

**PROGRAM OF SUPPORT FOR A MASTER'S DEGREE PROGRAM WITH A  
SPECIALIZATION IN PUBLIC POLICY ANALYSIS AND GOVERNMENT MANAGEMENT**

(TC-90-06-01-7-RG)

**EXECUTIVE SUMMARY**

**REQUESTER:** Institute of Advanced Studies in Administration (IESA)

**EXECUTING AGENCY:** Institute of Advanced Studies in Administration (IESA)

**BENEFICIARIES:** Borrowing member countries of the Bank

**FINANCING:** IDB: (Local Venez. currency) US\$1,040,000 (FSO)  
Local counterpart funding: US\$1,040,000  
Total: US\$2,080,000

**TERMS:** Execution period: 4 years  
Disbursement period: 5 years

**ENVIRONMENTAL  
CLASSIFICATION:** The Environment Committee, at its meeting of July 29, 1991, classified the program as a Category II operation.

**OBJECTIVES:** The objective of the program is to support the training of human resources capable of managing public-sector restructuring and rationalization processes, both local and national, in Latin America, with particular emphasis on the formulation and implementation of public policies in the economic and social areas.

**DESCRIPTION:** The anticipated outcomes of the program would be:

- a. Training of 60 high-level professionals (30 from the region and 30 from Venezuela) in the areas of public management and policy analysis.
- b. Applied research work performed by the professors and participants.
- c. Dissemination of research findings and promotion of public debate in those areas through publications and events.

The specialization in policy analysis and government management, known as the public policy major, was first offered in September 1991, with the assistance of an outstanding faculty of professors (see Annex I). It takes its place with other specialization options currently offered by the IESA to students in the master's program in administration.

The present technical-cooperation program would comprise two cycles. Fifteen foreign students (from countries of the Andean Group and other Group C and D countries in the region) and 15 Venezuelan students would receive study grants in each 24-month cycle. The first academic cycle under the Latin American program would run from July 1996 to July 1998 and the second from July 1997 to July 1999. The July start date is only for those students whose acceptance is conditional on their passing a mathematics equivalence course. Otherwise the program begins in September.

Execution of the program would be entrusted to the IESA, which would be responsible for its academic, technical, organizational, and logistical support aspects. The programming and ongoing evaluation of program activities will be carried out by a Programming and Evaluation Committee made up of the Institute's Academic Council and the director/coordinator of the program.

**BENEFITS:**

The program is already turning out a group of highly qualified specialists in public-policy analysis, who are proving to be of considerable value in terms of modernizing the state, not only through their direct contributions as civil servants but also through the support that the various government agencies receive from those who turn to consulting and advisory work in this sector. By supporting the training of 60 additional professionals in the region, the Bank's participation would serve to spread still further the benefits of the work being done at the IESA.

Another benefit of the program is that it would intensify academic exchanges with the world's top-flight teaching centers, which would make important experience available to the region's professionals and researchers. The IESA currently has student exchange agreements with the University of North Carolina at Chapel Hill, Cornell University, York University (Toronto), and the London Business School, which allow students to take classes for a term or a semester abroad. The Public Policy Center has entered into similar agreements for students majoring in public policy analysis.

**RISKS:**

Although demand far outstrips admission capacity for the master's program (of the 500 or so hopefuls who apply each year, an average of 100 are admitted), one risk for the program is that it may prove difficult to identify enough candidates eligible for the Bank-financed study grants in time for them to enroll for

the 1996 academic year. The staff of IESA have accordingly made plans to promote the program in Latin American countries, so as to elicit applications from candidates who, without the offer of study grants, would not apply for the master's program. It is also hoped to publicize the program by means of pamphlets, notices, and press releases so as to disseminate the necessary information to prospective candidates.

Another risk is that the program may train people who are not useful to the public sector, either because government salaries are not attractive to these graduates, who therefore do not enter government service, or because they find work in the private sector more appealing. In this connection, the experience already accumulated in the program shows that many graduates are in fact hired into the public sector.

Some program graduates have received offers of positions involving considerable responsibility that make up in experience what pay in the sector sometimes lacks in attractiveness. Others have been hired as full-time advisors at higher salaries. A third way in which these students contribute to the public sector is through the ongoing research they conduct before and after graduation, which serves to enrich the stock of available information as well as what might be called the bank of proposals for modernizing and restructuring the state.

**SPECIAL  
ASPECTS:**

The present program was originally submitted to the Bank in 1990. In July 1993 it was presented to and approved by the Loan Committee with some minor comments which are taken into account in the present plan of operations. The operation was not processed in the customary manner as too little Venezuelan local currency was available at the time. This problem was resolved a short time ago, and the Government of Venezuela has taken appropriate steps to make available to the Bank the amount required to execute the present program.

Since start-up expenses for implementing the program would exceed the 10% earmarked as a revolving fund in Bank programs, it is proposed that the fund be increased to 20%.

## I. BACKGROUND

- 1.1 In the last ten years Latin America has undergone a series of far-reaching changes in the economic and social fields. The region is facing an important era of transition. This transition depends on the success of the processes of restructuring the public and private sectors which are moving ahead in the various countries. Among other things, these processes involve the formulation and implementation of policies to tackle the problems of public-sector financing, distortions in resource allocation, over-centralization, and administrative inefficiencies.
- 1.2 To assure the success of these processes now under way, it is essential to train enough public-sector officials in the region, at both national and local levels, to analyze and develop policies that will serve to modernize and strengthen the sector's management capacities. Latin America therefore needs centers dedicated to the training of future managers and technicians, policy analysts who will be capable of managing the process of restructuring and rationalizing the public sector.
- 1.3 The Institute of Advanced Studies in Administration (IESA) has more than 30 years of experience in the field of private and public administration, excelling in both teaching and research. Its researchers and professors have earned international renown through their participation in public and private projects. Their publications, many of them in the areas of economics and public policy, are frequently used as reference materials throughout the region.
- 1.4 The IESA has experience with training programs at the regional level and in the design and execution of special programs for public enterprises and other government agencies. The IESA has a full-time faculty of 20 professors and 24 researchers (with broad experience in the area) and its own publishing house, computer center, and library. In addition, five associate professors and some 50 occasional lecturers are involved in the Institute's academic activities. (A list of its professors and researchers can be found in Annex I.)
- 1.5 In 1991 the IESA instituted a new area of specialization, specifically designed to meet the need to train public-sector officials in Venezuela and the region at large. Aside from the training of suitable individuals, its primary goal was to fill a teaching gap that has prevented the adequate training of top-level professionals. The shortage of specialized human resources in this area is a matter of common knowledge, despite the efforts of other academic institutions in the region.

- 1.6 At the present time, the programs for restructuring, modernizing and liberalizing governments and economies call for professionals with profiles similar to those which the IESA's master's program has been turning out. In addition, experience with this kind of master's program acts as an incentive for national projects by virtue of the teaching materials generated and the lessons taught.
- 1.7 The IESA's master's program in public policy has produced 20 graduates since 1993, when the first students in this major obtained their degrees. With IDB support it is hoped to graduate an average of 15 students from Latin America and about 15 from Venezuela each year, under the sponsorship of the IESA or another national public institute.
- 1.8 It is worth noting that, apart from the students pursuing a master's in public policy, a large proportion of those taking their master's in business administration - the IESA's traditional graduate degree program - decide to take optional courses in public policy and write their degree theses on subjects from the public policy major. In fact, more than half of the theses in recent years have been written on topics from this specialization.
- 1.9 Of the students graduating with a master's degree, whether in the public policy major or in the business administration major with theses written on public policy, a sizable number have entered employment in the public-sector. Public sector agencies employing IESA graduates include the Central Planning Office (Cordiplan), the Ministry of Finance, the Superintendency for the Promotion of Free Competition, the Superintendency of Banks, and state and local governments. Also, others have formed their own consulting businesses and are engaged as advisors to public agencies on such varied assignments as support to the process of privatizing and restructuring the public sector, and decentralization and reform of the state.
- 1.10 Finally, between 10% and 15% of the average of 100 master's program enrollees are foreign students attending courses at the IESA under the exchange program. Most are avid followers of public policy courses. Some of them are particularly interested in these subjects and carry out research work on topics related to Latin America.
- 1.11 Students who have signed up for master's program hail from such universities as the University of North Carolina at Chapel Hill, Cornell University, Emory University, Babson College, the University of Texas at Austin, the University of Maryland, the University of California at Los Angeles (USA), York University (Canada), the Technological Institute of Advanced Studies at Monterrey (Mexico), the Graduate School of Business Administration (Peru), the London Business School (England), the Advanced School of Studies in Administration and Corporate Management (Spain), the University of Paris-Dauphine (France), the University of Antwerp

(Belgium), and the Koblenz School of Corporate Management (Germany).

- 1.12 It should also be mentioned that one of the areas of specialization which the IESA has offered to master's students in the past is that of administration of state enterprises and services (MAESE). Through it the Institute has promoted and conducted research and consultancies which have enabled it to build up a store of knowledge and experience on the public sector.
- 1.13 In addition to the regular students attending the Institute, the IESA has requested the Bank's cooperation to: (i) include up to 30 students from the region who would be financed by Bank resources, together with an equal number of Venezuelans to be funded by the IESA, in its master's in public policy; (ii) consolidate the core academic/teaching and research faculty within the major; and (iii) conduct and disseminate its research work.

## II. OBJECTIVE

- 2.1 The objective of the program is to support the training of human resources capable of managing public-sector restructuring and rationalization processes, both local and national, in Latin America, with particular emphasis on the formulation and implementation of public policies in the economic and social areas.

## III. RESULTS

- 3.1 The anticipated outcomes of the program would be:
  - a. The training of 60 high-level professionals (30 from the region and 30 from Venezuela) in the areas of public management and policy analysis, with emphasis on privatization, decentralization, redefinition of social policies, and fiscal reform.
  - b. Applied research work performed by the professors and participants. It is hoped that this work would contribute to a rigorous study of the process of restructuring the public sector in Latin America.
  - c. Dissemination of research findings and promotion of public debate in those areas through a wide range of publications and events.

- 3.2 With respect to specific outcomes for participants, the master's program aims at developing in students:
- a. The analytical and managerial capacity to cope effectively with the complex problems facing society, by using their skills to the full.
  - b. The insight to discern actual conditions on the ground in Latin America, so that they can design - and effectively and efficiently manage - the policies, projects, and programs best suited to its needs.
  - c. A sense of the ethics that ought to guide the actions of those who lead others, and a vision of the leader's responsibility vis-à-vis society and its organizations.
- 3.3 The research and the events organized to publicize it should lead to a broader understanding of the restructuring process. Specific outcomes would accordingly include:
- a. To facilitate and broaden the availability of published studies in Spanish, by filling gaps in knowledge through rigorous analysis of cases focusing specifically on public-sector restructuring issues.
  - b. To bring out an economics textbook on the public sector in Latin America that would serve to refine methodological tools and offer the most up-to-minute theoretical knowledge regarding the current status of public-policy analysis, using examples recently applied, or capable of application, to Latin America.
  - c. To organize publicity events so as to provide a forum for public debate on how to steer current trends in public policy analysis toward a new consensus for redefining the role of the public sector in development.

#### IV. DESCRIPTION OF THE PROGRAM

##### A. Academic aspects

- 4.1 The specialization course in policy analysis and government management, known as the public policy major, was first offered in September 1991, with the assistance of an outstanding faculty of professors (see Annex I). It takes its place with other specialization options currently offered by the IESA to students in the master's program in administration.
- 4.2 The present technical-cooperation program would comprise two cycles. Fifteen foreign students (from countries of the Andean

Group and other Group C and D countries in the region) and 15 Venezuelan students would receive study grants in each 24-month cycle. The first academic cycle under the Latin American program would run from July 1996 to July 1998 and the second from July 1997 to July 1999. The July start date is only for those students whose acceptance is conditional on their passing a mathematics equivalence course. Otherwise the program begins in September.

- 4.3 In September 1991 the IESA inaugurated the master's program with nine participants, and 20 have graduated to date. Each cycle is divided into six terms with a total of 24 subjects, 19 compulsory and five optional (see Annex II.) There are provisions, in special cases, for some participants to move on to more advanced material subject to passing special placement tests. (A description of the curriculum is presented in Annex II.) The students are also required to take part in three special workshops and monthly colloquia.
- 4.4 To earn their degree, the program requires students to secure approval of an individual final project (see Annex III). Students in this major select their mentor and topic in the fourth term and complete their projects during the public policy research seminar in their final term.
- 4.5 As part of the curricular requirements, students must complete an internship at a public agency in July/August of their third and fourth term. Experience in this respect has been highly positive, in that it gives students the opportunity to work in an area related to the final project which they will be preparing in the terms that follow. This chance to research a topic under the guidance of an individual mentor provides the necessary flexibility to cover such aspects as the environment, agriculture, technology, transportation, health, regional integration, etc.
- 4.6 The specialized subjects are designed to train participants in the systematic study of public programs and policies in each of their phases - formulation, implementation and impact - using advanced analytical techniques. The aim is also to achieve a productive empathy between the technical side and such aspects as the cost-benefit analysis of proposals, administrative constraints that affect them, and conflicts between values and ideologies.
- 4.7 The program would comprise not only academic and teaching work but also the carrying out and dissemination of case studies and research work and the promotion of public discussion through a variety of publications and special events, with particular reference to the areas involved in the restructuring process.
- 4.8 With respect to these events, a series of workshops with a regional slant would be organized, focusing on current trends and newly emerging consensuses in the area of public-policy analysis, with



special emphasis on the process of restructuring the public sector in Latin America.

- 4.9 It is estimated that about 180 persons would attend, including 18 foreign experts from the public sector or recognized research and teaching centers. The foreign experts' travel and subsistence expenses would be paid out of the Bank's contribution.
- 4.10 Publications would comprise (i) an economics textbook on the public sector in Latin America; (ii) the working papers commissioned for the workshops; (iii) two case studies for teaching purposes; (iv) two working papers; and (v) two monographs.
- 4.11 For the monographs, a comparative analysis would be made of the policies governing the control and transfer of technology and civil service reform. The working papers would focus on the financing of public education and the organizational and institutional restructuring of the public sector.

#### B. Execution

- 4.12 Execution of the program would be entrusted to the IESA, which would be responsible for its academic, technical, organizational, and logistical support aspects. The programming and ongoing evaluation of program activities will be carried out by a Programming and Evaluation Committee made up of the Institute's Academic Council and the director/coordinator of the program.
- 4.13 Selection of the study grant recipients would be entrusted to the director/coordinator of the program, subject to approval by the IESA's Academic Council and the Bank. Enrollment in the program would be open to any participant meeting the requirements for admission (see Annex IV). It should be noted that study grant recipients would undertake to join the public sector and/or sponsoring academic institutions in their respective countries, in accordance with the laws and requirements in effect in their respective countries of origin.

#### C. Monitoring and reports

- 4.14 The Programming and Evaluation Committee, made up of the Institute's Academic Council and the director/coordinator of the program, will be responsible for (i) monitoring; (ii) coordination of activities; and (iii) harmonization and evaluation of the program. It will also perform two important functions: (i) to select study grant recipients; and (ii) to devise mechanisms to assure the future sustainability of this specialization program at the end of the initial Bank-supported phase.

4.15 The IESA will be required to submit to the Bank for its approval:

- a. Progress reports. Within 30 days of the conclusion of each year of classes, a progress report is to be submitted containing a breakdown of the activities carried out, together with an evaluation of them, and recommendations on actions to be taken in the next cycle, including possible changes in the subjects covered.
- b. A final report. Within 60 days of the completion of the second cycle, a final report is to be submitted containing a summary evaluating the activities carried out against the planned objectives.
- c. Financial reports. (i) Annual, within 90 days following the end of each year; and (ii) final, within 90 days following the last disbursement. The financial reports, audited by independent external auditors to be selected with the Bank's approval, will provide a detailed accounting of the use made of the Bank's contribution and of the counterpart contribution.
- d. Ex post evaluation report. Six months after submission of the final report on the program, an evaluation report on its impact and on the dissemination of its results will be presented to the Bank. The report will indicate the duties and place of employment of the study grant recipients in their respective countries to allow the program to be monitored.

D. Cost and financing

4.16 The origin and application of the funds needed to implement the program are as follows:

Table of costs  
(in US\$ thousands)

	IDB	IESA	TOTAL
2 Academic personnel		298.9	298.9
3 Study grant recipients	855	390	1,245
5 Recruitment travel	16.5		16.5
6 Support costs	20	174.5	194.5
7 Publications and events	74	114	188
8 Independent evaluation	21.5		21.5
96 Operating expenses		30	30
98 Contingencies	53	32.6	85.6
TOTAL	1,040	1,040	2,080

The detailed budget is contained in Annex V.

- 4.17 The total cost of the program would amount to the equivalent of US\$2.08 million. The Bank's contribution would be up to the equivalent of US\$1.04 million, nonreimbursable, drawn on the net income of the Fund for Special Operations, and that of the IESA the equivalent of US\$1.04 million. Disbursements would be made in accordance with Bank procedures. The funds would be administered by the IESA in accordance with the Bank's procedures and disbursements would be made exclusively in local currency.
- 4.18 The Bank may establish a revolving fund equivalent to up to 20% of its total contribution (US\$208,000). As a condition precedent to the first disbursement of the Bank's contribution, the executing agency shall submit to the Bank authenticated copies of the signatures of the officials designated to represent the IESA in any act related to the execution of the agreement.
- 4.19 The Bank's contribution would be used to finance the following items: (i) registration, subsistence, travel, and insurance; (ii) part of the teaching material for foreign study grant recipients, part of the purchase of books and teaching materials, and part of the publications and events, only up to the amount indicated in the budget; (iii) expenses of preparing working papers for the workshops; and (iv) evaluation costs.
- 4.20 The Bank's contribution will be used exclusively for professionals from the Bank's borrowing member countries, with preference going to those from less developed countries.
- 4.21 For its part, the Institute's contribution would be used to finance (i) registration for Venezuelan students; (ii) part of the publications and events; (iii) part of the purchase of teaching materials; and (iv) logistical support and operating costs of the program.
- 4.22 The Bank would, where necessary, furnish logistical support to the IESA in administering admission examinations at Country Offices in the region. This support would be limited to (i) making one of the conference rooms in the Country Office available for one day; (ii) a secretary to hand out and collect the tests; and (iii) forwarding the papers to the IESA.

## V. BENEFITS AND RISKS

### A. Benefits

- 5.1 The program is already turning out a group of highly qualified specialists in public-policy analysis, who are proving to be of considerable value in terms of modernizing the state, not only through their direct contributions as civil servants but also

through the support that the various government agencies receive from those who turn to consulting and advisory work in this sector. By supporting the training of 60 additional professionals in the region, the Bank's participation would serve to spread still further the benefits of the work being done at the IESA.

- 5.2 The opportunities which students in the business administration program already enjoy to register for optional courses in the public policies major provide a broader perspective for future managers in the private sector to understand political, economic, and social phenomena. This interdisciplinary vantage point makes for a more productive relationship with the public sector and for better communications between the State and society. The program with the Bank would serve to enhance the dynamics of interaction between sectors and the cross-fertilization that this entails.
- 5.3 Another benefit of the program is that it would intensify academic exchanges with the world's top-flight teaching centers, which would make important experience available to the region's professionals and researchers. The IESA currently has student exchange agreements with the University of North Carolina at Chapel Hill, Cornell University, York University (Toronto), and the London Business School, which allow students to take classes for a term or a semester abroad. The Public Policy Center has entered into similar agreements for students majoring in public-policy analysis.

B. Risks

- 5.4 Although demand far outstrips admission capacity for the master's program (of the 500 or so hopefuls who apply each year, an average of 100 are admitted), one risk for the program is that it may prove difficult to identify enough candidates eligible for the Bank-financed study grants in time for them to enroll for the 1996 academic year. The staff of IESA have accordingly made plans to promote the program in Latin American countries, so as to elicit applications from candidates who, without the offer of study grants, would not apply for the master's program. It is also hoped to publicize the program by means of pamphlets, notices, and press releases so as to disseminate the necessary information to prospective candidates.
- 5.5 The admissions process requires candidates for the master's program to sit for an examination in their country of origin. Since the IESA does not have facilities in the countries of the region, it is expected that the Bank's Country Offices will provide the necessary logistical support for administering the exams. Logistical support from these offices in disseminating the promotional material and organizing the exams is vital to assure the success of the program.
- 5.6 Because of the timetable for the admissions exams, which are held in April each year at the latest, it is especially important to allow a reasonable lead time, ideally at least seven months, for

promotion activities. The process of promotion should accordingly begin around October of the year preceding the start of the course.

- 5.7 Another risk is that the program may train people who are not useful to the public sector, either because government salaries are not attractive to these graduates, who therefore do not enter government service, or because they find work in the private sector more appealing. In this connection, the experience already accumulated in the program shows that many graduates are in fact hired into the public sector.
- 5.8 Some program graduates have received offers of positions involving considerable responsibility that make up in experience what pay in the sector sometimes lacks in attractiveness. Others have been hired as full-time advisors at higher salaries. A third way in which these students contribute to the public sector is through the ongoing research they conduct before and after graduation, which serves to enrich the stock of available information as well as what might be called the bank of proposals for modernizing and restructuring the State.

## VI. EVALUATION

- 6.1 The operation should be evaluated by reference to the results described in chapter III of the present plan of operations, and to the activities described in chapter IV. Evaluation activities will be charged to the Bank's contribution.
- 6.2 An ex post evaluation report will be prepared. Six months after submission of the final report on the program, an evaluation report on its impact and on the dissemination of its results will be presented to the Bank. The report will indicate the duties and place of employment of the study grant recipients in their respective countries to allow the program to be monitored. The IESA will be required to submit the terms of reference for the Bank's approval, together with the final report on the program.

PROPOSED RESOLUTION

REGIONAL. NONREIMBURSABLE TECHNICAL COOPERATION FOR THE REALIZATION  
OF THE SUPPORTING PROGRAM TO A MASTER DEGREE IN ANALYSIS  
OF PUBLIC POLITICS AND GOVERNMENTAL MANAGEMENT

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorize, in the name and on behalf of the Bank, to enter into such agreements as may be necessary and to adopt such other measures as may be pertinent for the execution of the plan of operation referred to in Document AT-\_\_\_\_ with respect to a technical cooperation with the Instituto de Altos Estudios de la Administración (IESA) for the realization of the Supporting Program to a Master Degree in Analysis of Public Politics and Governmental Management.

2. That up to the equivalent of US\$1.040.000 in bolivares is authorized for the purpose of this resolution, chargeable to the net income of the Fund for Special Operations.

3. That the above mentioned sum is to be provided on a nonreimbursable basis.