporations are all part of the plan.

There are some possibilities for new large programs, such as with the World Bank-UNDP public administration education program. In recent discussions with the designers of this program, the possibility of IDEA's participation was explored. For example, IDEA would train at a "feeder" level or teach certain practical skills, or train trainers. However, it is not possible to estimate an amount of income at this time.

ACTION 1: The Board of Directors and IDEA Management will pursue possibilities of cooperation with the World Bank-UNDP program.

Further contacts on other possible programs, for example with USAID and/or the U.S. Embassy, will also be continuously explored, and it is presumed that the Quality Circle group will designate contacts and funnel information. It is critical, of course, that top management inform the Quality Circles regularly of contacts and vice-versa, through the formalized memos and notes so that all concerned are kept aware.

Income Composition

Tuition is derived from presently seven categories of programs. For the sake of clarity, the programs are listed below:

<u>IDEA Abbreviation</u>	<u>Description</u>
PDG	Management Development Program
PDE	Executive Development Program
PES**	Specialization Development Program
PPE	Small Enterprise Development Program
PME**	Micro Enterprise Development Program
PPA	Secretarial Development Program
IHT	In House Training Program

Two of these programs, shown with an asterik above, were developed this year, at considerable expense. As background for this section, since the training courses are the heart of the organization's "product," important observations are provided by the National Training Manager in Appendix No. VI.

The backup data for the plan, i.e., dates of courses by category and number of hours scheduled, are found in each Region's marketing plan. A reduced average of 20 participants per course is used. (The concomitant costs have also been developed in this manner.)

Future adjustments in course structure, content, and quantity must come from the continuing work of the Quality Circle group with input from the regional academic coordinators. An assessment of the training needs of Bolivian businesses and organizations is an absolute necessity to strengthen the quality of training, thus, increasing income.

ACTION 2: A formalized needs assessment will be undertaken by IDEA once a year.

2. MEMBERSHIP

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
\$	15,000	18,000	22,000	26,000	31,000

One major source of income for IDEA, according to the project paper, was to be membership dues. The project paper estimated that by the end of the third year IDEA would have 335 dues paying members who would have paid the accumulated sum of \$110 thousand. Membership dropped from 87 in 1987 to 22 in 1988 and to \$20 thousand in fees. The ISTI evaluators stated that "the drop in membership in 1988, to one-fourth that of 1987, is indefensible."

Both the Board of Directors and Management believe that some of the high estimates of membership are entirely unrealistic in the context of the economic and social parameters or accepted actions within the society. Although the Board of Directors instructed IDEA to hold the membership drive in abeyance, it is still perplexing for outside consultants to see how this income has dropped from previous years' amounts.

However, the Quality Circles group believes there is a compromise between the two opinions since it appears that at the regional level, there has not been any regular program of marketing or personal contact for members for some time. And, as pointed out clearly in the appendix on the experiences of other similar institutions, there is no substitute for personal contact with companies.

It is within this area that most intensive marketing development needs to be undertaken, for it will provide the possibility for more clients for courses, more income from participation, and also leads to contact with other organizations in regard to co-delivery of courses. There is no way to substitute for close ties to the business or management community, when an institution's principal "product" is management training. Therefore, regardless of whether the income from membership reaches the desired levels or not, the program of marketing and contacts must be drastically revised and improved. And, it is a priority action that this program be undertaken immediately.

ACTION 3: The Quality Circle Group has already agreed upon a target of a certain number of contacts per month by each regional office. This must be kept on the

Quality Circle Agenda and monitored by IDEA Management.

The result is that it is believed that the total for Membership is an absolute minimum over the 5 year period. But, other categories to follow have been, as a result of the Quality Circle Group, increased more, to pick up the slack.

Benefits to Members

Presently, the primary benefit to IDEA's members has been a discount of 15% in course and seminar prices. Members also receive two bulletins: Boletin Bibliografica and the Boletin Informatica de IDEA. These benefits have not been attractive enough to sustain membership.

ACTION 4: In order to attract new members, the number of benefits that members receive will increase. These benefits are detailed below.

1. Course Price Discount

Members will continue to receive the 15% discount in course prices.

2. Business Service Center Discount

Members will be able to utilize all services in the Center at a discount.

3. Business Man/Woman of the Year

A committee composed of members will select a "Business Man/Woman of the Year." This award will be presented at an annual members' dinner or lunch and will be awarded to the person who has contributed most to the development of Bolivian Business during the year.

4. Business Luncheon for Members

At least 2 business lunches per year will be held for members of IDEA. This will include a presentation on a current theme of interest by a speaker obtained at no cost. Members will be asked only to pay for the cost of the lunch.

5. Conference Center

Members will have priority in conference center space over non-members and will also have a discount.

6. Newsletter

A subscription newsletter will be prepared by IDEA each month especially for the business community. It will feature articles regarding the latest equipment available in Bolivia, new Bolivian laws, new management techniques and developments, etc.

ACTION 5: IDEA will continue to assess the needs of members to determine if the above benefits continue to be feasible or if other suggested benefits should be incorporated as additional member benefits. IDEA's Quality Circle Group will propose a needs assessment plan to management.

ACTION 6: An attractive brochure will be developed that will outline the above benefits for members. Aggressive marketing using this brochure will be undertaken in all three IDEA offices.

ACTION 7: IDEA will expand its concept of membership to include any organization interested in management development not only within Bolivia, but also outside of Bolivia. Initial marketing efforts will focus on those organizations that already have a relationship with Bolivia (the Economic sections of major embassies will be a source of information regarding these organizations).

3. SERVICES

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
\$	15,000	20,000	27,000	37,000	50,000

QUALITY CIRCLES

ACTION 8: IDEA has formed an internal Quality Circles Group which will meet once a month to evaluate IDEA's services, investigate new services, and implement those which are feasible.

IDEA, like any business, must be a fluid organization, constantly reevaluating not only its training courses, but also its services in terms of viability for generating income. After a period of time, those services that do not generate income must be either improved, changed, or terminated. The same is true with training courses and seminars. Therefore, in order to re-evaluate current services and to investigate and implement new income-generating services, IDEA has formed a Quality Circles Group. The group, composed of representatives of each Region along with the General Manager, Training and Business Managers, and Systems Analyst, meets once a month (the Monday before the first Board of Directors meeting in order to maximize savings). The facilitator (currently Maria Eugenia Del Rios) is responsible for managing the meeting, ensuring that meeting notes are kept and distributed, and working with the General Manager to ensure that all adopted actions are carried out.

IDEA cannot become self-sufficient through income generated by course tuition alone. Many new services for IDEA have been explored by the consultants and the Quality Circles Group. Moreover, as stated previously, the Quality Circles group will continue to explore other options. The new services that follow were selected for initial implementation because they all share the following criteria:

1. Little initial investment of money is required.
2. IDEA has already been performing these services in a rudimentary manner.
3. Until these services start generating sufficient income, no new IDEA employees are needed.

BUSINESS SERVICE CENTER

ACTION 9: IDEA will create Business Service Centers in its three regional offices and develop a marketing plan and a brochure.

One new source of income for IDEA will be the Business Service Center. A business service center is one of the

newest additions to the service industry. It is basically a place where people can find every resource for their business needs in one place. They can hand over a portion of their business headaches--whether it's typing/word processing or help in forming a payroll plan--to a company that will either do it for them or guide them through it. IDEA will be that company. Most of the customers for IDEA's Business Service Center will be local businesspeople or soon-to-be businesspeople, and will use either one, several, or all of its services at one time or another. They will look to IDEA for up-to-date, accurate information on starting a variety of businesses, as well as professional handling of their secretarial needs.

The Business Service Center will initially include the following services.

1. Word Processing/quick typing

IDEA will offer a variety of typing and word processing services: correspondence, manuscripts, editing, proofreading, reports, financial statements, statistical typing, resumes, and inputting label and envelop addresses.

2. Computer Services

This service may prove to be IDEA's biggest draw. IDEA's customers will be much more likely to come back time and again if they can get all the services they need under one roof. Computer consulting involves many things. IDEA can offer the following computer services to its clients depending on experience of regional personnel:

- a. Provide an independent evaluation of computer needs for businesses.
- b. Provide consultation on software available for different tasks.
- c. Provide information on computer stores or repair shops.
- d. Provide training sessions to clients who want to learn how to operate a computer.
- e. Deliver, two or three times a year, seminars on recent developments in computers for small business people.
- f. Develop and offer for sale simple computer

programs for small businesspeople; i.e., payroll programs, accounting programs, etc.

3. Telex, Facsimile Services

Through an agreement with an organization that has this equipment or ENTEL, IDEA will be able to provide this important communication service to its customers.

4. Library

IDEA will offer a complete reference service to its customer. This will include books, videotapes, films, etc. IDEA's future purchases of reference materials will focus on those materials which could be useful to the businessperson.

Marketing of the Business Service Center is of utmost importance. One fundamental ingredient for marketing the Center is a brochure describing its services, costs, location, hours, etc. IDEA will develop this along with a plan to market the Center.

CONFERENCE CENTER

ACTION 10: IDEA will organize a conference center which will provide a complete meeting environment for organizations. A marketing plan and publicity brochures will be developed.

During the past year, IDEA has been renting its classroom space, especially during the day, to organizations and businesses who are having conferences, meetings, seminars, etc. IDEA has provided coffee and support for these "conferences." This has been a success in terms of generating income. Therefore, IDEA will expand this into a full-fledged conference center, offering a total meeting environment including its excellent meeting rooms, support equipment (including on-site audiovisual equipment), and catered dining services. Below is a description of what the conference center will include:

1. Meeting room space

IDEA will offer its quality meeting space to users. This includes four classrooms that have space from 25 to 35 participants each, one Board of Directors type of meeting room that could hold about 25 participants, and

a first-class small auditorium that would hold about 70 people.

2. Support Equipment

IDEA will provide the latest audio-visual training equipment available. This includes "white-boards" and flipcharts in each meeting room, overhead projectors, BETA and VHS video equipment, Video-Cameras, Wireless Microphones, large television projector.

3. Business Service Center

Customers will be able to use all services in IDEA's Business Service Center including wordprocessing, access to telex and facsimile, computer services, telephones, etc. A message service for participants will also be provided.

4. Simultaneous Translation

IDEA will arrange language translation for meetings from English to Spanish, etc. IDEA has already had experience in this area.

5. Hotel Reservations

IDEA can make all hotel reservations necessary for groups needing this service. There are at least 10 hotels of various categories within walking distance of the IDEA conference site.

6. Conference Filming

IDEA will videotape an entire conference or certain selected meetings and package this so the organization can review or show the conference to those not attending.

7. Publicity

IDEA can make all publicity arrangements and coordinate with the press for interviews, etc. IDEA has much experience in this area.

Like the preceding areas, the key to the success of the conference center is aggressive marketing. IDEA will develop a marketing plan and a quality brochure.

4. OTHER ACTIVITIES

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
\$	5,000	7,000	9,000	12,000	17,000

It is within the categories of Other Activities that the Quality Circle Group was able to suggest the most interesting income generating possibilities, based on experiences the regional offices have already had, by way of pre-market investigations. Within the category of Other Activities several activities related to small and micro-sized firms were discussed. (Of course, these same activities, with the permission of the Federation, may be offered to medium sized firms). The essence of the new activities amounts to what in other countries and other programs (United Nations, European Assistance to Small Business) is called a "Center of Excellence" for small businesses.

This Center of Excellence is an essential part of an integrated program for small business. These programs are designed to "link information (facts and figures and general information about the particular small enterprise target group), education, training, counseling, consulting, finance and technical services. Objectives of the exercise are to eliminate specific programs designed in isolation.

The idea of the Center of Excellence is to establish a "one-stop shopping" location for small business people, where they will feel at ease to stop, where their questions will be answered, or where they will be taken to the appropriate Government or other office and assisted with forms, etc. Such a program will require long-term development. The important fact is that IDEA has already developed several of the components necessary for this program.

5. OTHER SOURCES OF FUNDING

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
\$	10,000	15,000	22,000	30,000	41,000

Funding Office

ACTION 11: IDEA will create a funding office function in order to seek other sources of financial support.

The plan recommends that IDEA spend a greater effort in identifying other sources of funding to aid in the drive towards self-sufficiency.

Therefore, IDEA will formalize, under the Quality Circles Group, a funding office function which will seek direct financial support. Although this is the most apparent type of exchange, IDEA will also seek other types of exchange such as obtaining the assistance of international experts, "on loan" or without cost, to teach a seminar. This will provide not only some income, but also will continue to enhance the image of IDEA.

Combinations with other international programs is discussed elsewhere in this report as a highly important method of increasing income, but as IDEA's Service Center is seen by the Quality Circles as a significant service which IDEA can offer, IDEA will be open to other possible avenues of obtaining free materials or equipment, new or used. There are many sources that could provide these materials for an institution such as IDEA. (See Appendix No. VIII)

Further, IDEA management will continually look for advertising or publicity opportunities which could produce, at little or no cost, favorable notices for IDEA. An example discussed briefly in the Quality Circles group is an agreement with an organization such as Lloyd Aereo Boliviano--maybe free publicity in the airline magazine, a ticket for an IDEA-Airline award or reduced rates for fares by giving LLOYD employees reduced rates in IDEA's training courses.

Regarding the functions of the funding office, the heart of

the operation will be to develop and maintain effective files on potential sources of assistance, and to develop and maintain effective skills in proposal writing and of making contacts.

As with the new services that follow, in order to control costs, no new personnel will be contracted for the funding office. Rather it will be a function incorporated in existing functions at both the national and regional levels. Interchange regarding this funding problem will be maintained in the Quality Circles Group.

ACTION 12: Management, with input from the Quality Circles Group, will designate IDEA personnel to obtain training in funding as soon as possible.

Contacts have been made with several institutions in the United States for providing a low cost, effective manner of training selected IDEA personnel in promptly initiating the funding function. The information is contained in Appendix No. VIII, but action must be taken by mid-December and notification promptly sent in order to permit IDEA to avail itself of this possibility.

EXPENSES

1. TECHNICAL ASSISTANCE

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	1993
\$	60,000	40,000	30,000	30,000	30,000

This category is important for the continued growth of IDEA. Immediate technical assistance needs will focus on the Funding Office function. The Quality Circle Group will propose other uses to IDEA Management.

ACTION 13: The Quality Circle Group will propose to IDEA Management uses and sources of technical assistance for IDEA.

University Liaison

For longer term growth and health of IDEA, it is important to have periodic and continuous injections of outside

techniques, methods and knowledge in the field of management. This infusion helps maintain and improve the image of IDEA; it also stimulates the staff and instructors. The Board of Directors and management believes a relationship with a foreign university is critical to assure a continued input of outside instructors for seminars and courses. It is important to look for a strong, middle level institution with a management center. The University association is included under Technical Assistance in Table # 2.

ACTION 14: A committee will be established to investigate an association with a reputable U.S. university and/or possibly with a Latin American institution.

2. TRAINING

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
\$	56,000	15,000	12,000	12,000	12,000

This non-recurrent item is essential for the growth and development of IDEA's employees. Funds from this item will be used to train the professional staff of IDEA. Priority will be given to training staff in funding techniques. Included in 1989 is long-term training of professional staff.

ACTION 15: For 1989, a detailed training action plan will be developed, listing trip objectives, estimated cost, travel locations, etc.

3. OPERATING COSTS

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
\$	458,000	461,000	464,000	467,000	470,000

This is the most difficult category to control taking in consideration the goal of self-sufficiency. After a \$30,000 increase in 1989 over 1988, operating expenses are projected to level out or increase only slightly in the remaining four years of the budget. Significant expenses include the following:

- o Salaries - A salary increase in 1989 over 1988 due to an increase stipulated by Bolivian law causes a substantial rise in total operating costs for 1989. Thereafter, because the staff is willing to undertake any additional effort necessary, staff costs increase only slightly.
- o Publicity - 1989 costs in this area are projected to increase since several high grade brochures will be necessary for the Conference Center, Business Center, and benefits for members. These are non-recurrent costs.
- o Equipment Purchases - A planned increase in equipment purchases has increased the depreciation and amortization account under operating expenses by several thousand dollars per year.
- o Other - Building

An integral part of IDEA's proposed budget is the acquisition of its own local in La Paz, possibly a house, or even the purchase of its present location. Management and the Board believes IDEA must, for longer term health, know that it has a secure location so that it's not likely to have its rent or lease condition changed so drastically that it must move. This acquisition would also control a major part of operating costs. The National Office, to be fair to regions, could rent space to the La Paz region, thus reducing equally, overhead to be distributed to all the regions. The building and reduced rent is included in table # 2.

ACTION 16: A committee will be established to investigate possible sites and costs and also to raise matching funds for the support that can be obtained from USAID.

4. EQUIPMENT

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
\$	85,000	45,000	40,000	40,000	20,000

By far the largest equipment budget is in 1989, principally due to the needs of the regional offices of Cochabamba and

Santa Cruz. In order to increase courses, the regional offices must have additional classroom space, including necessary furniture and classroom equipment and library/reference materials. The other large item is the purchase of three collating copy machines required to produce material for classes, the Business Service Centers, and Conference Centers. The equipment total was developed region by region, and item by item.

After 1989, the total drops substantially and includes in 1990 increasing computer capability in the regions and software to run small business services. IDEA believes that computer/software capabilities will have to be continually improved. However, this service is expected to provide some of the best income potential.

Finally, materials (texts, videotapes, etc.) must constantly be purchased for the Business Service Center.

ACTION 17: The Regional Offices of Cochabamba and Santa Cruz will identify and occupy new classroom space.

ACTION 18: New copy machines will be purchased for all three Regional Offices.

5. COURSE COSTS

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
\$	95,000	100,000	106,000	112,000	120,000

Course costs have been among the most carefully controlled in recent months since the new Business Manager and regional offices have coordinated a monthly budget and report of actual to budget. IDEA management and regional offices have taken several steps to reduce costs, including paying instructors on sliding scale (as recommended in earlier reports). The pay scale depends on the number of participants that attend, thus enlisting the instructor in the marketing to some degree).

ACTION 19: The Regional Offices should intensively investigate paying instructors on a sliding scale.

Academic materials and travel expenses have been controlled.

And, as can be seen in the plan, course costs as a percentage of course incomes continue to drop from the 70% range to 54%. This decrease indicates that management believes it has more control as a course is continued. The high expenses are on the front end as an investment and the expenses drop as the course is "amortized."

In addition, Management has also agreed that the IDEA staff, as in other educational institutions, can design and deliver a limited amount of courses with no additional salary. In this manner, a further decline in course costs has been projected. This undertaking by the staff to deliver courses is also of particular importance in getting to know the clients and opening the door for further services. Since IDEA staff will have the opportunity to assess the needs of customers directly, they must be sure to ask the participants their opinions and suggestions.

ACTION 20: Eleven IDEA staff members will deliver an estimated 20 courses during 1989 without additional salary.

APPENDIX I
1989 ACTION PLAN

<u>ACTION</u>	<u>RESPONSIBLE</u>	<u>DATE</u>	<u>COMMENTS</u>
1 UNDP Program	Gen. Mgr.	by 30/1/89	F i r s t Contact to be made
2 Needs Assess.	Lahore	by 30/9/89	N e e d s Assessed for 1990
3 Membership Contacts	Reg. Mgrs.	by 15/2/89	First Contacts made & Reported
4 Benefits for Members increased	Quality Cir	by 28/2/89	List of Benefits Developed
5 Membership Needs Assessed	Quality Cir	by 30/6/89	Needs Assessed
6 Brochure Develped	Lahore	by 31/3/89	Printed & Distributed
7 Membership Definition	Gen. Mgr.	by 28/2/89	Included in Brochure
8 Quality Circles	M.E.Del Rios	once a month	Meeting & Actions Re- ported
9 Business Service Centers Created	Reg. Mgrs./ R. Rollano	by 30/4/89	Centers Operational
10 Conference Centers Created	Gen. Mgr. Reg. Mgrs.	by 30/4/89	Centers Operational
11 Funding Office			Functions &

	created	Gen. Mgr	by 28/2/89	staff des-ignated
12	Funding Training	Gen. Mgr./ Quality Cir.	by 15/2/89	Personnel selected
13	Tech. Assistance Identified	Gen. Mgr. Quality Cr.	by 28/2/89	Presented to Mgmt.
14	University Asso- ciation investi- gated	Gen. Mgr. Lahore/Board	by 30/3/89	Committee selected
15	Training Plan Developed	Gen. Mgr. Lahore	by 15/3/89	Presented to Mgmt.
16	Building	Gen. Mgr. Board	by 28/2/89	committee selected
17	Space Identified	Reg. Mgrs. (CBB & SCZ)	by 28/2/89	Reported to Board
18	Copy Machines Purchased	Bus. Mgr.	by 30/3/89	Distributed
19	Instructors Pay	Lahore & Reg. Mgrs.	by 30/3/89	Recommened to Management
20	Staff Members Instruction	Gen. Mgr. Reg. Mgrs./	by 28/2/89	Action Plan Presented

APPENDIX II

PROCAF

THE FINANCIAL TRAINING PROGRAM

1. Aimed at improving the performance of Bolivia's financial sector, AID is currently taking the administrative and technical steps in order to set up a Strengthening Financial Markets Project (hereafter SFM).
2. With an AID contribution totaling US\$ 5.0 million in grant funds, the SFM will have two main components: improvement of private sector financial institutions and financial sector policy research and analysis. The first component will include a Financial Training Program (FTP or PROCAF in the Spanish abbreviation) which, according to the Project Budget, will be the most important single activity of the SFM (nearly one third of the AID grant).
3. The rationale underlying PROCAF is that a noticeable lack of well-trained professionals in the financial institutions has resulted in poor--if any--application of sound credit policies and procedures, modern marketing techniques, financial controls and effective management information systems. Therefore, the objective of PROCAF is to strengthen ICI's managerial and technical capabilities.
4. The specific purposes of PROCAF will be the following:
 - a. To identify the training needs of private financial sector institutions;
 - b. To design, develop and deliver short-term training courses and workshops;
 - c. To carry out a continuing program of courses or financial topics, and
 - d. To select, develop and train local instructors.
5. Based on a training needs assessment conducted as part of the SFM development process, over a three year period PROCAF will deliver 59 courses for some 1,100 participants belonging to the three target groups that were identified (senior, middle and operational) in the following areas:

<u>Level</u>	<u>Number of</u> <u>Courses Participants</u>		<u>Training Fields</u>
<u>Senior:</u> Senior Executives, Vice-Presidents, Presidents & Directors of the Financial Institutions	11	165	<ul style="list-style-type: none"> o Advanced Credit Analysis o Strategic Planning o Risk Management o Savings Mobilization o Managing Technology Management o Information Systems
<u>Middle:</u> Heads of Departments & Divisions	25	500	<ul style="list-style-type: none"> o Intermediate Credit o Problem Loans o Marketing Concepts o Treasury Management o Human Resources Management o Bank Operations Simulation Game o Managing Productivity o Intermediate Trade Finance o Financial Control and Analysis o Rural Credit Delivery
<u>Operational:</u> First-line Supervisors, Heads of small units or Departments	23	460	<ul style="list-style-type: none"> o Basic Credit Analysis and Managment o Sales Skills o Basic Treasury Operations o Developing Management Skills o Basic Technology Concepts o Services Management o Basic Trade Finance o Basic Financial Control

6. AID has selected IDEA as the institution that will carry out PROCAF. Moreover, AID considers that the participation of IDEA in the implementation of the program is vital for the success and continuity of PROCAF, particularly upon termination of AID assistance. For that reason, the Mission in Bolivia has requested, and obtained, from the AID Assistant Administrator for Latin America and the Caribbean (AA/LAC) the authorization to invite only IDEA to submit a Cooperative Agreement proposal under the SFM project (Per State 380944, this waiver was approved by the AA/LAC as part of the Project Paper authorization).
7. Under the provisions of the Project Paper, AID will finance the basic costs of setting up PROCAF and will be ultimately responsible for its operating costs. The Grant as originally estimated totals US \$ 1,581,000. The breakdown of that amount is as follows:

a. Technical Assistance	US \$ 798,000
b. Course Costs	592,000
c. Operating Costs	111,000
d. Commodities	<u>80,000</u>
	US \$1,581,000
8. In addition to this amount, an expected course revenue of US \$ 159,000 (subsequently increased to US \$ 189,000) was projected for the life of the project.
9. As it might have been expected, over the development and refinement of the project (and particularly over the negotiation process between IDEA and USAID/Bolivia) these figures, as well as the breakdown, have been partially modified. However, the changes already agreed--presumably not the final ones--do not alter the order of magnitude of PROCAF. In any case, the Grant will be not lower than one and a half million dollars.
10. Notwithstanding the remarkable size of the Grant--as well as the significance of the recognition of IDEA as the only Bolivian institution with the ability to carry out PROCAF--it appears to be obvious that only a fraction of the total counts as a net contribution to the finances of IDEA. To be sure, although the technical assistance (TA) will certainly improve IDEA's expertise, its financial implication for the latter is null. And it should be noticed that TA will take 50% of the Grant. Same judgement may be made with respect to the course delivery costs that will be furnished through foreign specialized firms (30% of the original-- e.g., prior to the negotiation--budget), etc. Therefore, from a strictly financial point of view, the relevant question is: What are the benefits for IDEA that accrue from PROCAF?

11. Conceptually, those benefits are the following:
 - a. Tuition fees
 - b. Project costs payable to IDEA
 - c. IDEA entrepreneurial profit
12. The amount of each of them may be derived from the detailed financial plan negotiated between the staff and USAID/Bolivia (see Table II.I). It should be pointed out that, on the expenditure side, the plan--realistically--includes only current expenses to be paid locally. In other words, it is exclusive of TA and course delivery costs to be contracted abroad. It is also exclusive of commodities.
13. Tuition fees and IDEA profit being clearly specified in the plan, the only remaining problem is the identification of project costs directly payable to IDEA. Out of the many cost items that have been considered, space rental for classrooms and offices (belonging to IDEA) and (contribution to) salaries of IDEA personnel for the working time that they will devote to PROCAF, are the project costs that will directly be paid to IDEA. Since both have to be paid anyway (with funds from the regular budget), once the marginal cost of "selling" these services to PROCAF is deducted, the remaining constitutes a net earning for IDEA. With regard to the contribution for salaries, it has to be emphasized that, with the exception of an additional secretary which most likely has to be hired to strengthen the financial office --a decision that AID should certainly agree and authorize-- to be hired, the rest of the personnel will attend the tasks that PROCAF will demand at no extra cost for IDEA.
14. All items considered, the following is a summary of the financial earnings for IDEA that will accrue from PROCAF over the life of the project. The details of the calculation are shown in TABLE II.II.

(In US \$)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>TOTAL</u>
I. Tuition Fees	64,800	68,400	55,800	189,000
II. Project Costs				
Payable to IDEA	35,682	22,314	18,699	76,995
III. IDEA Profit	21,253	20,311	22,575	63,939
TOTAL	121,735	111,025	96,874	329,634

15. Not all this money may be spent freely by IDEA. AID requires that all course revenues must be deposited in an escrow account until the end of the project, in order to ensure the continuity of PROCAF upon termination of the financial assistance. These compulsory savings, capitalized at an annual rate of 10%, will amount, at the end of year 3, to US \$ 219,920. (See Table II.III) Assuming that both revenues and expenses will continue at the same level of the third year (e.g., a net cost or deficit of US \$ 124,922), the accumulated funds would be sufficient for financing a full fourth year and almost nine-tenths of a fifth years. Beyond that limit, new external funds should be necessary if the program is to be continued.
16. Alternatively, if, as a result of a voluntary decision of IDEA, all net earnings (e.g., tuition fees + project costs received by IDEA + profit) are deposited and capitalized in the escrow account, at the end of year 3 the program would be endowed with US \$ 384,618 (See tables II.III and II.IV). Under the same assumptions, this amount would suffice for financing slightly over three and a half additional years. The feasibility of this alternative, however, relies critically on the size of the potential market for this type of courses. The hypothesis of an exhaustion, or at least a significant decrease, of the market should be carefully examined._

TABLA II-I

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PLAN FINANCIERO "PROCAF"

PERIODO : 1

PERIODO : 2

PERIODO : 3

CONCEPTOS	PERIODO : 1				PERIODO : 2				PERIODO : 3				TOTAL
	CURSOS	PARTICIP.	COSTO	C.TOTAL	CURSOS	PARTICIP.	COSTO	C.TOTAL	CURSOS	PARTICIP.	COSTO	C.TOTAL	
1.- INGRESOS													
Alto Nivel	4 Hrs 4	15	200.-	12.000.-	4	15	200.-	12.000.-	3	15	200.-	9.000.-	
Medio	40 Hrs 8	20	180.-	28.800.-	9	20	180.-	32.400.-	8	20	170.-	27.200.-	
Intermedio	40 Hrs 8	20	150.-	24.000.-	8	20	150.-	24.000.-	7	20	140.-	19.600.-	
TOTAL INGRESOS				64.800.-				68.400.-				55.800.-	189.000.-

2.- EGRESOS

2.1.- Costo de Cursos

2.2.1.- Costo de Instructores Anexo 1

a) Extranjeros

Alto Nivel	10 Dias 4		11.870.-	47.480.-	4		11.870.-	47.480.-	3		11.870.-	35.610.-	
Medio	8 Dias 8		8.156.-	65.568.-	9		8.156.-	73.764.-					
Intermedio	8 Dias 8 (4AT-4)		5.878.-	23.512.-	0	(4AT-4)	5.878.-	23.512.-					
				136.560.-				144.756.-				35.610.-	316.926.-

b) Nacionales

Medio									8		1.520.-	12.160.-	
Intermedio									7		1.280.-	8.960.-	
												21.120.-	21.120.-

2.1.2.- Costo de Materiales v Otros Anexo 2

Alto Nivel		60	70.-	4.200.-		60	70.-	4.200.-		45	70.-	3.150.-	
Medio		160	50.-	8.000.-		180	50.-	9.000.-		160	50.-	8.000.-	
Intermedio		160	50.-	8.000.-		160	50.-	8.000.-		140	50.-	7.000.-	
				20.200.-				21.200.-				18.150.-	59.550.-

2.1.3.- Costo de Promocion y Publicidad Anexo 3

Alto Nivel	4		500.-	2.000.-	4		500.-	2.000.-	3		500.-	1.500.-	
Medio	8		500.-	4.000.-	9		500.-	4.500.-	8		500.-	4.000.-	
Intermedio	8		500.-	4.000.-	8		500.-	4.000.-	7		500.-	3.500.-	
				10.000.-				10.500.-				9.000.-	29.500.-

2.1.4.- Costo de Aulas (Alquiler)

Alto Nivel	24 Hrs 4		20.-	1.920.-	24 Hrs 4		20.-	1.920.-	24 Hrs 3		20.-	1.440.-	
Medio	40 Hrs 8		14.-	4.480.-	40 Hrs 9		14.-	5.040.-	40 Hrs 8		14.-	4.480.-	
Intermedio	40 Hrs 8		14.-	4.480.-	40 Hrs 8		14.-	4.480.-	40 Hrs 7		14.-	3.920.-	
				10.880.-				11.440.-				9.840.-	32.160.-

Total 2.1.-		41.080.-			43.140.-			58.110.-	142.330.-
(Menos costo de instructores extranjeros)									
2.- Costos Operativos de PROCAF	Anexo 4								
2.1.- Salarios		45.360.-			47.174.-			49.061.-	
Pasajes y Viaticos		6.400.-			6.400.-			6.400.-	
		51.760.-			53.574.-			55.461.-	160.795.-
2.2.- Otros Costos									
Material de escritorio		65.-	780.-		819.-			860.-	
Servicio de te		45.-	540.-		567.-			595.-	
Telefono y telex		26.-	312.-		828.-			344.-	
Gastos administrativos		104.-	1.248.-		1.310.-			1.376.-	
Seguros de eq. y maq.		13.-	156.-		164.-			172.-	
Seguros de personas		20.-	240.-		252.-			265.-	
Alquiler de oficinas		424.-	5.088.-		5.342.-			5.609.-	
		697.-	8.364.-		9.282.-			9.221.-	26.867.-
Total 2.2.-		60.124.-			62.856.-			64.682.-	187.662.-
3.- Costos Operativos de IDEA	Anexo 5								
3.1.- Salarios									
96 Hrs		41.-	3.936.-	96	24.-	2.304.-	72	24.-	1.728.-
320 Hrs		41.-	13.120.-	360	24.-	8.640.-	320	24.-	7.680.-
320 Hrs		41.-	13.120.-	320	24.-	7.680.-	280	24.-	6.720.-
736 Hrs			30.176.-	776		18.624.-	672		16.128.-
									64.928.-
3.2.- Otros Costos									
Material de escritorio		131.-	1.572.-		1.651.-			1.734.-	
Material de computacion		48.-	576.-		605.-			635.-	
Material de limpieza		33.-	396.-		416.-			437.-	
Servicio de te		113.-	1.356.-		1.424.-			1.495.-	
Mat. Mant. equipos		23.-	276.-		290.-			304.-	
Servicios publicos		222.-	2.664.-		2.797.-			2.937.-	
Telefono y telex		88.-	1.056.-		1.109.-			1.164.-	
Gastos administrativos		261.-	3.132.-		3.289.-			3.453.-	
Pasajes		214.-	2.568.-		2.696.-			2.831.-	
Viaticos		233.-	2.796.-		2.936.-			3.083.-	
Seguros de eq. y maq.		25.-	300.-		315.-			331.-	
Seguros de personas		46.-	552.-		580.-			609.-	
Impuestos		285.-	3.420.-		3.591.-			3.771.-	
Honorarios profesionales		200.-	2.400.-		2.520.-			2.646.-	
Imprenta y fotocopias		297.-	3.564.-		3.742.-			3.929.-	
Depreciaciones y Amortizaciones		290.-	3.480.-		3.654.-			3.837.-	
		2.509.-	30.108.-		31.615.-			33.196.-	94.919.-
3.3.- Software de IDEA		2.000.-						2.000.-	
Total 2.3.-		62.284.-			50.239.-			49.324.-	161.847.-

1	TOTAL DE EGRESOS (2.1 + 2.2 + 2.3)	163.488.-	156.235.-	172.116.-	491.839.-
	(Menos costo instructores extranjeros)				
3.-	CONTINGENCIAS 5 % (2.1 + 2.2 + 2.3)	8.174.-	7.812.-	8.606.-	24.592.-
4.-	BENEFICIO IDEA 13 % (2.1 + 2.2 + 2.3)	21.253.-	20.311.-	22.375.-	63.939.-
5.-	TOTALES (2 + 3 + 4)	192.915.-	184.358.-	203.097.-	580.370.-

TABLA II-II

PROCAF : NET EARNINGS TO BE GAINED BY IDEA OVER THE LIFE OF THE PROJECT (3 YEARS)

In US\$

Item	YEAR 1	YEAR 2	YEAR 3	TOTAL
I. TUITION FEES	54,600	68,400	55,800	189,000
II. PROJECT COSTS PAYABLE TO IDEA (I+2+3)	35,682	22,314	18,699	76,995
1. Space Rental (1.1 + 1.2)	9,581	10,069	9,269	28,919
1.1 Classrooms				
1.1.1. Gross Rental	10,860	11,440	9,840	32,160
1.1.2. Less Maintenance Costs (40%)	- 4,352	- 4,576	- 3,436	- 12,864
Net Rental (1.1.1 - 1.1.2.)	6,528	6,864	5,904	19,296
1.2 Offices				
1.2.1. Gross Rental	5,068	5,342	5,609	16,039
1.2.2. Less Maintenance Costs (40%)	- 2,035	- 2,137	- 2,244	- 6,416
Net Rental (1.2.1 - 1.2.2.)	3,033	3,205	3,365	9,623
2. Salaries IDEA Personnel (2.1-2.2)	24,101	12,245	9,430	45,777
2.1. Gross Contribution	30,176	18,624	16,128	64,928
2.2. (Less) Salary Additional Secretary	- 6,074	- 6,379	- 6,698	-19,151
Net Contribution (2.1 - 2.2)	24,101	12,245	9,430	45,777
3. Software	2,000			2,000
III PROFIT (IDEA)	21,253	20,311	22,375	63,939
TOTAL (I+II+III)	121,735	111,025	96,674	329,634

TABLA II-III

PROCAF : CAPITALIZATION OF THE NET EARNINGS

In US\$

YEAR 1 YEAR 2 YEAR 3

I. TUITION FEES

a. Balance from previous year	-	68.040	146.6
b. Interest earned during the current year 1)	-	6.804	14.6
c. Sub - Total (a + b)	-	74.844	161.3
d. Tuition Fees	64.800	68.400	55.8
e. Interest earned 2)	3.240	3.420	2.7
f. Sub - Total (d + e)	68.040	71.820	58.5
g. Balance at the end of the year (c + f)	68.040	146.664	219.9

II. PROJECT COSTS PAYABLE TO IDEA

a. Balance From previous year	-	37.466	64.6
b. Interest earned during the current year 1)	-	3.747	6.4
c. Sub - Total (a + b)	-	41.213	71.1
d. Project costs	35.682	22.314	18.6
e. Interest earned 2)	1.784	1.116	9
f. Sub - Total (d + e)	37.466	23.430	19.6
g. Balance at the end of the year (c + f)	37.466	64.643	90.7

III. IDEA PROFIT

a. Balance From previous year	-	22.316	45.9
b. Interest earned during the current year 1)	-	2.232	4.58
c. Sub - Total (a + b)	-	24.548	50.48
d. Profit	21.253	20.311	22.3
e. Interest earned 2)	1.063	1.016	1.1
f. Sub - Total (d + e)	22.316	21.327	23.4
g. Balance at the end of the year (c + f)	22.316	45.975	73.9

IV. TOTAL (I + II + III)

127.822	257.182	384.61
---------	---------	--------

- 1) Interest rate : 10 %
 2) 6 months at 10 % per annum

TABLA II-IV

FINANCING OF PROCAF BEYOND THE LIFE OF THE PROJECT

In US\$

YEAR 4 YEAR 5 YEAR 6 YEAR 7

Alternative A: Only tuition fees earned during the life of the Project are deposited in an escrow account

a. Balance from previous year	219,920	110,744		
+ Tuition fees earned during the current year	55,800	55,800		
	-----	-----		
	275,720	166,544		
- (Less) Course Delivery Costs	-180,722	-180,722		
	-----	-----		
	94,998	- 14,178		
+ Interest earned during the current year 1)	15,746	6,246		
	-----	-----		
b. Balance at the end of the year	110,744	- 7,932		

Alternative B: All net earnings gained during the life of the Project are deposited in an escrow account

a. Balance from previous year	384,618	291,912	189,935	77,760
+ Tuition fees earned during the current year	55,800	55,800	55,800	55,800
	-----	-----	-----	-----
	440,418	347,712	245,735	133,560
- (Less) Course Delivery Costs	-180,722	-180,722	-180,722	- 180,722
	-----	-----	-----	-----
	259,696	166,990	65,013	- 47,162
+ Interest earned during the current year 1)	32,216	22,945	12,747	6,246
	-----	-----	-----	-----
b. Balance at the end of the year	291,912	189,935	77,760	- 40,916

 1) Includes interest earned by funds spent over the year until they are actually disbursed. It is assumed that total expenses are evenly distributed along the year. Hence, on average, one half of these funds remain deposited earning an interest.

APPENDIX III

MARKETING PROGRAM OF NON-PROFIT INSTITUTIONS FOR IDEA

The Mid-term evaluation has served in past weeks to clarify parameters for future IDEA plans. Accordingly, the following outline will help to explain the process undertaken in establishing a methodology:

TASK: MERGE IDEAS'S OBJECTIVES AND MARKET WITH
USAID EVALUATION AND REQUIREMENTS/POLICIES

Methodology

Proposal/Result

- | | |
|--|--|
| 1. Intensive Discussions with USAID and US Embassy | Determine parameters, acceptable to both parties, for Strategic Plan |
| | INTERCHANGE OPINIONS/IDEAS |
| 2. Reevaluate environment of a Private, Non-Profit educational/training Institute | Define Acceptable Parameters |
| 3. Instigate intensive, internal planning to reasses/revise income and expense lines | Develop feasible 5 year plan |

The significance of the steps is in the clarification of what a private, educational/training, non-profit institution must view as its environment in which to market itself, and in what period self-sufficiency should reasonably be achieved. There have been widely varying views on these subjects from IDEA's inception. As a result, a very brief discussion of income of other private, educational/training, non-profit institutions will be included in below.

The problem IDEA faces, as an educational insitution with insufficient funds from tuition is certainly not without parallel elsewhere. In the United States, for example, according to a detailed marketing text on non-profit organizations of all kinds,

private, higher education finds that tuition covers only approximately 26% of the total costs.(1) There is, of course, a substantial variety of services provided by these institutions. However, IDEA's tuition has covered, on an average, according to the Mid-term evaluation, 23.46% of its total costs since inception.

In the late '60s and 70's in the United States, conditions for educational institutions in securing support drastically deteriorated. That bleak period provoked the question as to whether the apparent disaster many institutions faced was due to the fact that industry was the victim of problems beyond its control (such as the state of the economy of the social environment, etc...many of which one hears in Bolivia in relation to IDEA). The evidence in the United States, however, indicated that many institution had become part of a "Discrepant Market", a market in disequilibrium, where the industry had grown unresponsive to its market. There were demands not being met, and "suppliers" were trying to sell their "product" not in demand.(2)

The solution came through educational institutions recognizing that they "must analyze their markets for funds as carefully as soap and auto companies analyze their markets for detergents and automobiles." (3) As a result, many institutions (universities, museums, hospitals and government organizations) have formalized, rigorous and intensive marketing departments to align their "products" and services to the student-client population and to the supporting public (in IDEA's case, the Socios and organizations).

Non-profit and educational institutions, in particular, have not been, typically highly responsive to their constituent publics. Without belaboring this point, there seems to be general agreement in the need for improving responsiveness in IDEA's case. A manner of promptly institutionalizing an overall marketing investigative and subsequent action program should be adopted, recognizing that the cost of any additional operation must be controlled, given the deficit now at hand. It must be understood, in addition, that this is a continuing proposition for any non-profit as well as profit-making institution.

The objective that IDEA should seek is to move itself up the spectrum of organizational responsiveness, towards being what's termed a Responsive Organization (responsive to its clients and various publics). At the lowest end of the spectrum is the unresponsive organization, characterized by doing nothing to measure the needs, perceptions,, preferences or satisfactions and making it difficult for its constituent publics to make suggestions, register complaints, etc. IDEA , by its own comments, most likely falls somewhere on the lower end of this spectrum, perhaps at the next of the 4 steps. That step can be termed the Casually Responsive, showing an interest in learning

about consumer needs, perceptions and preferences and encouraging submissions of inquiries, complaints, suggestions, and opinions.

However, the upper end of the spectrum is occupied by organizations showing a keen interest in learning of the needs, perceptions and preferences by relying on systematic information-collection methods, sifting the information and then taking positive steps to adjust services, policies and procedures. A final step, where it is possible, accepts the constituents as voting members, utilizing formal marketing audits at regular intervals. (Suggested steps for a regular, formal marketing audit are contained in Appendix No. V)

IDEA might, in certain cases, be willing to constitute selected committees to examine defined areas and vote on the solution. IDEA could consider undertaking more of a partnership role with certain Socios, Directors or organizations to develop classroom, audio-visual, or other teaching aids.

At the same time, various reports and the Board of Directors have observed that IDEA should, as an institution teaching business and marketing management, be also seen as a good model of that process. IDEA should be able to point to its marketing program as a good example for others to follow. Additionally, IDEA's marketing should serve as an internal laboratory for those teaching marketing ideas or for projects for more advanced students, under supervision, to gain practical experience. There is no substitute for actual "hands-on" experience to improve the learning or teaching process.

Accordingly, IDEA will continue to utilize the Quality Circles method for marketing, which it has begun. It must delegate authority and responsibility, formally, through the Quality Circles facilitator to pursue contacts and investigations and report back.

As part of the market investigation, the segment of managing and marketing for non-profit organizations will be explored to seek additional course offering possibilities. An assessment of the markets reception for such courses is necessary before producing materials or arranging classes.

APPENDIX NO. IV

Mid-Term Evaluation Comments Impacting Strategic Plan

The ISTI evaluators also concluded the following:

- a. "Even according to the original project design, IDEA would not have attained self-sufficiency in year 4 or 5."
- b. "It is likely that the number of support staff allowed in the project design was too few. While IDEA's regional expansion and numbers of students justify a larger staff than the Project Paper's eleven, IDEA should be able to function with fewer people than presently on the payroll."
- c. "IDEA has completely failed to attract members. The drop in membership in 1988 to one-fourth of 1987 is indefensible."
- d. "It should be possible for IDEA to increase its income from tuition fees."

It is the opinion of the staff of IDEA and the consultants that the above observations (a.-d.) are all correct and that, incorporated within this plan, are objectives to continue to build on the positive observations and address and correct the negative.

The Mid-term evaluation also stated that there should be a market analysis every 18 months to "insure course relevancy and seek information for expanding its client base through an effective program of marketing." IDEA management has agreed with the consultants and already set up the Quality Circle, which has met, and whose first outlines are in appendix IX, that the marketing surveys and investigations must be a continuing process. The data will be set up on a data base, within a computer program by one of the Circle's members, the Systems Administrator, to maintain these files and the ability to analyze the data.

A second point of the AID evaluation in this area, is that "IDEA needs to focus its efforts on revising courses to meet national and regional needs. The Carvajal courses, for example, have been developed in Colombia." After investigating requirements in small business in Bolivia, and meeting with the World Bank again, IDEA has set plans to change the small business course configuration,

reduce costs and charges and improve productivity.

A third recommendation in the AID evaluation stated, "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 Quality Circles Group wholeheartedly endorsed that suggestion, and further expanded on the recommendation. Specific information on these plans is included in this plan in the sections on Services.

Further, the ISTI evaluators recommended that the Westinghouse Chief-of-Party help "bring about some of the recommendations left by the ISTI advisors. An action plan for the coming year should be constructed..." Furthermore, the AID Project Manager and IDEA's Board of Directors asked the Chief-of-Party to coordinate the development of a five-year strategic plan for self-sufficiency.

APPENDIX V

MARKETING AUDIT/STRATEGY

This appendix is intended as a memorandum to IDEA's Quality Circle Group for them to consider and develop their own, formalized strategies for managing external relationships. The following is in part from the Tenth annual National Conference on Management and Professional Development programs (1987) in the United States, all of which, in one form or another, face or have faced some of the same problems as IDEA.

Mission Statement

The first assumption of the conference is that the various organizations have a published mission statement, approved by the Board of Directors. In IDEA's first business plan, it is stated that the Mission of IDEA is "to provide permanent administrative education of excellent quality that contributes to raising, to a high level of efficiency, the business management capacity, the behavior and the professional attitudes of Bolivian businessmen and administrators."

A mission statement suggested at the conference would add that: it will be done in a cost effective manner with preestablished standards of profitability. This latter consideration is important for IDEA, as is the consideration of how wide a range of courses IDEA should adopt. The wider the range, the more costly the process.

Market Audit

A check list of questions would include the following:

- What business is IDEA in?
- What are the unique strengths of IDEA?
- What do other people say when they describe IDEA to another person?

MARKETS

- Who are IDEA's major markets and publics?
- What is the present and expected future size and characteristic of each market or segment?

CUSTOMERS

How do the customers and publics feel toward and see IDEA?
How do IDEA's customers make their decision to buy IDEA's product..(who decides)?

COMPETITORS

Who are IDEA's major competitors?
Have we visited them to see what they do, where they are good and what they can't/won't do?

ASSISTANCE

Can any of our clients, board members or socios give free marketing, advertising, copy development assistance for IDEA?

COURSE AREA

Here, it is assumed each region now knows well the questions Dr. Ronald Lonsdale showed how to ask and tabulate replies. However, the following are added, at the risk of duplication, to be certain necessary information is considered for tabulation.

Courses

How many employers were represented by participants of courses?

Does IDEA have a listing by company of these clients?

How many of these employers has IDEA had personal contact with?
When?

Which companies send the greatest number of employees to other IDEA programs?

How many of IDEA's client companies are represented on committees like advisory boards?

Survey Results

Should any of IDEA's courses be phased out? Changed?

Should any new courses be added?

Price

How are prices set? Cost? Demand? Competitive Criteria?

What would be the reaction to higher prices? Lower prices?

How do clients/companies psychologically interpret price levels?

Are or would be price discounts effective? Acceptable?

Location

Should IDEA give courses in other cities? Locations? When?

Personal Contact

How often do the Regional and National staff personally contact companies?

Does the staff belong to organizations where contacts can be made? Are they made? How often?

Do we have quotas for contacts? Are they followed?

Publicity

Does IDEA have a well-conceived, carefully formulated publicity program?

Do we seek interviews? Keep in contact with the media?

How are out newsletter, bulletin, folders received? Should we make changes? How or what changes? When?

The following additional action steps should be considered to see if IDEA is regularly doing them, or if not, how they might apply:

1. Program Development Cycle - Develop and adhere to a program development cycle.
2. Regional Trends - Watch for trends and developments that can lead to new programs or new marketing strategies.
3. Speaking Engagements - Identify as many speaking engagement opportunities as possible. Encourage staff, faculty and advisory council to volunteer to promote IDEA programs.
4. Join Organizations - Identify regional and local associations, societies, and organizations that have a relationship to IDEA. Join them.
5. Offer Needs Assessment - As suggested in the Quality Circles Group, offer needs assessment for employers, and perhaps, a free needs assessment to any employer willing to consider contracting training resources.
6. In-House Training on Publications - Since IDEA is in the in-house training business, be sure it is so indicated on all IDEA publications. Take every opportunity to inform employers that IDEA can bring its programs on-site.

7. In-House Requests on Evaluations - Include a question on all of IDEA program evaluations inquiring as to the name of the individual that IDEA should contact to discuss on-site, in-house training.
8. Get Interviewed - Let radio stations and television shows know that you are able and willing to be interviewed at any time concerning industry trends and your programs. (You will be surprised at how many people listen to these shows!!)
9. Use the Media - Use the media in every opportunity you can. Every time you appoint a "focus group," steering group, advisory council member, send out a news release.
10. Differentiate - Differentiate your programs from the competition. Make every effort to stand out in the crowd. What does IDEA do best? What is it IDEA does/can offer that others cannot?
11. Ask...ask...ask - Provide participants and others every possible opportunity to tell you what is on their mind. What do they want from IDEA? What are their new program ideas? What do they wish IDEA did differently? What do they like that IDEA is doing now?
12. Personal Selling - There is no substitute for personal selling. Direct mail and tele-marketing will not do the job alone. IDEA staff must get out to employers and others in the community.
13. Staff Community Involvement - How many members of IDEA's staff are actively involved in the local and regional business community? How many of them sit on boards or advisory councils...even if they are small companies?
14. Ask For Referrals - Use every opportunity, such as evaluations, to ask for additional referrals. Leave at least three lines for additional names, titles and addresses from program attendees...this is a good way to build IDEA's mailing list.
15. Executive Promotions - Does IDEA keep track of executives and professional in the community who are promoted? Try sending a note of congratulations with IDEA information...this will also help build the mailing list.
16. Say "Thank You" - Last, but not least, say "Thank You" to people who send attendees...develop a mechanism to follow-up with a thank-you note.

APPENDIX VI
COMMENTS OF NATIONAL TRAINING MANAGER

APPENDIX VI

COMMENTS OF NATIONAL TRAINING MANAGER

El año 1987 fué un buen año para las actividades del Instituto. El promedio de participantes por curso alcanzó a 25. Este año dejó una contribución marginal nacional de \$us 23 mil. Durante este año se desarrolló la mayor parte de los cursos de capacitación que, dada la característica del Instituto, muestran títulos diversos.

En 1988 se cambió la modalidad de la programación académica, pues incrementar nuestra actividad con cursos sueltos exigía una fecunda imaginación en cuanto a títulos nuevos. Por ello se incluyó en la misma programas estructurados de capacitación cuyas materias guardan un orden secuencial. Estos programas son los de especialización y los de microempresa.

Tanto los programas de especialización como el de microempresa resultaron programas costosos, el primero debido al número de horas por materia, lo que encareció básicamente el costo de instructor y el segundo debido al bajo poder adquisitivo del microempresario no se cobró según su costo, pues en este programa se contempla también el asesoramiento y se trato de mantener la modalidad Carvajal con la idea de conseguir un préstamo del BID para ofrecer crédito.

Desde luego toda introducción de productos nuevos al mercado requiere de cierta inversión, en este caso publicidad vía prensa y vía trípticos. El presupuesto inicial elaborado para la gestión 1988 fué muy ambicioso y tuvo que ser revisado en marzo de este año.

En este año se notó con mayor fuerza el proceso recesivo de nuestra economía, el promedio de participantes por curso bajó a 20 y los 6 primeros meses del año fueron muy difíciles en cuanto a la captación de participantes.

Además es necesario recalcar que durante el primer semestre se cambió la modalidad de registro contable de los cursos lo que no permite definir un margen de contribución por cada uno de ellos. Durante el segundo semestre se volvió al registro contable por cursos.

APPENDIX VII
BREAKDOWN BY REGIONS OF COURSE INCOME & COSTS

APPENDIX VII

INGRESOS POR MATRICULAS Y COSTOS DE CURSOS 1989

EN DOLARES AMERICANOS

PROGRAMAS	LA PAZ	COCHABAMBA	SANTA CRUZ	TOTAL
PDG	3.500.-	5.258.-	3.000.-	11.758.-
PDE	13.500.-	7.375.-	3.700.-	24.575.-
PES	24.375.-	12.350.-	26.800.-	63.525.-
PME	6.250.-	6.333.-	7.000.-	19.583.-
PPE	6.750.-	1.000.-		7.750.-
PPA	9.000.-	2.500.-	5.600.-	17.100.-
IHT	3.000.-	5.833.-	4.900.-	13.733.-
TOTAL \$US	66.375.-	40.649.-	51.000.-	158.024.-

COSTOS DE CURSOS	LA PAZ	COCHABAMBA	SANTA CRUZ	TOTAL
INSTRUCTORES	17.521.-	12.723.-	15.993.-	46.237.-
PUBLICIDAD	5.512.-	3.843.-	2.838.-	12.193.-
MATERIAL	5.250.-	2.505.-	5.636.-	13.391.-
GASTOS ORGANIZACION	4.400.-	3.658.-	1.767.-	9.825.-
TOTAL	32.683.-	22.729.-	26.234.-	81.646.-

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APPENDIX NO. VIII

FUNDING OFFICE AND TRAINING PROPOSAL

During the preparation of the Strategic 5 year plan, it became more obvious to the Committee that a priority need of IDEA is to have the capability and resources to seek support from other organizations. This proposal was discussed with AID and the US Ambassador.

IDEA's need in funding operations is to:

1. Establish a funding strategy for identifying and approaching funding sources.
2. Communicate to a qualified source the types of activities in which IDEA is engaged, funding requirements, and time frame.
3. Locate appropriate information on sources, eligibility requirements, application forms, and contact person.
4. Develop necessary skills in proposal writing.
5. Locate and obtain training in appropriate software.

After it became apparent IDEA was going to receive approval to seek other exchanges and support, the committee made contacts through U.S. University sources to see if a relatively low cost package could be developed.

If IDEA can act within a short time frame, by December 7th, it would be possible to take advantage of a team of two people from the University of New Mexico Funding Office, on a direct hire basis, who will be in Peru in January. Flexibility exists to a degree, in that they are available between January 15th and February 3rd, but not outside those dates.

IDEA could receive:

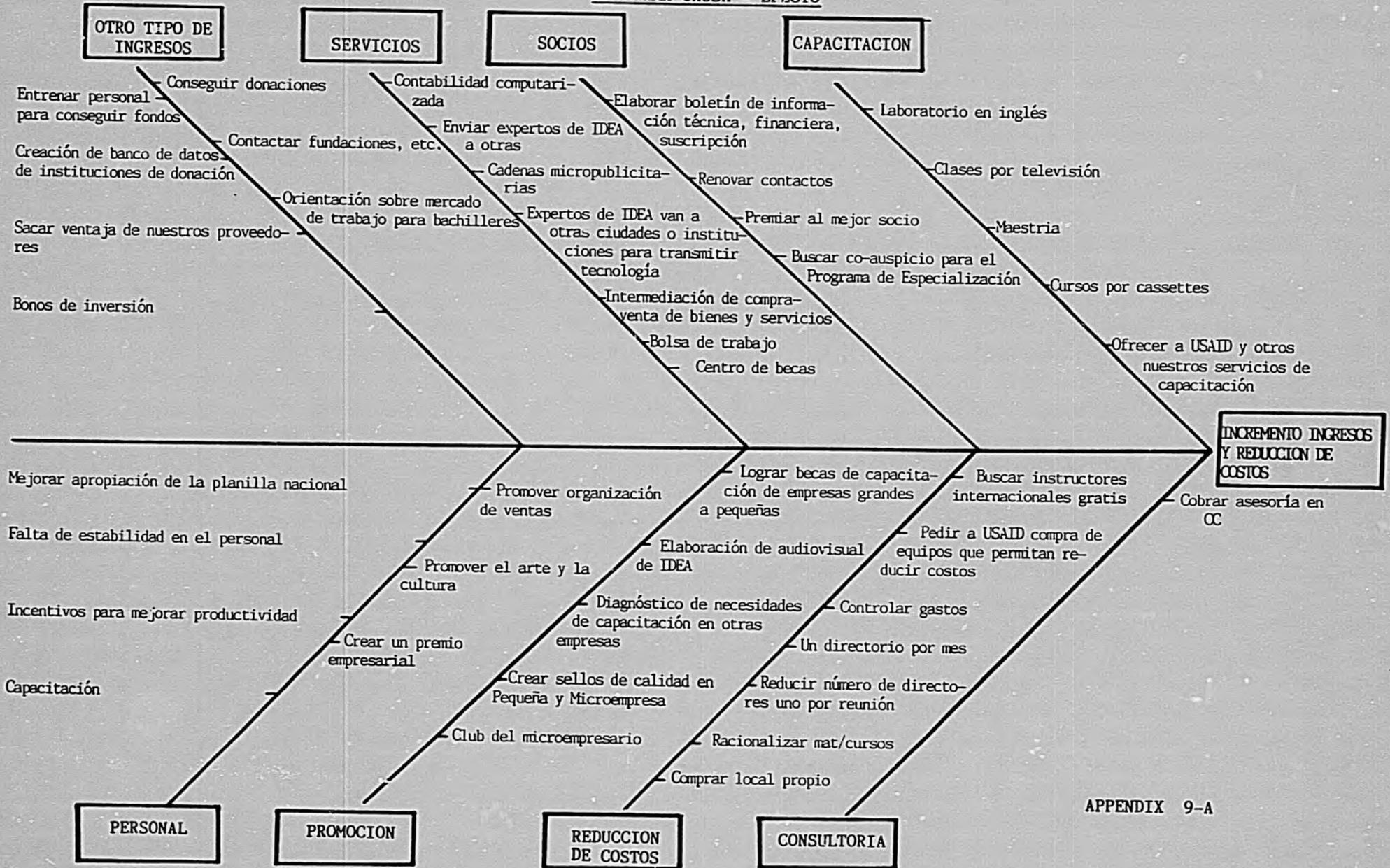
- Presentation and in-house training in Spanish
- Data base specific training
- Tailored source materials and contacts
- Information on how to establish the grants/resource library
- Training on proposal writing (and, depending on the time frame, in-depth proposal writing training)
- Strategies for seeking support in a) operational funds, b)

exchange professorships, c) training software, d) scholarship, grants, etc.

The minimum time would be four days, and can be extended to a maximum of approximately 12 working days. The advantage of a longer time is to obtain in-depth training in proposal writing, completing applications, assessing eligibility requirements and locating sources (in Bolivia and outside)

APPENDIX IX
QUALITY CIRCLES DOCUMENTS

DIAGRAMA CAUSA - EFECTO



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CONCLUSIONS OF QUALITY CIRCLES

ACTIVIDADES	ACCION	SUM 1989	ACTIVIDADES	ACCION	SUM 1990-1991	ACTIVIDADES	ACCION	SUM 1992-1993	TOTAL
NEGOCIACIONES	- CONTACTOS - NEGOCIACIONES - RESPONSABLES, COLABORADORES - CURSOS DE CAPACITACION - APOORTE DE FEDERACION	10,000.-	NEGOCIACIONES	- CONTACTOS - NEGOCIACIONES - RESPONSABLES, COLABORADORES - CURSOS DE CAPACITACION - APOORTE DE FEDERACION	50,000.-	NEGOCIACIONES	- CONTACTOS - NEGOCIACIONES - RESPONSABLES, COLABORADORES - CURSOS DE CAPACITACION - APOORTE DE FEDERACION	50,000.-	
			INCAPITALIZACION INTERESES	- CONSEGUIR CAPITALES	5,000.-	INCAPITALIZACION INTERESES	- CONSEGUIR CAPITALES	5,000.-	110,000.-
SOCIOS	- OFRECER MAS SERVICIOS	5,000.-	SOCIOS	- OFRECER MAS SERVICIOS	5,000.-	SOCIOS	- OFRECER MAS SERVICIOS	7,000.-	18,000.-
OTROS SERVICIOS	- COMITE DE SECAS - CONTABILIDAD COMPUTARIZADA - CIRCULOS DE CALIDAD - TELEFAX - ASESORIA - WORD PROCESSING	3,000.-	OTROS SERVICIOS	- COMITE DE SECAS - CONTABILIDAD COMPUTARIZADA - CIRCULOS DE CALIDAD - TELEFAX - ASESORIA - WORD PROCESSING - LABORATORIO IDIOMAS - VENTA DE CURSOS POR CASSETTE - KNOW-HOW - USO DE IMPRENTA	5,000.-	OTROS SERVICIOS	- COMITE DE SECAS - CONTABILIDAD COMPUTARIZADA - CIRCULOS DE CALIDAD - TELEFAX - ASESORIA - WORD PROCESSING - LABORATORIO IDIOMAS - VENTA DE CURSOS POR CASSETTE - KNOW-HOW - USO DE IMPRENTA - CENTROS DE INFORMACIONES - SERVICIOS DE CONSULTORIA	9,000.-	
						PRACTICA UNIVERSITARIA	- CONTACTAR A UNIVERSIDADES	500.-	18,500.-
OTROS			OTROS			OTROS			
FABRINGS	- VENDER LA IDEA	1,000.-	FABRINGS	- VENDER LA IDEA	1,000.-	FABRINGS	- VENDER LA IDEA	1,400.-	3,400.-
CLUB IDEA	- DEFINIR PLAN DE ACCION	100.-	CLUB IDEA	- DEFINIR PLAN DE ACCION	100.-	CLUB IDEA	- DEFINIR PLAN DE ACCION	300.-	500.-
ORIENTACION PROFESIONAL	- CONTACTO CON COLEGIOS	1,000.-	ORIENTACION PROFESIONAL	- CONTACTO CON COLEGIOS	1,000.-	ORIENTACION PROFESIONAL	- CONTACTO CON COLEGIOS	1,100.-	3,150.-
ASESORIAS EXTRAS PAGADAS	- CONTACTOS	200.-	ASESORIAS EXTRAS PAGADAS	- CONTACTOS	200.-	ASESORIAS EXTRAS PAGADAS	- CONTACTOS	600.-	1,200.-
MICROPUBLICITARIAS	- PLAN DE ACCION	210.-	MICROPUBLICITARIAS	- PLAN DE ACCION	210.-	MICROPUBLICITARIAS	- PLAN DE ACCION	210.-	630.-
INSTRUCTORES VOLUNTARIOS	- ABRIR CONTACTOS	1,050.-	INSTRUCTORES VOLUNTARIOS	- ABRIR CONTACTOS	1,150.-	INSTRUCTORES VOLUNTARIOS	- ABRIR CONTACTOS	1,450.-	3,750.-
			APOYO DE DIRECTORES Y EJECUTIVOS COMO INSTRUC.	- HABLAR A DIRECTORIO	2,000.-	APOYO DE DIRECTORES Y EJECUTIVOS COMO INSTRUC.	- HABLAR A DIRECTORIO	3,000.-	5,000.-
						EDLSA DE TRABAJO	- PLAN DE ACCION	1,000.-	1,000.-
MATRICULAS			MATRICULAS			MATRICULAS			
CAPACITACION	- OFRECER VIDEOS	1,000.-	CAPACITACION	- OFRECER VIDEOS	1,400.-	CAPACITACION	- OFRECER VIDEOS	1,400.-	3,800.-
			OFRECER EXPERTOS A USAD Y OTRAS INSTITUCIONES	- CONTACTAR	3,000.-	OFRECER EXPERTOS A USAD Y OTRAS INSTITUCIONES	- CONTACTAR	4,000.-	7,800.-
		22,550.-			57,210.-			85,960.-	165,720.-

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APPENDIX X

FOOTNOTES

1. Marketing For Non-Profit Organizations, Philip Kotler, p. 347.
2. Op. Cit., page 345.
3. Op Cit., page 348.

CONCLUSIONS OF QUALITY CIRCLES

ACTIVIDADES	ACCION	SUM 1992	ACTIVIDADES	ACCION	SUM 1990-1991	ACTIVIDADES	ACCION	SUM 1992-1993	TOTAL
DONACIONES	- CONTACTOS - NEGOCIACIONES - RESPONSABLES, COLABORADORES - CURSO DE CAPACITACION - APORTE DE FEDERACION	10.000.-	DONACIONES	- CONTACTOS - NEGOCIACIONES - RESPONSABLES, COLABORADORES - CURSO DE CAPACITACION - APORTE DE FEDERACION	30.000.-	DONACIONES	- CONTACTOS - NEGOCIACIONES - RESPONSABLES, COLABORADORES - CURSO DE CAPACITACION - APORTE DE FEDERACION	50.000.-	
ASOCIOS	- OFRECER MAS SERVICIOS	5.000.-	CAPITALIZACION INTERESES	- CONSEGUIR CAPITALES	5.000.-	CAPITALIZACION INTERESES	- CONSEGUIR CAPITALES	5.000.-	110.000.-
OTROS SERVICIOS	- COMITE DE BECAS - CONTABILIDAD COMPUTARIZADA - CIRCULOS DE CALIDAD - TELEFAX - ASESORIA - WORD PROCESSING	3.000.-	ASOCIOS	- OFRECER MAS SERVICIOS	5.000.-	ASOCIOS	- OFRECER MAS SERVICIOS	7.000.-	18.000.-
			OTROS SERVICIOS	- COMITE DE BECAS - CONTABILIDAD COMPUTARIZADA - CIRCULOS DE CALIDAD - TELEFAX - ASESORIA - WORD PROCESSING - LABORATORIO IDIOMAS - VENTA DE CURSOS POR CASSETTE - KNOW-HOW - USO DE IMPRENTA	5.000.-	OTROS SERVICIOS	- COMITE DE BECAS - CONTABILIDAD COMPUTARIZADA - CIRCULOS DE CALIDAD - TELEFAX - ASESORIA - WORD PROCESSING - LABORATORIO IDIOMAS - VENTA DE CURSOS POR CASSETTE - KNOW-HOW - USO DE IMPRENTA - CENTRO DE INFORMACIONES - SERVICIOS DE CONSULTORIA	9.000.-	
OTROS			OTROS			PRACTICA UNIVERSITARIA	- CONTACTAR A UNIVERSIDADES	500.-	18.500.-
FABRINCS CLUB IDEA ORIENTACION PROFESIONAL ASESORIAS EXTRAS PAGADAS MICROPUBLICITARIAS INSTRUCTORES VOLUNTARIOS	- VENDER LA IDEA - DEFINIR PLAN DE ACCION - CONTACTO CON COLEGIOS - CONTACTOS - PLAN DE ACCION - ABRIR CONTACTOS	1.300.- 100.- 1.300.- 250.- 210.- 1.050.-	FABRINCS CLUB IDEA ORIENTACION PROFESIONAL ASESORIAS EXTRAS PAGADAS MICROPUBLICITARIAS INSTRUCTORES VOLUNTARIOS APOYO DE DIRECTORES Y EJECUTIVOS COMO INSTRUC.	- VENDER LA IDEA - DEFINIR PLAN DE ACCION - CONTACTO CON COLEGIOS - CONTACTOS - PLAN DE ACCION - ABRIR CONTACTOS - HABLAR A DIRECTORIO	1.300.- 100.- 1.000.- 250.- 210.- 1.350.- 2.000.-	OTROS	- VENDER LA IDEA - DEFINIR PLAN DE ACCION - CONTACTO CON COLEGIOS - CONTACTOS - PLAN DE ACCION - ABRIR CONTACTOS - HABLAR A DIRECTORIO - PLAN DE ACCION	1.400.- 300.- 1.100.- 500.- 210.- 1.450.- 3.000.- 1.300.-	3.500.- 550.- 3.150.- 1.200.- 630.- 3.700.- 5.000.- 1.000.-
MATRICULAS CAPACITACION	- OFRECER VIDEOS	1.000.-	MATRICULAS CAPACITACION OFRECER EXPERTOS A USAID Y OTRAS INSTITUCIONES	- OFRECER VIDEOS - CONTACTAR	1.000.- 3.000.-	MATRICULAS CAPACITACION OFRECER EXPERTOS A USAID Y OTRAS INSTITUCIONES	- OFRECER VIDEOS - CONTACTAR	1.400.- 4.000.-	3.500.- 7.000.-
		22.580.-			57.210.-			85.960.-	165.730.-

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TABLE

CONSOLIDATED SUMMARY BUDGET: JANUARY 1989 - MARCH 1992

In thousands of U.S. Dollars

Elements	1st Quarter 1989	April 1989 - August 1991			Sept 1991 - March 1992
	(R.P. only)	Total	Regular Program	PROCAF	(PROCAF only)
A. INCOME					
1.1. Generated by IDEA/PROCAF (*)	40	726	570	156	33
1.1.1. Tuition	35	572	416	156	33
1.1.2. Membership	2	46	46	-	-
1.1.3. Services	2	51	51	-	-
1.1.4. Other Sources (**)	1	57	57	-	-
1.2. Private Sector Contribution (**)	-	979	150	829	173
1.3. Government Contribution	-	400	400	-	-
1.4. AID Grant	-	3128	1492	1636	140
1.4.1. Carry-over from previous project (***)	-	-	-	-	-
1.4.2. Fresh-funds	-	-	-	-	-
TOTAL INCOME		5233	2612	2621	346
B. EXPENSES					
2.1. Technical Assistance	40	998	200	798	-
2.2. Training	30	49	49	-	-
2.3. Operating Costs (****)	115	1447	1113	334	80
2.4. Equipment	40	197	117	80	-
2.5. Course Costs	24	681	277	404	55
2.5.1. Furnished through foreign firms	-	296	-	296	21
2.5.2. Furnished locally	24	385	277	108	34
2.6. Building	-	300	300	-	-
2.7. Contingencies	-	470	450	20	5
TOTAL EXPENSES	249	4142	2506	1636	140

(*) Exclusive of matching-funds for the purchase of the building. For this reason the amount of this line differs from the one shown in table
 (**) includes matching-funds for the purchase of the building. The rest (USD 1,002,000) are salaries for personnel in training and, therefore, do not receive IDEA'S finances.
 (***) Balance from previous period
 (****) includes fees paid to IDEA by AID for handling PROCAF

In thousands of U.S. dollars

CONSOLIDATED BUDGET: JANUARY 1989 - MARCH 1992

Elements	1st Quarter 1989	April - December 1989			1990			January - August 1991			Sept. 1991 - March 1992
	(R.P. only)	Total	Regular Program	PROCAF	Total	Regular Program	PROCAF	Total	Regular Program	PROCAF	(PROCAF only)
A. INCOME											
1.1. Generated by IDEA/PROCAF (*)	40	209	160	49	298	231	67	219	179	40	33
1.1.1. Tuition											
1.1.2. Membership	35	169	120	49	231	121	67	165	125	40	33
1.1.3. Services	2	13	13		18	18		15	15		
1.1.4. Other Sources (**)	2	13	13		20	20		18	18		
1.2. Private Sector Contribution (**)	1	14	14		22	22		21	21		
1.3. Government Contribution	-	257	-	257	508	150	358	214	-	214	173
1.4. FID Grant	-	150	150	-	150	150	-	100	100	-	-
1.4.1. Carry-over from previous project (***)		997	500	497	1412	654	758	719	338	381	140
1.4.2. Fresh funds											
TOTAL INCOME		1613	810	805	2369	1485	1183	1252	617	635	346
B. EXPENSES											
2.1. Technical Assistance	40	290	90	200	463	65	398	245	45	200	-
2.2. Training	30	26	26	-	15	15	-	8	8	-	-
2.3. Operating Costs (***)	115	451	343	108	597	461	136	398	309	89	80
2.4. Equipment	40	95	45	50	75	45	30	27	27	-	-
2.5. Course Costs	24	219	86	133	296	110	186	167	71	96	55
2.5.1. Furnished through foreign firms		102	-	102	143	-	143	51	-	51	21
2.5.2. Furnished locally	24	117	86	31	153	110	43	116	81	35	34
2.6. Building	-	-	-	-	300	300	-	-	-	-	-
2.7. Contingencies	-	206	200	6	158	150	8	106	100	6	5
TOTAL EXPENSES	249	1287	790	497	1904	1146	758	951	570	381	140

(*) Exclusive of merchandise for the purchase of the building. For this reason the amount of this line differs from the one shown in Table
 (***) Includes merchandise for the purchase of the building. The rest (US\$1,002,000) are salaries for personnel in training and, therefore, do not accrue IDEA's funds
 (*) Balance from previous period
 (***) Includes fees paid to IDEA by AID for handling PROCAF

TABLE

FINANCIAL PLAN OF IDEA (Regular Program, Exclusive of PROCAF)

SUMMARY APRIL 1989 - AUGUST 1991

In thousand of U.S. Dollars

Elements	TOTAL	AID	IDEA	GOVERNMENT
<u>A. INCOME</u>				
1.1. <u>Generated by IDEA</u>	<u>720</u>		<u>720</u>	
1.1.1. Tuition	416		416	
1.1.2. Membership	46		46	
1.1.3. Services	51		51	
1.1.4. Other Sources	207 (*)		207	
1.2. <u>GOB Contribution</u>	<u>400</u>			400
1.3. <u>AID Grant</u>	<u>1492</u>	<u>1492</u>		
1.3.1. Carry-over of surplus funds from previous project				
1.3.2. Fresh-funds				
<u>TOTAL INCOME</u>	<u>2612</u>	<u>1492</u>	<u>720</u>	<u>400</u>
2.1. <u>Technical Assistance</u>	<u>200</u>	200		
2.1.1. T.A.	130	130		
2.1.2. Special Activities	70	70		
2.2. <u>Training</u>	<u>49</u>	49		
2.3. <u>Operating Costs</u>	<u>1115</u>	891	222	
2.4. <u>Equipment</u>	<u>117</u>	117		
2.5. <u>Course Costs</u>	<u>277</u>	35 (**)	242	
2.6. <u>Building</u>	<u>300</u>	150	150	
2.7. <u>Contingencies</u>	<u>450</u>	50		400
<u>TOTAL EXPENSES</u>	<u>2506</u>	<u>1492</u>	<u>614</u>	<u>400</u>

(*) includes working-funds (US\$ 150,000) for the purchase of the building

(**) New Regional Centers

CONSOLIDATED SUMMARY BUDGET: REGULAR PROGRAM (APRIL 1989 - AUGUST 1991) AND PROCAF (APRIL 1989 - MARCH 1992)

In thousands of U.S. Dollars

Elements	TOTAL			A.I.D.			IDEA			Private Sector			Government		
	Total	R.P.	PROCAF	Total	R.P.	PROCAF	Total	R.P.	PROCAF	Total	R.P.	PROCAF	Total	R.P.	PROCAF
A. INCOME															
1.1. Generated by IDEA/PROCAF (**)	759	570	189				759	570	189						
1.1.1. Tuition (*)	605	416	189												
1.1.2. Membership	46	96						416	189						
1.1.3. Services	51	51						46							
1.1.4. Other Sources (**)	57	57						51							
1.2. Private Sector Contribution (***)	1152	150	1002												
1.3. Government Contribution	400	400	-							1152	150	1002			
1.4. AID Grant	3268	1492	1776	3268	1492	1776							400	400	-
1.4.1. Carry-over from previous project															
1.4.2. Fresh funds			1776			1776									
TOTAL INCOME	5579	2612	2967	3268	1492	1776	759	570	189	1152	150	1002	400	400	-
B. EXPENSES															
2.1. Technical Assistance	998	200	798	998	200	798									
2.1.1. T.A.	928	130	798	928	130	798									
2.1.2. Special Activities	70	70	-	70	70	-									
2.2. Training	49	49	-	49	49	49									
2.3. Operating Costs (****)	527	1113	414	1305	891	414	222	222							
2.4. Equipment	197	117	80	197	117	80									
2.5. Course Costs	736	277	459	494	35	459	242	242							
2.5.1. Furnished through foreign firms	317	-	317	317	-	317	-	-							
2.5.2. Furnished locally	419	277	142	177	35	142	242	242							
2.6. Building	300	300	-	150	150	-					150				
2.7. Contingencies	475	450	25	50	50	25									
TOTAL EXPENSES	4282	2506	1776	3268	1492	1776	464	464	-	150	150	-	400	400	-

*) Tuition fees earned by PROCAF are unavailable until the end of the project. They must be deposited in an escrow account.
 **) Exclusive of working funds for the purchase of the building. For this reason, the amount of this line differs from the one shown in Table
 ***) Includes working funds for the purchase of the building. The rest (USD 1,002,000) are salaries for personnel in training and, therefore, do not accrue to IDEA finances
 ****) Includes fees paid to IDEA by AIB for the handling of PROCAF

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Element's	TOTAL			A.I.D.			IDEA			Private Sector			Government		
	Total	R.P.	PROCAF	Total	R.P.	PROCAF	Total	R.P.	PROCAF	Total	R.P.	PROCAF	Total	R.P.	PROCAF
	A. INCOME														
1.1. Generated by IDEA/PROCAF (AAA)	726	570	156				726	570	156						
1.1.1. Tuition (AA)	572	416	156				572	416	156						
1.1.2. Membership	46	46					46	46							
1.1.3. Services	51	51					51	51							
1.1.4. Other Sources (AAA)	57	57					57	57							
1.2. Private Sector Contribution (AAAA)	979	150	829							979	150	829			
1.3. Government Contribution	400	400	-										400	400	-
1.4. AID Grant	3128	1492	1636	3128	1492	1636									
1.4.1. Carry-over from previous project															
1.4.2. Fresh-funds															
TOTAL INCOME	5233	2612	2621	3128	1492	1636	726	570	156	979	150	829	400	400	-
EXPENSES															
1. Technical Assistance	998	200	798	998	200	798									
1.1.1. T.A.	928	130	798	928	130	798									
1.1.2. Special Activities	70	70	-	70	70	-									
2. Training	49	49	-	49	49	-									
3. Operating Costs (AAAA)	1497	1113	384	1225	891	334	222	222							
4. Equipment	197	117	80	197	117	80									
5. Course Costs	681	277	404	439	25	404	242	242							
5.1. Furnished through foreign firms	296	-	296	296	-	296	-	-							
5.2. Furnished locally	385	277	108	143	25	108	242	242							
6. Building	300	300	-	150	150	-				150	150				
7. Contingencies	470	450	20	70	50	20									
TOTAL EXPENSES	4142	2506	1636	3128	1492	1636	464	464	-	150	150	-	400	400	-

Please note that PROCAF lasts three full years, e.g. until March 1992. This table is restricted to the 29-month period when both the Regular Program and PROCAF overlap. For the complete PROCAF summary over 3 years, see table
 Tuition fees earned by PROCAF are available until the end of the 1st year. They must be deposited in an escrow account.
 Exclusive of merchandise for the purchase of the building. For this reason, the amount of this line differs from the one shown in table
 a) Includes merchandise for the purchase of the building. The rest (USD 829,000) are salaries for personnel in training and, therefore, do not accrue to IDEA's finances.
 b) Includes fees paid to IDEA as AID for the building of PROCAF

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TABLE

FINANCIAL PLAN OF IDEA (Regular Program, Exclusive of PROCAF)

In thousands of U.S. Dollars

Elements	1 st Quarter 1989				April-December 1989				1990				January-August 1991			
	Total	AID	IDEA	Govt.	Total	AID	IDEA	Govt.	Total	AID	IDEA	Govt.	Total	AID	IDEA	Govt.
A. INCOME																
1.1. Generated by IDEA	40		40		160		160		381		381		179		179	
1.1.1. Tuition	35		35		120		120		171		171		125		125	
1.1.2. Membership	2		2		13		13		18		18		15		15	
1.1.3. Services	2		2		13		13		20		20		18		18	
1.1.4. Other Sources	1		1		14		14		172		172 (**)		21		21	
1.2. GoB contribution	-		-		150		150		150		150		100		100	
1.3. AID Grant					500	500			654	654			338	338		
1.3.1. Carry-over of surplus funds from previous project (*)									-	-						
1.3.2. Fresh funds									654	654			338	338		
TOTAL INCOME			40	-	710	500	160	150	1185	654	381	150	617	338	179	100
B. EXPENSES																
2.1. Tech. Assistance	40	40			90	90			65	65			45	45		
2.1.1. T.A.	40	40			70	70			40	40			20	20		
2.1.2. Special Activities	-				20	20			25	25			25	20		
2.2. Training	30	30			26	26			15	15			8	8		
2.3. Operating Costs	115	107	8		343	271	69		461	369	92		309	248	61	
2.4. Equipment	40	40			45	45			45	45			27	27		
2.5. Course Costs	24		24		86	15 (**)	71		110	10	100		81	10	71	
2.6. Building	-								300	150	150					
2.7. Contingencies	-				200	50	150		150		150		100			100
TOTAL EXPENSES	249	217	32	-	790	500	140	150	1146	654	342	150	530	338	132	100

(*) Balance from previous year/period

(**) Includes working-funds (US\$ 150,000) for the purchasing of the building

(***) New Regional Centers

TABLE
FINANCIAL INDICATORS. (Regular Program, Exclusive of PROCAF)

	1 st Quarter 1989	April-Dec. 1989	1990	Jan.-Aug. 1991
a. $\frac{\text{Income Generated by IDEA}}{\text{Operating Costs + Course Costs}}$ (%)	28.8	37.3	40.5	45.9
b. $\frac{\text{Operating Costs}}{\text{Operating Costs + Course Costs}}$ (%)	82.7	80.0	80.7	79.2
c. $\frac{\text{Tuition}}{\text{Operating Costs}}$ (%)	30.4	35.0	37.0	40.5
d. $\frac{\text{Income Generated by IDEA}}{\text{Operating Costs}}$ (%)	34.7	46.7	50.0	57.8
e. $\frac{\text{Operating Costs + Course Costs}}{\text{Income Generated by IDEA}}$ (US\$)	3.47	2.68	2.47	2.18
f. $\frac{\text{Operating Costs}}{\text{Income Generated by IDEA}}$ (US\$)	2.88	2.14	2.00	1.73
g. $\frac{(\text{Operating Costs + Course Costs}) \text{ paid by AID}}{\text{Operating Costs + Course Costs}}$ (%)	77.0	67.4	66.4	66.1
h. $\frac{(\text{Operating Costs + Course Costs}) \text{ paid by AID}}{\text{Income Generated by IDEA}}$ (US\$)	2.68	1.81	1.64	1.44
i. $\frac{\text{Income Generated by IDEA}}{(\text{Operating Costs + Course Costs}) \text{ paid by AID}}$ (%)	37.3	55.2	61.0	69.4

TABLE

FINANCIAL PLAN OF PROCAF. SUMMARY APRIL 1989 - MARCH 1992
 In thousands of US Dollars

Elements	Total	Sub-total April 1989 - August 1991	Sub-total September 1991 - March 1992
<u>A. INCOME</u>			
1.1. <u>Generated by PROCAF</u>	<u>189</u>	156	33
1.1.1. Tuition	189	156	33
1.2. <u>Private Sector Contribution (*)</u>	<u>1.002</u>	829	173
1.3. <u>AID Grant</u>	<u>1.776</u>	1.636	140
<u>TOTAL INCOME</u>	<u>2.967</u>	2.621	346
<u>B. EXPENSES</u>			
2.1. <u>Technical Assistance</u>	<u>798</u>	798	-
2.2. <u>Training</u>	-	-	-
2.3. <u>Operating Costs</u>	<u>414</u>	334	80
2.3.1. PROCAF Direct Costs	188	150	38
2.3.2. IDEA Overhead Costs (**)	226	184	42
2.4. <u>Equipment</u>	<u>80</u>	80	-
2.5. <u>Course Costs</u>	<u>459</u>	404	55
2.5.1. Furnished through foreign firms	317	296	21
2.5.2. Local Costs	142	108	34
2.6. <u>Contingencies</u>	<u>25</u>	20	5
<u>TOTAL EXPENSES</u>	<u>1.776</u>	1.636	140

(*) Salaries for Personnel in training. Do not accrue to IDEA's finances

(**) Includes US\$ 64 thousand of fees paid to IDEA by AID for the handling of PROCAF

TABLE

FINANCIAL PLAN OF PROCAF

In thousands of U.S. Dollars

Elements	April- Dec. 1989	1990	Jan.- August 1991	Sept. 1991- March 1992
A. INCOME				
1.1. <u>Generated by PROCAF</u>	49	67	40	33
1.1.1. Tuition (*)	49	67	40	33
1.2. <u>Private Sector Contribution (**)</u>	257	358	214	173
1.3. <u>AID Grant</u>	497	758	381	140
TOTAL INCOME	803	1183	635	346
B. EXPENSES				
2.1. <u>Tech. Assistance</u>	200	398	200	-
2.2. <u>Training</u>	-	-	-	-
2.3. <u>Operating Costs</u>	108	136	89	80
2.3.1. PROCAF Direct Costs	45	62	42	38
2.3.2. IDEA Overhead Costs (***)	63	74	47	42
2.4. <u>Equipment</u>	50	30	-	-
2.5. <u>Course Costs</u>	133	186	86	55
2.5.1. Furnished through foreign firms	102	143	51	21
2.5.2. Local Costs	31	43	35	34
2.6. <u>Contingencies</u>	6	8	6	5
TOTAL EXPENSES	497	758	381	140

(*) Unavailable until the end of the project. Tuition fees must be deposited in an escrow account.

(**) Salaries for personnel in training, P.S. contribution does not accrue to IDEA

(***) Includes fees paid to IDEA by AID for handling PROCAF

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