

PD-AAA-799-D1

5190170 (5)

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT PAPER FACESHEET
 TO BE COMPLETED BY ORIGINATING OFFICE

(X) APPROPRIATE BOX

ORIGINAL CHANGE

ADD DELETE

PP
 DOCUMENT CODE
 3

2. COUNTRY/REGIONAL ENTITY/GRANTEE
 El Salvador

3. DOCUMENT REVISION NUMBER
 1

4. PROJECT NUMBER
 519-0170

5. BUREAU
 A. SYMBOL: LA B. CODE: 3

6. ESTIMATED FY OF PROJECT COMPLETION
 FY | 78 |

7. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)
 [FUNDAMENTAL EDUCATION AND SKILL TRAINING]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 A. INITIAL: MO. YR. [1 | 76] B. FINAL FY [7 | 7]

9. SECONDARY TECHNICAL CODES (MAXIMUM SIX CODES OF THREE POSITIONS EACH)

612 613 614 615

10. ESTIMATED TOTAL COST (\$000 OR EQUIVALENT, \$1 = \$2.50)

A. PROGRAM FINANCING	FIRST YEAR			ALL YEARS		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	135		135	384	20	404
(GRANT)	(135)	(-)	(135)	(384)	(20)	(404)
(LOAN)	(-)	(-)	(-)	(-)	(-)	(-)
OTHER 1.	-	-	-	-	-	-
U.S. 2.	-	-	-	-	-	-
HOST GOVERNMENT	-	75	75	-	150	150
OTHER DONOR(S)	-	-	-	-	-	-
TOTALS	135	75	210	384	170	554

11. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)

A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FY 77		INT. QTR		FY 77		ALL YEARS	
			G. GRANT	H. LOAN	I. GRANT	J. LOAN	K. GRANT	L. LOAN		
EH		610	150	-	30	-	239	-	404	-
TOTALS			150	-	30	-	239	-	404	-

12. ESTIMATED EXPENDITURES: 101 60 225

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS) CHECK IF DIFFERENT FROM PID/PRP

[1. Development of institutional capability of the Ministry of Education to plan, manage, and evaluate innovative short-term, non-formal vocational skill training programs for unskilled urban and rural poor citizens.]

14. WERE CHANGES MADE IN THE PID/PRP FACESHEET DATA NOT INCLUDED ABOVE? IF YES, ATTACH CHANGED PID AND/OR PRP FACESHEET.

Yes No

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE: *P. A. ...*

TITLE: *...*

DATE SIGNED: MO. DAY YR. [1 | 1 | 78]

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

MO. DAY YR. [| |]

AID 1330-4 (1/75)

B. Recommendations

	FY 76	5th OTR	FY 77
Grant (Mission)	\$150.0	\$30.0	\$239.0
Total new AID Cbligations			\$404.0



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FOR THE EXPANSION OF THE PROGRAM TO A NATIONAL LEVEL FOR WHICH A SEPARATE CABLE WILL FOLLOW COVERING SPECIFIC CONCLUSIONS OF THE DAEC.

2. THE DAEC ACCEPTED THE MODIFICATIONS MADE TO THE PP BUT NOTED THAT ADDITIONAL REFINEMENT OF THE PROJECT DESIGN AND EVALUATION ASPECTS AS CONTAINED IN THE DETAILED DESCRIPTION AND LOGICAL FRAMEWORK IS NECESSARY. WE UNDERSTAND THAT MISSION REPRESENTATIVES WERE UNABLE TO COMPLETE THIS WORK IN AID/W FOLLOWING THE DAEC AND REQUEST THAT IT BE COMPLETED NOW, SINCE WE CANNOT CONCUR WITH THE MISSION'S APPRAISAL PARA. 3 REFTEL. ALLOTMENT OF FUNDS FOR FY 76 WILL BE

MADE AVAILABLE ON THE UNDERSTANDING THAT REVISION OF THE LOGICAL FRAMEWORK WILL BE COMPLETED AND SUBMITTED TO AID/W WITHIN THIRTY DAYS.

LA/DP/ES IS POUCHING SPECIFIC DETAILED RECOMMENDATIONS FOR MAKING APPROPRIATE MODIFICATIONS. THE PRINCIPAL RECOMMENDATIONS PERTAIN TO PROJECT PURPOSE AND END OF PROJECT STATUS (EOPS) IN ORDER TO PROVIDE, AS THE PRESENT EOPS DOES NOT, THE CRITERIA NEEDED TO EVALUATE "SUCCESSFUL" ACCOMPLISHMENT OF THE PURPOSE.

OTHER RECOMMENDATIONS RELATE TO CLARIFICATION OF PROJECT DESIGN AT THE GOAL LEVEL, WHICH AT PRESENT REPRESENTS A COMPRESSION OF TWO OBJECTIVES IN ONE. BY STRUCTURING A GOAL AND SUB-GOAL LEVEL, WITH APPROPRIATE INDICATORS AND ASSUMPTIONS AT EACH LEVEL, DESIGN IS CLARIFIED AND SURSEQUENT EVALUATION IS CONSIDERABLY FACILITATED.

FINALLY, THE LA/DP/ES MEMORANDUM POINTS OUT SOME CONFUSION IN INDICATORS WHICH PRESENTLY APPEAR AT THE "OUTPUT" LEVEL BUT WHICH MORE APPROPRIATELY ARE MEASURES OF PURPOSE ACHIEVEMENT. (AS PRESENTLY STRUCTURED, PROJECT DESIGNERS HAVE ATTRIBUTED TO THE PROJECT MANAGER RESPONSIBILITY FOR ASSURING CERTAIN ACCOMPLISHMENTS FOR WHICH HE NORMALLY WOULD NOT BE HELD ACCOUNTABLE.)

3. WE HAVE MADE CORRECTIONS IN THE PP TO REFLECT THE ORIGINAL 404,000 DOLLARS FUNDING LEVEL AS INCLUDED IN THE

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ORIGIN AID-25

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DRAFTED BY LA/DR:RPRATT:RV
APPROVED BY AA/LA:HKLEINE
LA/DP:FSZEPEZY (DRAFT)
LA/DR/EST:JSMITH
LA/DP/FS:BGWLDSTEIN (DRAFT)
LA/LEN:R. LEON DE VIVERO
PPC/DPRE:JSHANNON (DRAFT)
LA/OPNS:CUYEHARA
GC/LA:JMARQUEZ LA/DR:MBROWN
LA/DR:CWEINBERG

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TO AMEMBASSY SAN SALVADOR PRIORITY

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E.O. 11652: N/A

TAGS:

SUBJECT:FUNDAMENTAL EDUCATION AND SKILLS TRAINING PROJEL
PAPER

REFERENCE: SAN SALVADOR 0107

1. SUMMARY - THE ASSISTANT ADMINISTRATOR HAS APPROVED THE PROJECT IN THE AMOUNT OF 404,000 DOLLARS BASED ON THE MODIFICATIONS MADE TO IT IN RESPONSE TO THE CONCLUSIONS OF THE DAEC REVIEW. THE MISSION IS AUTHORIZED TO NEGOTIATE AND SIGN A PROJECT AGREEMENT WITH THE GOFS. THE DAEC ALSO APPROVED THE PROJECT REVIEW PAPER

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FY 77 CP. WE UNDERSTAND FROM HANDLER THAT 15,000 DOLLARS
REQUIRED FOR ADDITIONAL RELATED TA IS AVAILABLE FROM OTHER
SOURCE.

4. WE ARE POUCHING COPIES OF MODIFIED PP. PLEASE SEND
COPIES OF MODIFICATIONS TO DETAILED DESCRIPTION AND
LOGICAL FRAMEWORK PER PARA 2 WHEN COMPLETED. KISSINGER

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C. Description of the Project

This two-year grant pilot project has two main purposes:

1. To help develop the institutional capability of the Ministry of Education's Division of Adult Education to plan, administer, and evaluate a comprehensive program of innovative short-term vocational skills training for presently unskilled, poor urban and rural village persons; and

2. To help provide a methodology and services to collect, process, and analyze appropriate data for designing and programming a possible loan-funded expanded project.

1. Development of MOE Institutional Capability

Appropriate vocational/technical skill training courses for El Salvador's actual and potential labor force can be divided into two kinds of programs:

A. Upgrading presently semi-skilled, skilled, and high skilled persons. Within the next several years, the GOES plans to launch a program ("INSAFORP") modelled on other successful Latin American and Central American programs, such as SENA in Colombia, SENAI in Brazil, and INCATEP in Guatemala. A program of this nature is currently outside AID's area of

interest owing to the program's concentration on people who are not considered to be poor and because GOES public and private resources are deemed sufficient to initiate the program. Also, the IBRD has expressed an interest in loan funding such a venture during an expansion stage.

B. Upgrading presently unskilled persons.

Responsibility for developing training programs for unskilled persons has been assigned mainly to the Ministry of Education's Division of Adult Education (DEAP), which has created a sub-unit (Fundamental Education and Skills Training Program - FESTP) to provide short-term vocational skills training courses in both urban and rural areas. The MOE has requested immediate AID assistance to improve this program, which now reaches only about 2,500 urban and rural persons annually.

The MOE wants to improve its professional staff's capability to plan, manage, and evaluate such a program, and it wants to extend and expand services to more of the lower income persons. Currently, the program may be characterized as being poorly planned and managed, underfunded, and

too modest in scope. Courses are initiated on an "ad hoc" basis, generally based upon expressed interest by unskilled persons to undertake any kind of available training without proper regard for the community's need for such training and/or the individuals capability to profit from such training. A methodology does not exist for determining precise training needs in a given geographic area, nor is there a corps of trained administrators, supervisors, or other specialists to design, execute and analyze such a methodology. The curricula, instructional methods, and training equipment and materials are generally inadequate and/or inappropriate, and related services are practically nonexistent (e.g. job information, placement, and follow-up services; personal and vocational guidance).

Thus, the first objective of this pilot project is to provide assistance in helping to correct these deficiencies. Training will be provided to MOE administrators, supervisors, teachers, and other specialists to develop comprehensive, relevant courses and services. Targets for the pilot project include developing courses for approximately 2,000 poor urban and rural persons in such areas as construction trades (masonry, carpentry, plumbing, and electricity), auto mechanics, tailoring, dressmaking, and rural handicrafts.

Personal and vocational guidance services will also be provided (job information, placement, and follow-up).

Two geographic areas have been selected for the pilot project: (1) the capital city and suburbs of San Salvador, and (2) the urban and rural sectors of Sonsonate, a small District with a small-sized city and an extensive rural area.

2. Designing and Programming on Expanded Program

The second major purpose of the pilot project is to develop a methodology and provide necessary services to collect, process and analyze appropriate data for designing and programming of possible loan-funded expanded project.

Among the major elements to be included here are the following:

- a) Manpower demand and supply studies conducted at the local, community level;
- b) Inventories of existing physical facilities, equipment, and materials;
- c) Analyses of current curricula, teaching techniques, and evaluation procedures;

d) Experimental use of alternative educational technologies for vocational skills training (e.g., self-teaching, individualized learning systems; TV; audio/visual systems, such as use of individual study cards, slides, flip charts, overhead projectors, models and mock-ups, and various film presentations);

e) Coordination of private sector figures and education agencies, to explore cooperative arrangements (e.g., Training-within-Industry; and Industry/Commerce contributors of staff, facilities, and equipment to community training centers and schools) and;

f) Sociological studies of beneficiaries, attitudes, aspirations, and abilities, to improve the relevance and validity of both urban and rural training programs.

Proposed USAID Assistance

To help achieve the two basic purposes of the grant pilot project, USAID inputs are planned as follows:

1. Technical Assistance

One long-term contract project coordinator
(22 mm = \$40.0)

Short-term contract advisors in research, vocational training administration, curriculum, teacher training, materials production, and guidance services. (32 mm = \$118.0).

These USAID-funded contract advisors will be supplemented by short-term advisors provided by AID/W in such areas as economic and financial analysis, project design, management, and evaluation, and alternative educational technologies.

2. Participant Training

In addition to in-service training of GOES specialists and counterparts to U.S. contract advisors, the pilot project will select GOES personnel for additional training abroad, both in the U.S. and in third countries. Four (4) long-term participants in administration, teacher training, materials and curricula development, and research and guidance will study at the university level (48 mm = \$40.0). These participants will be selected and processed during the second year of the pilot project from the group undergoing in-service training during the first year of the project.

3. Commodities - Demonstration Equipment and Materials

To supplement existing equipment in the 16 training centers and 7 MDE vocational high schools and to provide demonstration teaching and learning equipment for experimental, innovative instructional systems, the following kinds of commodities will be provided in thousands of dollars:

a) General shop equipment (hand tools; laboratory equipment; simple power tools; equipment for welding, auto-mechanics, plumbing, electricity, sewing, baking, and masonry); two multi-purpose vehicles for monitoring project activities; expendable classroom materials \$60.0

b) Audio/Visual equipment and materials for developing prototype individualized instructional systems (self-study vocational cards, film projectors, slide projectors, overhead projectors, flip charts, models and mock-ups. \$45.0

4. Other Costs

To provide the necessary background research regarding manpower requirements, beneficiaries, inventories of current facilities and resources, alternative instructional systems and technologies, linkages between urban and rural needs for vocational

training, and mechanisms for coordinating private and public sector cooperative efforts (e.g., local industry-commerce-education councils), specific studies will be conducted. In-service workshops for administrators, supervisors, teachers and other specialists will be conducted, as well as seminars for private and public sector personnel. Also, short-term invitational travel grants will be provided to teams of MOE and other GOES agencies and private sector personnel to observe similar programs in other Latin America, Central American, and U.S. locations. Finally, costs for publicity and selected publications will be provided (\$101.0)

GOES counterpart contributions in cash and in-hand are estimated at approximately \$150.0 and will consist of counterpart personnel; training facilities, equipment, and expendable materials; office space, and equipment; participant training funds; and other logistical support for project activities.

D. Summary Findings

The technical, financial, social and economic analyses underlying this project (and described in other sections of this paper) clearly confirm that one of the major unmet needs in El Salvador is the provision of more than the formal education and vocational skill training to the vast majority of youth and adults who have not received sufficient formal education or training to function effectively in a developing country.

Consider these general educational characteristics of the current population of approximately 4 million Salvadorans:

Of approximately 2 million youth and adults 16 years of age and over, only 10% are functionally illiterate.

Approximately 40% of the total population has completed elementary education; only 2.5% have completed secondary and only 1% have graduated from university.

Dropout rates are high. Of every 100 boys who enter 1st grade in 1963, only 20% remain in school.

National Planning Bureau figures indicate that 100% percentages of children in rural areas are

groups for educational purposes are being served in the schools.

Grades 1-3: 82% of children are enrolled in school.

Grades 4-6: 72% of children are enrolled in school.

Grades 7-9: 52% of children are enrolled in school.

In relative terms, the education situation seems to be improving (e.g., the public education budget takes almost 35% of the government expenditures and enrollment rates have increased at all levels). In absolute terms, however, educational funds to be increasingly insufficient or inadequate for manpower training needs.

Non-formal education program development is thus affected in the following ways:

1. Limited opportunities to acquire and develop marketable skills are limited for those who have not attended, or been dropped out of, school.

2. The availability of urban and rural poor in El Salvador makes the development of practical education to meet their needs difficult.

3. The rapid growth of urban areas is proliferating; conservative estimates indicate that poor urban residents in El Salvador number about 500,000; about 90% of these are concentrated in San Salvador and Santa Ana. The National Salvadoran

Demographic Society has pointed out that demographically the city of San Salvador has grown from about 10% of the total national population in the 1950's to about 23% in 1960.

The unemployment rate of the country, according to recent estimates, is reaching 20%; in rural areas, the figure is 40%.

Wages in the unskilled occupational category have recently

fallen in real terms, while employment in that sector has shown only minimal gains.

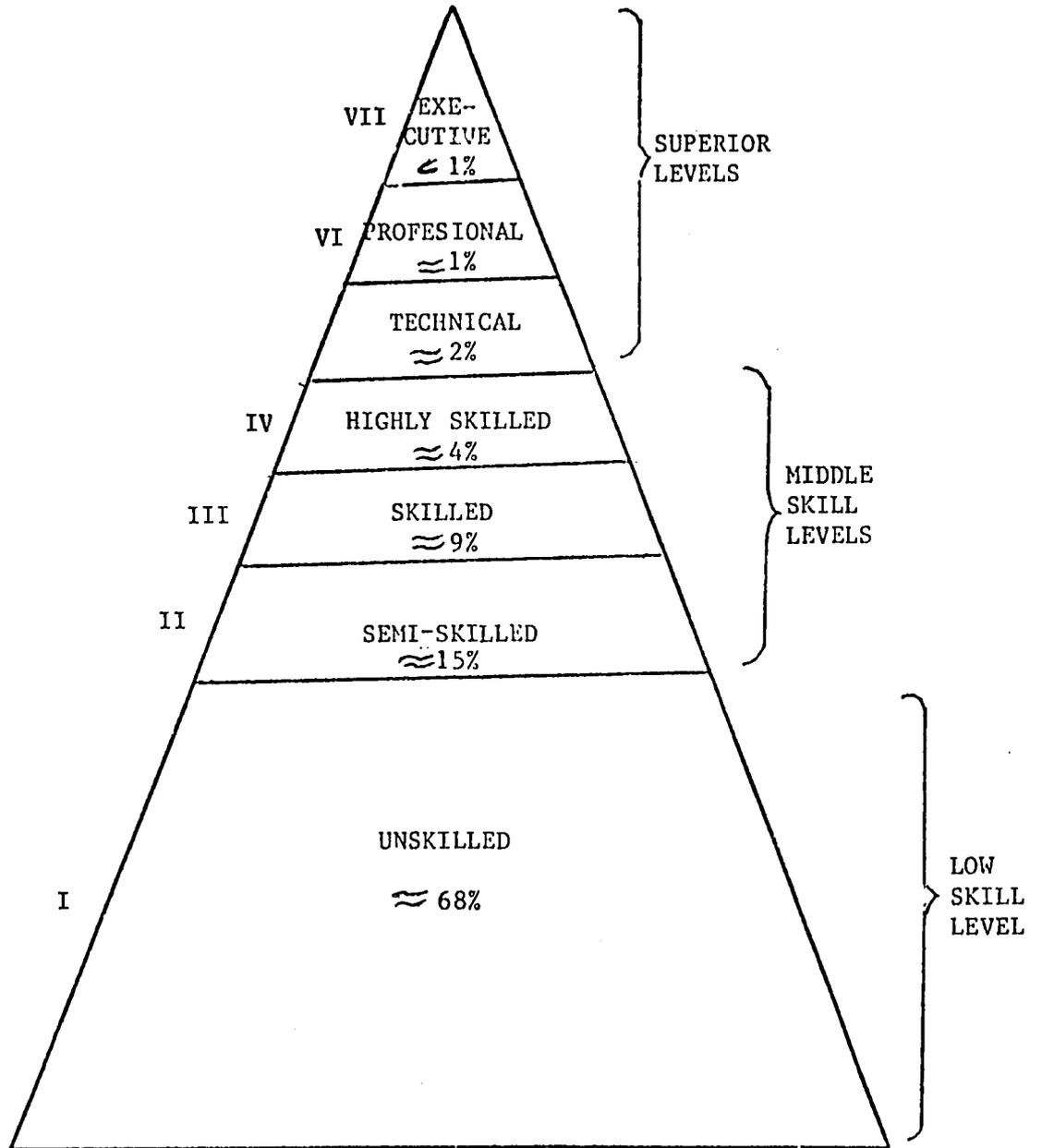
Of the estimated additional 45,000 workers (at all levels) needed annually by the Salvadoran industry-commerce sector, approximately 50% enter the labor force with insufficient training.

The Government of El Salvador is conscientiously trying to face these problems, but resources are scarce, needs are manifold, and priorities are pressing. Budget increases for education are absorbed primarily by formal education. Thus, non-formal fundamental education and training programs are inadequate. Recent studies, however, have yielded strong evidence that

fundamental education/skill training is needed for a great proportion (about 68%) of the labor force.

The occupational pyramid for El Salvador, which follows, illustrates the breakdown of occupational categories used in this paper:

El Salvador's Occupational Pyramid



(El Salvador, Economically Active Population;
1971 Census= 1,269.663)

The National Planning Council (CONAPLAN) has indicated that training for semi-skilled, skilled, and highly skilled workers will be conducted by INSAFORP (a centralized, SENA*-type training institution). If unskilled workers are to be promoted to the semi-skilled level to replace promoted semi-skilled workers, fundamental education/skill training services will have to be improved and expanded.

The GOES is studying the possibility of establishing this institute within a few years.

*Reference is made here to Colombia's centralized, quasi-autonomous training institution; there are other similar training facilities throughout Latin America, e.g. INCE/Venezuela, INTECAP/Guatemala, SENAI/Brazil, ARMCO/Mexico, INA/Costa Rica, etc.

II. PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. Background

In an attempt to focus attention on the growing problem of the lack of an effective system of non-formal education and training, USAID/ES in 1974 undertook a series of meetings with CONAPLAN, the Ministries of Education and Labor, the American Chamber of Commerce, the Salvadoran Chamber of Commerce, and the Salvadoran Association of Industrialists. All acknowledged the importance of non-formal education, all requested assistance in analyzing the problem more fully, and all assured their cooperation in developing an action program. USAID responded by contracting the services of a team of experts from San Jose State University, supplemented by AID/W specialists. A feasibility study was conducted in May, 1974, followed by a USAID-funded contract with San Jose to perform a more detailed study, lasting from July, 1974 to January, 1975. The study had five main objectives:

1. To identify trends in the nation's economic development profile that relate to educational planning decisions;
2. To determine the extent of the need for job skill training for workers at the middle levels of the occupational pyramid, the types of training needed, and how that training could be provided;
3. To determine the extent to which existing non-formal training programs for middle-level skilled and semi-skilled workers are capable of meeting current and future occupational training needs;
4. To determine the extent to which the MOE's senior high

school programs (Bachillerato Diversificado) are effective in providing students with marketable middle-level occupational skills, and to make recommendations for improvement; and

5. To determine the feasibility of establishing a consortium of business, industry, and education leaders who could serve as a coordinating and planning agent for the nation's formal and non-formal occupational training efforts at the pre-university levels.

The study was completed and a final report (plus numerous special reports) submitted to the concerned agencies. (Copies of these reports are on file in LA/DR, AID/W.) The principal findings indicated that an urgent need existed for non-formal education and training activities, and the report recommended a program involving close cooperation between public and private sectors in El Salvador. To follow-up this study and maintain activities among all parties, USAID agreed to furnish the full-time services for an additional six months (to June 30, 1975) of a San Jose State advisor. The American Chamber of Commerce and the MOE provided office space, and the Association of Salvadoran Industrialists and the Salvadoran Chamber of Commerce shared the cost of a secretary.

The GOES decided that the Ministry of Education should assume primary responsibility for launching a major effort in non-formal education, and requested AID assistance for a two-phased program:

1. The development and testing, through a two-year grant pilot project, of innovative non-formal education and short-term skill

training programs for approximately 2000 poor persons in such areas as construction trades (carpentry, plumbing, masonry, electricity), automechanics, electronics, office management and services, dress-making, cosmetology, and pastry making. The emphasis would be placed on developing an institutional capability to plan, administer, and evaluate a comprehensive program.

2. An expanded and modified national program, using loan funds, based upon the results of the pilot grant program.

The GOES recently has directed renewed attention to non-formal education. The 1973-77 Five Year Development Plan specifically calls for industrial expansion and agricultural transformation, for creating more job opportunities, and for better training programs for the nation's labor force. CONAPLAN has created several working committees to explore the feasibility of launching a training program for semi-skilled workers and middle-level management personnel. This program (called INSAFORP) will be modelled on other L.A. country programs, such as SENA in Colombia, SENAI in Brazil, INCE in Venezuela, and INTECAP in Guatemala. CONAPLAN now believes that this pilot project - and the subsequent loan program - will have direct applicability to its planned program, which is estimated to need a minimum of five years to implement fully.

The Ministry of Education also has demonstrated renewed interest in non-formal education by reorganizing and expanding its Division of Adult and Permanent Education to offer a broader and deeper program in skill training areas to complement its traditional

programs of literacy training, nutrition, and family education. UNESCO currently is providing short-term technical advisory services (28 mm) to assist the MOE in evaluating the administrative structure of its non-formal education activity, which now consists of programs in literacy training, accelerated adult formal education, nutrition, family education, and vocational skill training. The aim is to consolidate, modify and/or eliminate some of these activities. Preliminary recommendations of UNESCO indicate that the MOE should place more emphasis upon short-term vocational skill training, but UNESCO is not planning to provide further assistance to develop a specific action program in this area. Thus, there will be no duplication of efforts or conflict of interest between USAID and UNESCO in this pilot project.

Several modest cooperative programs have also been initiated between the MOE and the private sector, using MOE facilities and staff to train personnel for specific industry needs. Also, the MOE is developing a series of non-formal programs via instructional TV in industrial, commercial, and agricultural subjects. Indications, therefore, are that substantial support will exist within the GOES and in the private sector to produce a significant program in non-formal education in the near future.

Currently the skill training courses of the MOE (called "Capacitacion Laboral") are geographically distributed through 14 centers and last from 6 weeks to 9 months. In 1975,

enrollments reached 1306. Experience to date shows that those courses have strong community support, through publicity, provision of training sites and equipment and expendable materials. Retention rates have been high, and participation has been almost equally divided between men and women.

The principal problem to date has been the lack of planning regarding selection of courses. With no studies on labor market demand, or counselling, placement, and follow-up of graduates, results have been disappointing. Traditionally, offerings have been in areas with limited labor market demand (e.g., radio and TV repair, cosmetology), and duplication with programs of other GOES public and private entities (e.g., Ministry of Labor) has resulted in fragmented approaches to non-formal education.

Other obvious defects in the programs have been lack of facilities, inadequate teaching and learning equipment and materials, and non-standardized curricula. The pilot project is designed to help correct these shortcomings.

B. Detailed Description

(See Logical Framework Matrix, Attachment #1)

1. Sector Goal

To improve the non-formal education and training system, thereby providing more access to productive employment opportunities for increasing numbers of urban and rural poor.

2. Project Purpose and "End of Project Status"

The project purpose is the development of the institutional capability of the Ministry of Education to plan, manage, and evaluate innovative, short-term, non-formal vocational skill training programs for marginal urban citizens. The "End of Project Status" will be a national program/^{design,} adopted by the GOES, based upon experiences gained through this pilot project. The national program will contain these components:

- a. trained administrators, supervisors, teachers, and other specialists;
- b. improved physical facilities, including equipment and materials;
- c. relevant, standardized curricula;
- d. appropriate instructional materials;
- e. a methodology for conducting appropriate manpower requirements and supply studies; and
- f. a job information, counselling, placement, and follow-up service.

3. Planned Outputs

- a. Relevant short-term vocational skill training

courses (200), with appropriate curricula, materials, and evaluation procedures.

b. Information and guidance services for participating agencies and individuals (2,000 persons), (e.g., job counselling, placement, and follow-up services).

c. Trained administrators (2), supervisors (2), teachers (40-50), and other specialists (10).

d. Semi-skilled and skilled workers in industry and commerce (1,500 semi-skilled and 500 skilled).

4. Planned Inputs

a. AID

1) Contract technical advisors in administration (2), curriculum (1), teacher training (1), materials production (1), research (1), and guidance services (1).

2) Funds for four (4) participants for training abroad.

3) Funds for demonstration teaching equipment, tools, and materials.

4) Funds for in-service seminars, research and publications, invitational travel, and expendable materials.

b. GOES

1) Administrators (2), Supervisors (2), teachers (20-40), and Specialists (10).

2) Training facilities, equipment, tools and expendable materials.

3) Office space and equipment, in-country travel and per diem for local staff.

4) Printing and distribution facilities.

III. PROJECT ANALYSES

A. Technical Analysis and Environmental Assessment

The technology to be used in this pilot project will be varied, appropriate to the needs of the situation in terms of host country readiness and capabilities, and within GOES and U.S. funding limitations.

For activities related to program planning, management, and evaluation, modern administrative techniques will be employed (e.g., use of PERT and PPT Networks). Research (e.g., sector analysis methodology, community profiles, and manpower studies) will also employ modern, scientific techniques. Curricula, teacher training, materials production, and guidance services activities will rely heavily upon newer educational theories and techniques (e.g. behavior-based educational objectives, and activity-oriented classes.)

Six to eight week intensive courses will be held mainly in local community centers, but also in recently opened MOE vocational schools, utilizing re-trained classroom teachers, and better equipped laboratories and workshops. Some experimentation is planned to make training more relevant by relocating some activities into industrial and commercial settings, rather than in regular schools, and increased reliance on applied techniques rather than theoretical lectures will be stressed. Experiments will be conducted in the use of individualized instructional systems.

Although exciting innovations in the use of video and computer - assisted learning are now available, our judgment is that these systems are not yet appropriate for this pilot project. The broad objectives of the program are the poor urban and rural schools of the country, with appropriate local community training centers and modern vocational schools, with flexible curricula and classes for their convenience. Since the available facilities are limited, "learning by doing" is the most practical approach. The MOE is currently providing general vocational orientation and cultural education through its various offerings, so some form of audio-visual aids is being used.

The use of present methods in vocational school facilities is being improved by increasing educational efficiencies within the system.

With respect to the environmental impact, nothing in this project will adversely affect the environment. No new school construction is planned, so there will be no pollution of the air or water, and no significant change in the population will occur. Any possible environmental problems provided within these parameters will be handled.

In conclusion, it is our opinion that the technical design is reasonable, that the project is being placed, and that the cost estimates are reasonably firm. It is our opinion that the project meets the requirements of (a) and (b).

Financial Analysis and Plan

Recurrent Budget Analysis of Implementing Agencies.

For the past five years the Ministry of Education's (MOE) Annual Budget, utilized in the discharge of its national educational responsibilities, has averaged \$15.6 million per annum. Historically, the Government General Services (GOES) has heavily supported the MOE with budgetary resources, and during the past 5 years, GOES allocations to the MOE have averaged 30% per annum of total GOES revenues. It is expected to believe that the above percentage will be consistently received during the life of this project.

In view of the total educational effort, the MOE during the past five years has allocated an average of \$162 million per annum to the national education and training sector. It plans to provide an input of \$45 million per annum, representing 27.2% of the overall project cost. This is only 12.5% of MOE's annual commitments to the national education and skills training sector. It is therefore expected that MOE is not overly burdened by its support of this project.

SUMMARY COST ESTIMATE AND FINANCIAL PLAN
(US \$000)
PROJECT PAPER

INSTRUCTIONS:

- 1.* List major project elements (inputs)
** Under AID separately list in columns loans and grants.
*** May be used for Non-AID or Non-Aprop Funds

SOURCE	AID **		HOST COUNTRY		OTHERS***		TOTAL	TOTAL
	FX	LC	FX	LC	FX	LC	FX	LC
Project Inputs								
A. Inputs - AID	\$158.0						158.0	
1. TECHNICAL ADVISORS TO ASSIST IN ANALYZING SPECIFIC MIPWR REQUIREMENTS, INITIATING TRNG COURSES, TRNG SPECIALISTS, EVALUATING PGMS, AND PROVIDING INFEMX AND GUIDANCE SERVICES.								
2. FUNDS FOR PTCPT TRNG IN VARIOUS NON FORMAL VOCATIONAL/TECHNICAL EDUC. SPECIALTIES.	40.0						40.0	
3. FUNDS FOR DEMONSTRATION TCHG EQUIPT. TOOLS AND OTHER COMMODITIES.	105.0						105.0	
4. FUNDS FOR OTHER COSTS. IN SERVICE WRKSHPS, RSRCH PUBLCTNS, INVTL TRAV EXPENDABLE MTRLS & OTHER MISC COSTS.	81.0	20.0					81.0	20.0
TOTAL AID	\$384.0	20.0					384.0	20.0
B. Inputs - GOES								
1. ADMNSTFRS (2); SPRVISRS (2); & TCHRS (20) ASSGND TO PROJECT.				22.6				22.6
2. TRNG SITES PROVIDED INCLDG EQUIPT. & EXPNDBLE MATERIALS.				96.0				96.0
3. CTRPART FUNDS FOR PARTICPNT TRNG				3.0				3.0
4. OFFICE SPACE & OFF EQUIPT, IN-COUNTRY TRAVEL & PER DIEM; VHCLC MTNCE PRNTG & DISTR FACILITIES.				28.5				28.5
TOTAL GOES				150.1				150.1
INFLATION FACTOR CONTINGENCY	(Included in separate elements above.)							
TOTALS	\$384.0	\$20.0		\$150.1			384.0	\$170.1

COSTING OF PROJECT OUTPUTS/INPUTS
(In \$000 or equivalent)
Project Paper

X New
Rev #

Project # 519-0-172

Title Fundamental Education and Skill Training

Project Inputs	Project Outputs				TOTAL
	# <u>1</u>	# <u>2</u>	# <u>3</u>	# <u>4</u>	
AID Appropriated					
Technical Advisory Services	46.0	38.0	52.0	22.0	158.0
Participant Training	22.0	4.0	12.0	2.0	40.0
Commodities	80.0	10.0	10.0	5.0	105.0
Other Costs	33.0	21.0	21.0	26.0	101.0
Sub-Totals	181.0	73.0	95.0	55.0	404.0
Other U.S.*					
Host Country					
Administrators, Supervisors and Teachers					22.6
Training Sites, Equip. and Materials					96.0
Counterpart funds for Ptcpnts.					3.0
Office Space, Equip. & Logistic Support					<u>28.5</u>
					150.1
Other Donors*					
Total					554.1

* Single line entree is acceptable unless this item is more than 25% of the project or more than \$1 million.

Summary Opinion

MOE's financial and in-kind support of this project represents no strain on its own annual resources, while at the same time their contribution of \$150,000 represents 27.1% of total project resources. MOE's contribution will be \$55,000 in cash and \$95,000 of material resources (in-kind). These in-kind contributions consist principally of qualified teachers, administrators, sound and acceptable classrooms, workshops and equipment, etc.

We therefore conclude that the project is financially sound; the financial plan is adequate and the project will consume only a modest portion of the MOE's budgetary resources, thus contributing to the firmness of the plan and to the project's success, precluding unforeseen political and economic contingencies.

C. Economic Analysis

As the short range goal of this pilot project is to develop the technical expertise of MOE staff involved in the planning, implementation and evaluation of non-formal education/training programs, the immediate economic effect of this project is higher efficiency within the MOE/DEAP.

Since increased capital investment will be needed to improve and expand non-formal education/training programs, the concern of MOE and AID/ES is that the quality of this program be as good as resources will allow. To achieve this, the testing of non-formal training strategies, the training of human resources, and the extensive utilization of capital and physical resources are needed. Such emphasis is expected to result in a substantial benefit in terms of cost/benefit ratios from the beginning; the use of sound economic research methods to determine training needs and priorities will allow for good rates of return for GOES investments in non-formal education/training.

The long range economic effect of this project, via-a-vis the beneficiaries (from an estimated universe of 300,000 poor urban Salvadorans in 1974; 400,000 by 1980), is expected to be increased income. Another well-being by-product will be the increased self-reliance of beneficiaries for producing goods-services for self-consumption; this will probably generate savings, in addition to providing more needed goods/services. By producing more and better skills, it is also hoped that investments in El Salvador will be encouraged.

To increase the well-being of marginal urban Salvadorans, a two-pronged effort is needed to allow for higher efficiency and productivity, and increased access to social promotion means.

The major economic finding relevant to this project is that the vast majority of the poor urban Salvadoran subsist in what could be called an "informal" economic sector.* This informal economic sector has been generated by two conditions: 1) the accelerated growth (3.4%) of a mainly unskilled economically active population, and 2) the comparatively low labor absorption rate (2.9%). It is estimated that unemployment grew from 10% to 16% in the last decade; recent estimates of unemployment show a rate of 20% for urban areas, and 40% for rural areas during the non-harvest season.

It is obvious that the growth of a mainly unskilled economically active population in urban San Salvador will continue, due to internal migration (70%), the lack of flexible, relevant non-formal training programs, and slow to moderate economic growth 4.5-6.0%.

Very little can be done to check internal migration.--San Salvador seems to be the magnetic center of migration; in 1971, 18% of the total population lived in San Salvador. In 1971, this figure increased to 21%; projections indicate that by 1980, one out of each four Salvadorans will live in San Salvador. Efforts, however, are being made to generate more employment in urban areas (e.g. creation of Industry Free Zones expected to employ 40,000 workers when fully

*The term "informal" as used here means urban, subsistence, under-employment. In general, internal migrants have no urban skills, and accommodate themselves in urban settings creating occupations/activities outside the established, formal industry-commerce sector.

operations) and to improve training services (e.g., creation of INSAFORP to provide training from the semi-skilled to the highly skilled occupational levels, and the proposed fundamental education/skills training program to promote workers from the unskilled to the semi-skilled occupational level). In other words, efforts are being made to transfer workers from the informal to the formal economic sector.

At this time prima facie evidence has provided preliminary grounds to decide what type of training is needed, how much is needed and for whom. Still unknown is how many people are to be trained without exceeding the labor market demand. We have considered that a supply of semi-skilled to highly-skilled workers may help to create its own demand by encouraging new investments.

It is known that of the economically active population in El Salvador, 68% fall within the unskilled, occupational category. (TDY Report: Robert Darcy: 1975). In the metropolitan area of San Salvador, the mid-year 1974 population was 522,529. Of this number, 173,621 were employed full-time on a continuous basis, 81,515 were either part-time workers or self-employed; 8,449 were unpaid working relatives; 43,673 were unemployed, and 215,271 were inactive (Table I. Attachment II.)

Besides the problem of unemployment, a critical problem of underemployment exists; more specifically, disguised unemployment (i.e., the informal economic sector). Following are the salient

characteristics of the informal economic sector:

- a) The informal sector gives "employment" to 46% of the labor force in metropolitan San Salvador (Table II: Attachment II.)
- b) In this sector, almost 70% of recent internal migrants (Table III: Attachment II) are involved.
- c) The sector consists of activities that require no special training (Table IV: Attachment II).
- d) Almost three out of four persons "employed" within the informal sector have not received education beyond the third grade; undertake activities in occupations concentrated in ambulatory sales, domestic maid-serving, and other personal services; and earn very low wages. (Tables V, VI, VII, VIII: Attachment II.)

Overall demand for laborers up to 1980 will tend to reach 250,000, as the annual number of labor force entrants is 45,000. It is safe to predict that at least 32% of this number will need training to undertake semi-skilled to highly skilled occupations.* Hence, 80,000 individuals will have to be trained between now and 1980 by INSAFORP, and by non-formal education/training services.

It is expected that access and promotion to middle-level occupations will be greater at the semi-skilled and skilled levels; accordingly, unskilled workers will have to be trained to fill vacancies at the semi-skilled level.*

* See occupational pyramid in Summary Findings, I, D.

Furthermore, the training of unskilled workers will have to be of an accelerated nature to respond rapidly to changing technology and markets if industrial expansion is desired and/or experienced.

Moreover, past experiences have shown that in expanding under-developed economies, production bottlenecks are initially experienced at the semi-skilled level.

Given the magnitude of the figures regarding individuals with limited education/training (Tables IX, X: Attachment II) it would be unrealistic to expect that the formal education system could satisfy diverse training needs; instead, it will be necessary to rely on INSAFORP and fundamental education/training services. At the time of this writing, however, it is estimated that INSAFORP will not be operational until 1980. Therefore, the existing training programs and expanded non-formal education/training services will play an important role in providing training to the mass of unskilled laborers, as needed by industry. It is important to mention here that an expanded non-formal education/training program can play a supportive role for INSAFORP, and that USAID/ES is planning to support INSAFORP as well.

Consideration should be given to the fact that when economic investments are directed to manpower training, the ^{marginal} rates of return tend to be higher for the lower to middle skill levels than for the higher skill levels.

(See the DAP, 9/73 - and the Strategy Paper, 6/12/74.)

A final point must be stressed; rural to urban migration is expected to continue in El Salvador, partly due to "pull" forces, but mostly due to "push" forces. A likely result is the growth of marginal urban areas with concomitant urban unemployment and underemployment.

The main "push" forces causing rural to urban migration in El Salvador are: limited access to productive land by the rural poor, a growing rural population, a lack of adequate measures for land conservation, agricultural technological improvements, and small farmer financial/fiscal aids.

It is therefore recommended that fundamental education/training services for the urban poor be improved and expanded.

The argument could be made that limited economic resources should be used for rural development/transformation, to fight the cause of internal migration, and not the consequences. However, rural development and agricultural transformation may in fact not improve the situation on a timely basis. Nathan Associates Report (1968-1969) for El Salvador /pointed out that given overall conditions of action in rural El Salvador, the exodus from rural areas may actually increase as agricultural transformation takes place. Agricultural transformation usually results in improved land-to-man ratios, and the use of labor saving technology.

D. Social Analysis

The direct beneficiaries of this pilot project are two distinct groups of Salvadorans: (1) The professional Ministry of Education administrators, supervisors, teachers, and specialists who will develop the expertise to plan, manage, and evaluate a national system of short-term, non-formal vocational skill training programs; and (2) the poor urban and rural residents of two geographic areas, San Salvador and Sonsonate. Upon completion of the pilot project an expanded national program may evolve to reach larger numbers of urban and rural poor residents in other geographic areas. Indirect beneficiaries will be other GOES entities (e.g., CONAPLAN and the Ministry of Labor), other private agencies (e.g., Chambers of Commerce, Association of Industrialists), and other industrial and commercial firms who employ these trained program participants.

Since detailed profiles of the target groups to be reached have not yet been attempted, broad generalizations of the total population of El Salvador will serve to illustrate the nature of the problem this project will address.

El Salvador, with a total area of 8,300 square miles to accommodate a population of 4.1 million people (a net density of 600 persons per square mile), is bursting at the seams with people. The estimated annual population growth rate of 3.1% portends serious multiple problems in the near future. The age makeup of the population reveals that 46% are under 15 years of age, 50% are between 15 and 64 years old, and 4% are over 65. Almost 40% of the

population is classified as urban, and 60% rural.

Health conditions and services nationwide are poor. Malnutrition is a serious problem, with almost 74% of children under 5 years of age suffering from first, second, or third degree malnutrition. The per capita daily caloric intake is 1,850, of which 58% is supplied by cereals. Life expectancy is 58 years, infant mortality is 58 per 1,000 live births, the birth rate is 42.2 per 1,000, and the death rate is 11.1 per 1,000. Approximately 50% of mothers have more than 6 children. Although 70% of the nation's physicians practice in San Salvador, the capital city, the cost of these services or the relative inaccessibility of public health services are such that it is safe to conclude that these services are beyond the reach of the poorest majority in our field of concern, the urban areas. The Nutrition Institute of Central America and Panama reported that 70% of school age children in El Salvador suffer from deficiencies in caloric and protein intake.

Demographic Association figures (1974) showed that unregistered marriages among the poor are common, and 72% of all children born issue from consensual partners and unregistered marriages. Illegal abortions are estimated at 70,000 annually.

An IBRD/IMF Study Group (1975) estimated that 34.4% of urban families live below the nation's poverty line.

General educational characteristics were presented earlier in this paper, but the following table describes the population in San Salvador by selected age groups and attained educational level.

TABLE I

1974- Metropolitan San Salvador Population by
Selected Age Groups and Attained Educational
Level

Educational Level	Total	15-19	20-24	25-34	35-44	45-54
Illiterate	38,601	4,998	4,879	8,211	11,067	9,446
Elementary	155,414	25,704	28,084	44,982	31,654	24,990
Fundamental Ed. (Adults)	44,625	32,249	6,902	3,808	1,071	595
Jr. High School	33,235	3,927	7,259	11,534	6,945	3,570
High School Voc/Tech	39,989	2,142	9,287	14,518	10,353	3,689
High School	28,917	14,994	8,925	3,332	1,071	595
Higher Ed.	18,205	714	4,641	7,614	2,023	3,213
TOTAL	358,986	84,728	69,977	93,999	64,184	46,098

SOURCE: CONAPLAN Survey, August 1974. (N= 358,986 from a universe of about 700,000)

A review of limited available data concerning the urban poor provides this general profile of the expected participants in this project:

Age: Range, 13-50 years; mode, 21 years; mean, 25 years.

Education: Range, 0-9 grades; mode, 3 years; mean, 4 years.

Training: Range, Unskilled to semi-skilled; mode, unskilled; Mean, unskilled.

Sex: Males, 65%; Females, 35%.

Occupations: Ambulatory sales workers, domestic servants, public service clerks, and individual repair/maintenance workers.

Employment: Regular, fixed-income positions for the majority of this group (the individual repair/maintenance workers

and the ~~whole~~ ~~entire~~ ~~population~~ ~~is~~ ~~non-existent~~. The ~~clerks~~, ~~and~~ ~~others~~ ~~who~~ ~~earn~~ ~~low~~ ~~salaries~~ ~~and~~ ~~participation~~ ~~in~~ ~~the~~ ~~national~~

.. The Gini Coefficient of ~~income~~ ~~is~~ ~~approximately~~ ~~0.40~~. This is a correlation ~~of~~ ~~between~~ ~~zero~~ ~~and~~ ~~complete~~ ~~inequality~~. ~~It~~ ~~indicates~~ ~~an~~ ~~unequal~~ ~~Salvador~~.

IV. IMPLEMENTATION ARRANGEMENTS

A. Analysis of the Recipient's and AID's Administrative Arrangements

1. Recipient

Administration of this project will be vested in the Division of Adult and Permanent Education, Ministry of Education. A special section, "Capacitación Laboral", adequately staffed and funded, will coordinate the management of project activities. Although this section has experienced personnel, our judgement is that substantial on-the-job training by U.S. technical advisors will be required to insure project success. Other units within the Ministry (e.g., Secondary Vocational/Technical Education, MOE Planning Office, Curriculum Section, Publications Section, and the Teacher Training Section) will necessarily be involved.

The GOES National Planning Office (CONAPLAN), the Ministry of Labor's National Apprenticeship Training Section, the American and Salvadoran Chambers of Commerce, and the Salvadoran Association of Industrialists will also be involved as required in cooperative planning and administration activities. Our judgement is that all of these entities have the professional capabilities and commitment to function effectively in this project.

In planning and conducting specific skill training courses, community leaders in San Salvador and Sousnate (project sites) as well as vocational school personnel in these cities, will be actively participating. They will be useful especially in conducting

community profiles and arranging facilities and resources for the courses and in developing the job counselling, placement, and follow-up services.

2. A.I.D.

No additional AID direct hire staff commitments are anticipated. The provision of a long-term contract project coordinator, and six contract short-term technical advisors in Vocational Education Administration, Teacher Training, Materials Development, Curriculum Design, Guidance, and Research will be funded by USAID. A ProAg and supporting documents and procedures will be handled by USAID.

B. Implementation Plan

Attachment #3 contains an implementation plan, including a PERT, PPT network, evaluation check points, and a list of activities with time frames and assignments of parties responsible for actions.

C. Evaluation Arrangements.

Evaluation responsibility will rest with the Division of Adult and Permanent Education, Ministry of Education. Periodic evaluations of project activities conducted by USAID and MOE project personnel will be based upon performance measured against Logical Framework Matrix, PERT, and PPT Network models. USAID monitoring will be regular and continuous by the staff of the Education Division, including the contract project coordinator.

Official, formal evaluations are scheduled for the 8th, 16th and 24th (final) month of this pilot project, by USAID and MOE officials.

D. Conditions, Covenants, and Negotiating Status

A condition of this pilot project was the expressed written request from the Minister of Education that this project was a high priority program of the Ministry, that adequate GOES financial and human resources would be provided on a timely basis, that a minimum GOES contribution of at least 25% of USAID contributions would be provided, and that the pilot project, if successful, would form the basis of an expanded national program in non-formal vocational skill training and fundamental education. A letter satisfactory to USAID was submitted to USAID by the Minister of Education on June 25, 1975. The Ministry of Education is prepared to negotiate and sign a ProAg as soon as AID/W approval for this project is received.

E. Project Issues

The main specific issues relative to this pilot project are:

a. Whether the MOE has the commitment and financial capability to undertake the improvement and expansion of non-formal education/training programs.

Commitment has been demonstrated by published national development policies, the expansion of the staff and facilities of the Division of Adult and Permanent Education (DEAP), and the expressed written interest by the Minister to improve non-formal training, including the provision of additional MOE financial resources.

b. Whether fundamental Education/Skill training is necessary to improve the living conditions and overall socio-economic status of the urban poor.

This issue has been dealt with by carefully examining training services available (including private and public sectors), by close examination of the socio-economic status of the intended beneficiaries, and by analyzing the benefit factor (e.g., the access to improved living conditions by the urban poor once training has occurred). The following facts are relevant here:

1. Reported unemployment in urban San Salvador had reached 10% by the end of the 1960's. The average unemployment

rate for the primary* Economically Active population was 5%; for the secondary** E.A. population it was 17%. Since unemployment has increased considerably, diverse actions of the type proposed by CONAPLAN are needed.

2. Actually, over 60% of the urban families earn incomes below the established poverty level. For the purposes of this project, the ILO Index was used, to allow for family size, (e.g., US\$30.00/month/family member).

3. The mean weekly income for poor families is estimated to be about US\$31.00; from this income group come 45% of all the unemployed.

4. The poor work more hours per week per-capita than the non-poor. Thus, the productivity level of the poor is quite low, and their work potential is underutilized -- a clear indication of the need for training.

5. It is estimated that 45% of the paid labor population receive wages below the legal minimum.

6. 53% of the recent unemployed had been looking for work for over a month. Either no jobs exist, or the unemployed possess no saleable skills. (See tables in Socio-Economic Analysis Section.)

d. Whether adequate coordination can be achieved between the public and private sectors for better manpower development.

* Full-time continuously employed.

** Part-time, temporarily, self-employed, unpaid workers.

Currently limited cooperation exists between the public and private sectors. Traditionally the users of the outputs of the education/training system have not provided meaningful inputs regarding the quantity and quality of manpower needs to the education/training institutions. Recently, however, a better relationship between these two sectors has begun, largely as a result of the San Jose State University contract activities. (See Section II, A., pp 10-11.)

For example, Salvadoran Chamber of Commerce and Industry officials visited the president of the nation to underscore the need for closer coordination and offered their close cooperation.