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OCCUPATIONAL SKILLS TRAINING PROGRAM

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AGENCY FOR INTERNATIONAL DEVELOPMENT

## PROJECT PAPER FACESHEET

1. TRANSACTION CODE: **A** (A: ADD, C: CHANGE, D: DELETE) PP

2. DOCUMENT CODE: **3**

3. COUNTRY/ENTITY: **El Salvador**

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 digits): **519-0172**

6. BUREAU/OFFICE: A SYMBOL **LA**, B. CODE **05**

7. PROJECT TITLE (Maximum 40 characters): **Occupational Skills Training Program**

8. ESTIMATED FY OF PROJECT COMPLETION: FY **82**

9. ESTIMATED DATE OF OBLIGATION: A. INITIAL FY **78**, B. QUARTER **1**, C. FINAL FY **80** (Enter 1, 2, 3, or 4)

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$1 - )

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL						
GRANT	100		100	2,751	744	3,495
LOAN	135	75	210	495		495
OTHER				2,256	744	3,000
U.S.						
HOST COUNTRY		645	645	4,002		4,002
OTHER DONORS						
TOTALS	235	720	955	6,753	744	7,497

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <u>78</u>		H. 2ND FY <u>79</u>		K. 3RD FY <u>80</u>	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) EH	610	612	612	100	3,000	200		195	
(2)									
(3)									
(4)									
TOTALS				100	3,000	200		195	

12. IN-DEPTH EVALUATION SCHEDULED

A. APPROPRIATION	N. 4TH FY <u>81</u>		O. 5TH FY		LIFE OF PROJECT	
	C. GRANT	F. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN
(1) EH					495	3,000
(2)						
(3)						
(4)						
TOTALS					495	3,000

MM YY  
09 78

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

2 1 - NO  
2 - YES

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE: *Philip A. Schwab*

TITLE: **Philip A. Schwab, Acting Director**

DATE SIGNED: MM DD YY **09 06 77**

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

MM DD YY

## PART I - PROJECT SUMMARY AND RECOMMENDATIONS

### A. Face Sheet

See the preceding page for the Project Paper Facesheet for the proposed loan and grant.

### B. Recommendations

On the basis of the conclusion of the Capital Assistance Committee that this Project is technically, economically, and financially sound, it is recommended that the financing indicated below be authorized for an occupational skills training program to be carried out by the Government of El Salvador (GOES).

#### 1. Project Authorization

Total AID loan and grant financing of \$3,495,000 will be required. The grant portion (\$495,000) should be funded by allotments in FYs 1978, 1979, and 1980. These funds will be used exclusively for foreign exchange costs. The loan portion (\$3,000,000) should be authorized in FY 1977. In excess of seventy-five (75) percent of loan proceeds are intended to cover foreign exchange costs, while the remainder will finance local currency expenditures.

#### 2. Terms and Conditions

The Project funding will be subject to the terms and conditions specified in the draft Project Authorization (see Annex 1, Exhibit 4).

### C. Project Description

#### 1. Goal and Purpose

The goal of the Occupational Skills Training Project is to improve the general welfare of the urban and rural poor through appropriate education and training programs. The Project will contribute toward the accomplishment of this goal by addressing one of the major educational constraints now facing the poor in El Salvador: the lack of occupational skills, which prevents the poor from securing and keeping productive employment. The specific purpose of the Project is to develop and expand a viable system of occupational skills training. A grant funded pilot project has been in operation since March, 1976, and a start has been made in designing and testing various project components (e.g., curriculum development, personnel training, guidance, and a comprehensive delivery system). Some of these components must be further

developed, and the entire system expanded to reach more rural and urban poor persons.

## 2. The Target Group

The target group to be served by the Project will be the rural and urban poor of El Salvador. This poor majority is subsisting marginally in rural communities and urban ghettos. They can be categorized as having large families, low incomes, inadequate housing, poor diets, limited access to health and welfare services, and little opportunity to participate in the social, cultural, and recreational activities of their society. They are generally unemployed or underemployed; those who do work are concentrated in the low paying occupations (e.g., street vendors, domestic servants, kitchen workers, clerks, and part-time agricultural workers). They have low educational attainment (average of 4 years of formal schooling), are barely literate, and possess little or no marketable occupational skills. They have low self-concepts and underdeveloped personal and social skills.

## 3. Executing and Participating Agencies

The Directorate of Adult and Permanent Education (DAPE) of the Ministry of Education (MOE) will be the executing agency for the proposed Project. As such, it will be directly responsible for carrying occupational skills. These activities include the planning and evaluation of occupational course offerings, the development of sound curricula, the provision of counselling to applicants and graduates, the delivery and supervision of occupational skills training, and the provision of in-service training to DAPE administrators and teachers. The MOE's Educational Materials Production Service (CENPROME) will be responsible for the production of much of the educational materials developed by DAPE. The MOE's Department of Educational Architecture (DAE) will develop final designs for school renovation, contract renovation services, supervise renovation, and maintain these facilities.

## 4. The Project

The principal thrust of the Project is to enable the DAPE to carry out an expanded and more effective adult occupational training program. This means not only reaching larger numbers of urban and rural poor through the training program but also developing or improving systems which will ensure that a large portion of those trained are meaningfully employed. The Project is designed to achieve these objectives by focusing on five basic components:

(i) The Program Planning component addresses the need to determine which occupational skills are demanded at any given time by the economy. The DAPE has utilized existing and contracted new manpower

studies to make this determination. However, these studies have proven to be unsatisfactory for spotting changes in the demands of certain industries. Thus, this component will address DAPE's need to develop and execute the Industrial Establishment Survey (IES) System. This system is a reasonable alternative to a full-blown manpower study which is often expensive and unreliable in estimating both manpower supply and demand. The IES will address very specific information needs such as identifying job skill upgrading needs within the construction or textile industries or finding out the printing press operator needs in San Salvador. Occasionally, major IESs will be needed to obtain information on investment trends, productivity trends, and turnover trends for a given sector. DAPE will develop its own labor market survey mechanism, and not depend on macro manpower analyses based on incomplete or obsolete data to plan program offerings.

In order for DAPE to adequately address the development of a capacity to execute IES and labor market surveys, a new office within the DAPE organization, with the responsibility for planning and evaluation, must be created. The Planning Office would have overall responsibility for planning, designing, and executing the IES and labor market surveys, drawing as appropriate on statistical data and research from inter/intra ministerial sources, and using information from the Education/Trade Councils.

Various inputs will be required to carry out the Program Planning component. The GOES will provide for personnel costs, operational expenses, equipment and supplies, and special services (\$136,800). AID resources will provide for 15 person months (p/m) of technical assistance in the areas of research and evaluation (\$75,000).

(ii) The Curriculum Development component focuses on the need for continually developing adequate courses given the skills demanded by the economy. During the expansion phase of the Project, two major aspects of curriculum development will be stressed: revising, expanding, and evaluating current courses, and developing curricula for new areas of training uncovered by the research described under the Program Planning component. Especially useful will be data developed under the occupational analysis activities, which will provide valuable information dealing with the manpower needs of industry, commerce, and services, including projections of the number and kinds of occupations requiring manpower and the specific skills requirements of jobs within these occupations. This data will be fed into the curricula development process to insure that courses are relevant, timely, and effective.

The production of appropriate teaching/learning materials to complement curriculum development also was begun during the pilot project, but considerably more - both in scope and quantity - must be done during the expansion phase. Two of the ten participant trained

abroad under the pilot project specialized in materials production and have conducted in-service workshops and begun the task of planning a reorganization and expansion of their department's activities. With the introduction of the "modular" curriculum concept, special printed materials, slides, filmstrips, videotapes, and overhead projections will have to be developed, produced and distributed.

Besides creating Curriculum Development and Materials Production Offices, the GOES will provide financial inputs for personnel costs, operational expenses, equipment and supplies, and special supplies and services (\$1,133,400) to carry out the component. AID resources will provide for 54 p/m of technical assistance in the areas of curriculum design, subject matter occupational specialties, and instructional technology and for basic materials production equipment (\$323,000).

(iii) The Personnel Training component addresses the need for continually upgrading and adjusting both staff and teacher skills required for administering and delivering the expanded training program. The training to be provided under the Project will be of two types: in-service training for the majority of project-connected personnel in administration, supervision, teaching, and related areas (e.g., occupational analysis, guidance, and teaching materials and techniques); and participant training for advanced study abroad. The in-service training will be conducted primarily via short-term seminars and workshops for specialists and teachers, while continuous in-service training will be performed initially by the long-term technical advisors who will work closely with project counterparts. The participant training program will focus upon the selection and training of key counterparts in combination study/observation/work programs abroad. Approximately 12 person years of participant training are planned in such areas as administration, supervision, curriculum development, guidance, and instructional materials development.

In addition to creating an office within DAPE to carry out the training activities, the GOES will finance the personnel costs, operational expenses, seminars, and international travel expenses (\$70,400) associated with the Personnel Training component. AID funds will cover the costs of participant training and 26 p/m of technical assistance in the areas of personnel development and in-service training (\$318,000).

(iv) The Delivery of Adult Occupational Skills Training component focuses on the need to improve the facilities and equipment necessary for delivering the occupational skill training curriculum which has been and will continue to be developed. Although much has been accomplished under the grant pilot project, much remains to be done to develop an expanded delivery system. The implementation plan for using the permanent MOE secondary schools in the DAPE pilot project included the renovation of existing plants by adding several workshops

to these schools which were not constructed for vocational education purposes. Renovating existing basic schools (4 urban centers, and 19 specialized shops) for occupational skill training purposes remains a major objective of the expansion Project. The expanded facilities will require a variety of shop, audio/visual, and classroom equipment. Vehicles will be purchased for equipment delivery, maintenance, and program monitoring purposes.

Occupational skills training will be provided in three basic locations. Permanent centers will be located in larger cities such as San Salvador and San Miguel and will offer courses that have a high, continuing demand and require permanent facilities to house larger shop equipment. Smaller permanent centers will be located in secondary cities such as Ilobasco, Ahuachapán, and Acajutla where basic courses, on a rotating basis, will be offered. Small towns and villages where large numbers of small scale industries exist will be served by mobile training units.

To facilitate the coordination of the Occupational Skills Training Program with industry, other MOE programs, and communities, the DAPE has been developing a system of local Education/Trade Councils (ETC). These councils will provide a mechanism for passing information between the parties at the community level to ensure that the skills training provided is adequate and appropriate. This system will be operational before the initiation of the loan Project.

To effectively and efficiently deliver occupational skills training through the system described above, the supervisory capability of the DAPE will be expanded and improved. Besides strengthening this capability, the GOES will provide funds to cover the costs of personnel, operational expenses, design and supervisory expenses, expendable materials and maintenance and repairs (\$1,679,100). AID funds will cover the costs of facilities renovation, tools and equipment and A/V equipment for facilities, vehicles for the DAPE, and 50 p/m of technical assistance in the areas of vocational education administration and industrial relations (\$2,425,000).

(v) The Guidance Services component addresses the need to provide not only initial occupational counselling to applicants but also job placement assistance and follow-up. During the pilot project, considerable attention was directed at this component: a total guidance system was designed, DAPE personnel were given in-service training in guidance, and a participant was sent to the U.S. for training in guidance. During the expansion phase, the guidance component must be revised, enlarged, and improved. Personnel training will continue, especially in the areas of job information, placement, and follow-up. Career booklets must be written, produced, and distributed; interviews

arranged with prospective employers; personal and occupational counselling continued and expanded; the placement system expanded and improved; and the graduate tracer system tested, modified, and expanded.

The existing guidance staff will be strengthened and a new office will be created to carry out the guidance function. In addition, the GOES will provide budgetary allocations for the costs of personnel, operational expenses, equipment and supplies, and special services (\$140,000). AID funds will provide 8 p/m of the services of a Job Developer (\$40,000).

To provide adequate support to the activities included in each of the five components described above, DAPE's existing Support Services operation will require strengthening. This will be done by creating an Administrative Unit composed of five principal offices: Personnel Administration, Promotion, General Services, Materials Production, and Finance. The staffing of the various offices within the Administrative Unit will require the creation of approximately 11 new positions. In addition, the GOES will provide resources for salaries, operational expenses, equipment and supplies, and special services (\$295,300). No AID funding will be provided directly in support of this area.

#### 5. Summary Financial Table

(in U.S. \$000 or equivalent)

	<u>A.I.D.</u>	<u>GOES</u>	<u>TOTAL</u>
1. Program Planning	75.0	136.8	211.8
2. Curriculum Development	323.0	1,133.4	1,456.4
3. Personnel Training	318.0	70.4	388.4
4. Delivery of Skills Training	2,425.0	1,679.1	4,104.1
5. Guidance Services	<u>40.0</u>	<u>140.0</u>	<u>180.0</u>
Sub-Total	3,181.0	3,159.7	6,340.7
Admin. Unit	<u>--.-</u>	<u>295.3</u>	<u>295.3</u>
Sub-Total	3,181.0	3,455.0	6,636.0
Inflation & Contingency	<u>314.0</u>	<u>547.0</u>	<u>861.0</u>
TOTAL	3,495.0	4,002.0	7,497.0
% Participation	46.6%	53.4%	100%

## 6. The End of Project Status

The conditions expected at the end of the Project (EOPS) are the following:

(i) ETC data, job market analyses, and job performance criteria are being utilized as appropriate to revise course content and the number and variety of course offerings;

(ii) ETC System is functioning effectively as evidenced by: (a) industries providing resources to the occupational skills program, (b) the adult, occupational education training program providing graduates trained in skills relevant to the needs of industry; and (c) inter-ministerial and other donor coordination of all non-formal vocational education activities.

(iii) The Delivery System is functioning effectively and efficiently as evidenced by: (a) increased enrollment and retention rates in skills training courses; (b) reduced time required to achieve course objectives, and (c) higher skill level and labor market awareness of course graduates.

(iv) An effective Guidance System is in place as evidenced by: (a) 100% of program applicants provided with initial personal and occupation counseling; (b) 100% of students provided with job information; and (c) 60 - 70% of graduates annually placed in industry or self-employed, and (d) approximately 80% of graduates receive follow-up services.

The means of verification of the EOPS will include MOE/DAPE records and yearly evaluations, and minutes of ETC meetings and other ETC records.

### D. Summary Findings

The Capital Assistance Committee has critically investigated the Occupational Skills Training Project. It has determined that the Project is technically, financially, socially, and economically feasible. The renovation of facilities contemplated under the Project is well within the capability of Salvadoran and U.S. construction firms. There appears to be no financial restraints to prevent the GOES from providing the required funding for Project implementation. The social analysis indicates that the environment is favorable for carrying out the Project and that it will have a favorable social impact on the target group. Finally the economic analysis indicates that the Project will generate substantially higher benefits than costs.

Thus, the committee believes that the Project is feasible and ready for implementation. It meets all applicable statutory criteria. Annex I, Exhibits 1 and 3 include the Mission Director's 611 Certification and the Checklist of Statutory Criteria.

E. Issues

All issues raised in the DAEC PRP approval cable have been addressed in the Project Paper.

F. Capital Assistance Committee

Raymond San Giovanni	-	Education Officer, Project Manager, USAID/ES
Larry T. Armstrong	-	Capital Resources Development Officer, Project Chairman, USAID/ES
Henry J. Bassford	-	Finance Officer, LA/DR, AID/W
John C. Chang	-	Program Economist, USAID/ES
Joel Q. Cotten	-	Evaluation Officer, USAID/ES
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Howard R. Handler	-	Program Officer, USAID/ES
Charlotte M. Jones	-	Education Economist, LA/DR AID/W
Franklin G. Latham	-	Financial Analyst, USAID/ES
Gilberto Méndez	-	Non-Formal Education Planning Specialist, USAID/ES
Reviewed by	-	Philip R. Schwab Acting Director, USAID/ES
		Karl F. Carpenter, Acting Asst. Director, USAID/ES
Approved by	-	Philip R. Schwab Acting Director, USAID/ES

## PART II - PROJECT BACKGROUND AND DETAILED DESCRIPTION

### A. Background

#### 1. The Problem

##### a. Educational Characteristics of Population

A major unmet need in education in El Salvador is the provision of short-term, occupational skills training to the vast majority of rural and urban youth and adults who have not received sufficient formal education to function effectively in a modernizing society. The following educational characteristics of the current population of approximately 4.2 million persons illustrate the nature and gravity of this problem:

(i) Approximately 50% of those over 10 years of age are functionally illiterate; in rural areas the figure approaches 70%;

(ii) Although 52% have some primary education, only about 44% have graduated from the 6th grade; less than 12% of rural residents have successfully completed 4 to 6 grades.

(iii) Only 6.3% have graduated from the country's secondary school system; and

(iv) Only about 0.4% have some university education, and only 0.2% have graduated.

There exists today in El Salvador a large majority of poor and deprived citizens lacking in formal and/or practical education who can neither improve their general welfare nor participate effectively in the economic, social, and political activities of the nation.

The effect of this massive lack of basic education on the economy is apparent: productivity and growth have been adversely affected by the lack of semi-skilled and skilled workers. Conservative estimates place the unemployment rate currently at approximately 18% with underemployment rates considerably higher. In agriculture, for example, only 35% of the economically active population have employment for a full work year, only 50% for as much as seven months of the year, and for every new job created four workers are available to fill it.

The Ministry of Planning and Economic Coordination estimates that approximately 50,000 persons enter the labor force (now about 1.4 million) annually. They range from unskilled laborers to professional specialists. A breakdown of these 50,000 new entrants show that about 4% are executive, professional and technical. Another 28%

possess middle-level skills, while the remaining 68% are unskilled laborers for whom productive employment is not readily available. University level programs appear to adequately respond to El Salvador's quantitative needs for the executive, professional and technical skills. The private sector and several GOES programs currently are handling middle-level skills training, and graduates of these programs are quickly absorbed into the labor force. Little, however, is being done to train the lower 60% of the labor force: the untrained "poor majority" which is occupationally unskilled. They are the lowest paid employees in both the rural and urban areas.

The formal system of education does not have the capacity or the flexibility to meet the varied demands for education and training for these out-of-school youths and adults. Currently about 1 million eligible school age Salvadorans (7 to 18 years) are not served by the formal education system, and large numbers of adults exist who have either limited or no formal education. Clearly, an alternative to formal education must be provided to assist the poor majority to develop the basic understandings, attitudes, and skills to secure and hold economically rewarding occupations.

#### b. GOES Priority Vis-a-Vis Technical Training

The GOES has become increasingly aware of the urgent need to focus major attention and resources on this problem, and the new government has assigned the highest priority under its five year development plan to vocational and occupational skills training. A high level governmental task force has recently been created to provide policy guidance and assign training priorities to the various public sector institutions which are currently involved in the planning, design and implementation of vocational and occupational skills training programs. At the operational level, the GOES is establishing a system of decentralized local Education/Trade Councils which, together with a national level council, will be responsible for determining occupational needs at the national and local levels, for coordinating training programs of various governmental and non-governmental institutions to insure complementary and avoid duplication of efforts, and for formulating long-term training objectives. Within the MOE, an alternative administrative structure along with an expanded budget is being developed to provide a more efficient and effective delivery system to meet the nation's needs for semi-skilled workers.

### 2. Programs Designed to Alleviate Problem

#### a. Early MOE Adult Education Activities

The MOE, through its Division of Adult and Permanent Education (DAPE), has been providing urban, basic, skills training since

1970 in response to community demands for assistance. Initial MOE support was mainly in the provision of a community liaison agent and, in some cases, providing the salaries of instructors. Local community groups provided the physical facilities, equipment, expendable materials, and usually the instructors. The results were at best uneven in terms of quality and extremely limited in terms of quantity. The average completion rate for the total program numbered under 500 persons annually. Facilities were poor, often temporary, and not well located; equipment was practically nonexistent; expendable materials scarce; teachers poorly trained; curricula non-standardized; and students uninformed about job placement possibilities. Another section within the DAPE was engaged in a similar project aimed at the rural populace, with course emphasis upon agricultural activities (handicrafts, farm construction, etc.) The results here were even worse than in the urban program. *Problems*

In 1974, at the request of the MOE, USAID financed a one month feasibility study of the possibilities for undertaking a Fundamental Education and Skills Training program. This study led to a USAID-contract with San Jose State University to perform a more detailed study and provide recommendations for an action program. The study was completed and a final report (plus numerous special reports) submitted to the concerned agencies. 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 interest among all parties, USAID agreed to furnish the full-time services for an additional six months (to June 30, 1975) of an 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. These efforts eventually led to the development of a grant funded, pilot project in the area of adult occupational skills training.

b. AID Financed Pilot Project

(1) Its Purpose

Starting in March, 1976, USAID provided grant funds of \$404,000 for a two year pilot project. Its purpose was the development of the institutional capability of the MOE to plan, execute, and evaluate innovative, short-term, occupational skill training programs for unskilled urban and rural poor people. A secondary purpose was to develop a methodology and capability to collect, process, and analyze appropriate data for developing a possible AID funded loan project.

Funds were provided to cover 24 person months of the services of a program coordinator and approximately 38 person months of contract technical advisory services of U.S. specialists in

administration, supervision, curricula development, guidance services, research, and various technical specialties (e.g., automechanics, radio/TV, home economics, and cosmetology). The contract advisors were supplemented by USAID technical support funding for three short-term consultants in manpower analysis, technical analysis, and social analysis. These services, provided between May and August 1977, were designed to assist the Mission to determine whether the expansion of the pilot project was justified. Funding was also provided for participant training, teaching and learning equipment, and expendable learning materials and supplies.

(2) Its Accomplishments

As of August 31, 1977, the pilot project has been in operation for 17 months, with termination scheduled for March 31, 1978. To date, the major accomplishments may be summarized as follows:

(i) Ten project administrators have received continuous in-service training.

(ii) Three regional supervisors have been trained, in either in-service training or abroad.

(iii) All 54 instructors affiliated with the DAPE urban occupational training program have received in-service training.

(iv) Ten staff members of the MOE were provided 5 months of participant training (a combined study/observation/work program) at San José State University, California.

(v) Over 1,400 students have been enrolled in occupational skills training courses.

(vi) All occupational skills training courses have been revised and standardized.

(vii) Additional shop equipment, tools and audio/visual equipment have been provided.

(viii) Permanent facilities of the senior vocational high school program of the MOE have been added to the community facilities being used in the pilot project.

(ix) Four major subsystems have been developed including research and evaluation, which involves labor market and job performance analysis and overall project evaluation; in-service training of administrators, supervisors, and teachers; curricula development, involving design, application, and evaluation; and guidance services,

involving personal and occupational counseling and job information, placement, and follow-up services.

### (3) Project Evaluation

Under the pilot project, three basic evaluations were planned (each one coming at the end of a 8 month interval). In addition, the USAID contract project coordinator was required to submit quarterly progress reports of activities and accomplishments, problems encountered, recommended solutions to these problems, and proposed activities for the subsequent quarter. So far, two formal evaluations and three quarterly reports have been submitted.

The first evaluation uncovered problems dealing with the timely availability of project commodities (unusually long delays in procurement were discovered), renovation of schools, the assignment of sufficient number of full-time MOE counterparts, the professional capabilities of some of the MOE counterparts, the lack of coordination within the MOE and between the MOE and the local communities, and the criteria for selection of pilot schools (too many were being involved in the pilot project, leading to dilution of available physical and human resources). On the other hand, considerable progress was made in course design and revision, personnel training, and guidance services development.

The second evaluation reported progress in solving the problems mentioned above and highlighted the need to readjust the magnitude of trainees upward due to the unexpected demand for the offerings of the project on the part of the communities and individual students. Also, experience in the project revealed the need to conduct better job market and job requirements analyses. This would help to insure that the proper number and types of courses were offered and assist in the placement of course graduates. Progress was also noted in the in-service training of administrators and teachers, the quality of curricula being developed, and the number of students enrolled in courses. In these areas, original project goals were exceeded. Ten project administrators (instead of 6) and 54 instructors (instead of 48) were trained; 49 courses (instead of 30) were revised and standardized, and 1400 students (instead of 1000) were enrolled in courses.

In addition to these project evaluations, the USAID contract project coordinator has been submitting detailed quarterly reports covering every aspect of project planning, execution, and evaluation. The results of these progress reports have been considered carefully by MOE and USAID project managers in developing revised implementation plans for the balance of the pilot project. These reports also have been useful in conceptualizing and planning the expanded project being proposed in this Project Paper.

To provide for an objective evaluation of the pilot project and assist in the preparation of the Project Paper, three short-term specialists were contracted to provide reports in the following areas:<sup>1/</sup>

(i) Manpower Supply and Demand: Projections to 1981 - This report indicated that the agricultural labor force was declining, but that this decline was being offset by increases in services and other low skill sectors; that approximately 68% of the labor force were unskilled persons with low educational attainment who were either unemployed or employed in marginal jobs with little development potential; that major changes in the occupational distribution in El Salvador was unlikely over the short run; and that, for the most part, there is an excess of demand over supply for nearly all occupational areas covered in the pilot project (automechanics, welding, and electronics were cited as especially promising employment fields). The report concluded that sufficient reliable data did not exist to permit reasonable longer term manpower requirement projections and that collecting and analyzing these data would be too costly and time consuming to merit serious consideration for justifying an expanded project. While the report confirmed the need for basic skills training, it recommended that several establishment surveys, especially among small firms, be conducted (including the construction trades, refrigeration and air conditioning, and small appliance repair) in order to determine the appropriate mix and numbers of training courses needed to respond to industry needs for semi-skilled labor.

(ii) Social and Cultural Characteristics of Poor Salvadorans - Through observations, review of documents, interviews, and a sample survey of 148 trainees in the pilot project in four centers, the consultant examined numerous social and cultural characteristics of trainees to assess the relevance and acceptability of the program among the project beneficiaries. The conclusions were that a great need for and a wide acceptance of the training by the beneficiaries were evident, and that the pilot project as presently conceived and executed is very compatible with the Salvadoran sociocultural environment. Areas covered in the study included attitudes and values regarding education in general and vocational training in particular, motivation for self-improvement and change, independence of thinking and action, and "quality of life" indicators (e.g., level of education, current income and occupation, health status, use of leisure time, and the nature and extent of participation in civic/cultural events).

(iii) Project Analyses and Expansion Plan - This report was aimed at providing a comprehensive technical analysis of the feasibility of expanding the pilot project into more geographic areas and of covering more poor people. The study provided a technical assessment

<sup>1/</sup> These reports are submitted in Annexes III, IV, and V.

of the pilot project, and it offered recommendations for both short-term improvements of the pilot project and longer range improvements in project organization, planning, execution, and evaluation. These recommendations also called attention to the MOE's need to assign more qualified personnel to all aspects of the project's implementation; to provide continued and expanded in-service and/or foreign training for administrative supervisors, specialists, and teachers; to provide more budgetary support for equipment and expendable materials; to increase its coordination activities both within the MOE and with other GOES entities, the private sector, and the local communities; and to conduct continuing relevant studies of specific manpower training needs. A major recommendation was the restructuring and expansion of the DAPE to insure its becoming an integral, unified, and coordinated system for providing short-term occupational skill training.

### 3. Other Activities in Adult Education

#### a. GOES

##### (1) Ministry of Labor (MOL)

The Division of Social Provision of the MOL traditionally has provided two kinds of services including basic skill information for unemployed and migrant laborers in various occupational specialties; and apprenticeship arrangements with industrial firms, involving job information, placement, and follow-up. Three types of training mechanisms are used in delivering these courses: permanent training centers of the MOL, industrial sites, and mobile training units. Annually, approximately 100 persons are served in the permanent centers, while about 1200 persons are served through the other programs of the MOL. However, the program suffers from lack of sufficient funding for facilities, equipment, personnel, and materials. During the past five years, its relative priority within the MOL was lower than other services provided by that Ministry. In the future, MOL program planning will take into account the proposed MOE Project to reduce duplication of effort to an absolute minimum and increase the complementarity of the MOE-MOL Programs.

##### (2) Salvadoran Institute for Professional Formation (INSAFORP)

The current situation regarding the formation and operation of INSAFORP is unclear. For over five years, the GOES has had a fairly complete model for the initiation of a program for the upgrading of semi-skilled, skilled, and highly skilled workers. This model has been adapted from similar successful Latin American and Central American programs such as SENAI in Brazil and INCATEP in Guatemala. These centralized, quasi-autonomous training institutions receive the

majority of their operating funds from payroll taxes of around 2% from large employing institutions. The former national government of El Salvador was reluctant to submit this proposal to the national congress for ratification owing to having recently increased payroll taxes to about 14% and sensing strong opposition from industrialists for the imposition of yet another tax in a relatively short period. The proposal, therefore, has been allowed to languish, and recent indications are that there is growing disagreement as to whether or not INSAFORP should be a planning and coordination agency with actual training being conducted by individual ministries and government entities. It seems clear that a specific decision with regard to INSAFORP is not likely within the next year. In any event, since the focus of INSAFORP activities would be on training at the skilled and highly-skilled levels, its creation would not duplicate any activities under the proposed Project since the MOE program is aimed basically at the unskilled person.

(3) Others

Besides the program of the Ministries of Education and Labor, only one other public program contributes to manpower formation at the unskilled and semi-skilled levels, and its contribution is mainly indirect. The Division of Community Development and Cooperation (FOCCO), under the Office of the President of the Republic, helps plan, coordinate, and evaluate community development projects such as bridge, road, school building and construction of community centers and recreational facilities. Its manpower formation focus thus is in the construction skills, although it also sponsors short courses in civic awareness and nutrition. Training usually takes place "on-the-job" during construction activities, with FOCCO providing "instructors" in the form of construction supervisors. Acquired skills of community volunteer laborers is therefore quite limited. Training ends when the specific community project is completed, usually within several weeks.

b. Private Groups

(1) Faith and Happiness (Fé y Alegría)

The most significant private, non-profit organization providing occupational skills training is Fé y Alegría, which has programs for about 300 disadvantaged youths annually in marginal urban residential areas. Two year courses in carpentry, radio and TV repair, automechanics, homemaking, and basic electricity are offered. Facilities are limited and most instructors are strong in technical competence but weak in professional teaching knowledge and abilities. The major thrust of the Fé y Alegría program continues to be the provision of formal primary education for deprived children, with an average annual enrollment of approximately 3600 students.

## (2) Industry

Local industries in El Salvador traditionally have met their needs for skilled personnel through competitive wage policies that have attracted better trained workers from either the public sector or other private firms. These workers are then provided "on-the-job" training to upgrade existing skills. At the semi-skilled level a few cooperative apprenticeship training programs have been conducted with the help of the MOL, while others have been run by the industries themselves. Very small firms generally hire unskilled apprentices and provide informal long term training on-the-job (usually paying employees at less than the legal minimum wage). Formal and informal contacts with industrial, commercial, and service firms over the past several years by MOE and USAID project personnel indicate that these firms believe that short-term occupational skills training projects are both necessary and desirable. Most firms have indicated also a willingness to cooperate with the public sector in planning, executing, and evaluating these programs, including providing training sites within their plants, trained technicians as instructors, equipment, and expendable materials.

### c. International Bank for Reconstruction and Dev. (IBRD)

For the past three years, IBRD has been implementing a \$17 million loan with the MOE in the area of formal rural basic education. Its principal purpose is to provide a more practical general education to poor rural citizens by introducing rural living concepts and skills to primary school pupils and short-term vocational training to out-of-school youth and adults. Most of the efforts in the project have been directed toward primary education, and most of the funds are going to the construction and equipment of classrooms and vocational workshops, some of which have been added to existing primary schools. Geographically, the project has been concentrated in rural areas that are remote from secondary cities and are the most rural of the rural towns and villages.

The vocational training given to youth and adults consist of very short courses (averaging 25 hours) in skills related to living in agricultural areas (construction of simple dwellings, bridges, roads, community laundry facilities, simple repair and maintenance of implements). These courses are not designed to produce semi-skilled workers for industrial or agricultural occupations; they are stop-gap measures to help rural adults cope with their environment. The project has been administered by the Division of Adult and Pemanent Education (DAPE) of the MOE, which reports that approximately 6,000 persons have been reached so far in this program. The project is due to terminate at the end of 1978.

The Mission learned recently of another proposed IBRD project: a \$9.7 million loan to assist various ministries to carry out a four year project in vocational training at the semi-skilled to skilled levels in the areas of agricultural and industrial development.

The project has three main components: a) Agricultural training, b) Management and Supervisory training, and c) Industrial training. In agriculture, a national center and 8 regional rural training centers would be constructed and equipped. The national center would provide in-service training for agricultural professionals and technicians in fields such as credit, extension, marketing, planning, and agricultural and livestock technologies. The regional training centers would provide short-term training for community leaders, auxiliary technicians, workers on small and medium-sized farms, and rural women. This component would be executed by the National Center of Agricultural Training (CENCAP) of the Ministry of Agriculture. The management and supervisory training component would provide short-term courses for private sector, middle-level supervisors in industrial engineering, administration, and maintenance through the National Productivity Center (CENAP) of the Ministry of Economy. Also, short-term in-service seminars would be conducted for small scale entrepreneurs.

The MOL would execute the Industrial Training component of the project which would provide for the construction and equipment of 3 permanent Vocational Training Centers (located in 3 large cities to serve the vicinity and provide home bases for mobile training units), the provision of 16 mobile training units, and the creation of a central administrative unit in the MOL. The goal of this proposed national training network is to provide training for about 5,500 persons annually at the semi-skilled and skilled level in 33 different occupations. Three different training modes are proposed in this component:

(i) Apprenticeship training - contracted apprentices would study four hours daily, five days weekly, for 48 weeks (960 hours) and work in the afternoons;

(ii) Up-grading training - presently employed workers would study 2 hours daily, four times weekly, for 24 weeks (192) hours; and

(iii) Accelerated training - unemployed job-seekers would study either 8 hours daily for 24 weeks (960 hours) or 4 hours daily, 5 days weekly for 24 weeks (480 hours).

The mobile training units would provide both employed and unemployed adults with training opportunities in 5 different courses, lasting from 4 to 24 weeks (80 to 960 hours). The courses would be oriented to rural

interests and include bricklaying, carpentry, electricity, plumbing, and agricultural mechanics. Also, an in-plant training division would be created in the MOL to provide industrial firms with diagnostic services in determining training needs and implementing the on-the-job training programs.

AID has carefully analyzed this proposed IBRD loan project to determine whether duplication exists between the expanded DAPE Occupational Skills Training Program and the proposed IBRD project. The Mission concludes that the projects are complementary and not duplicative in nearly all respects. The reasons for this judgement are:

(i) The Agricultural and the Management and Supervisory components of the IBRD project will not be in areas of activity of the MOE/AID Project;

(ii) The IBRD project contains an apprenticeship program and an up-grading program for employed workers. The MOE/AID Project is concerned mainly with unskilled, unemployed persons seeking entry-level skills training.

(iii) The mobile units in the IBRD project will concentrate on rural activities related to agricultural practices and home improvement skills. The MOE/AID mobile units will concentrate on skills training leading to industrial and commercial employment.

(iv) The IBRD project requires a minimum age of 16 years and the completion of primary education for entry into its programs. The MOE/AID project accepts out-of-school youth and adults from the age of 13 without regard to number of school years completed.

One component of the proposed IBRD project, which deals with the "accelerated training" of unemployed job seekers, appeared to potentially duplicate some of the activities of the MOE/AID Project. Since the MOE was involved (along with the Ministries of Planning, Labor, and Agriculture) in the discussions and negotiations being conducted with the IBRD, the Mission indicated to the MOE this possible duplication of activity. In a recent letter to the Acting Director of USAID, dated 2 August 1977, the Minister of Education provided assurances that the MOE would use its best efforts to insure that duplication between these two proposed projects would be avoided. The pertinent section of that letter reads as follows:

"The GOES is presently negotiating a loan with the International Bank for Reconstruction and Development (IBRD) to assist the Ministries of Agriculture, Economy, and Labor develop programs of skills training in agriculture, administration and supervision, and industrial production at the qualified level. We believe that

there will be no duplication between the "capacitación laboral" program and the programs of the other ministries. The "capacitación laboral" program is complementary to the other programs as it addresses the skills training needs of unskilled people. Furthermore, at the present time, an entity is being created which will assure the coordination of the skills training efforts of the various ministries involved."

The Mission therefore believes that, in view of the limited area of possible duplication and the assurances provided by the Minister of Education, the problem of duplication has been minimized. Moreover, the Mission will continue to examine this issue during the preparation of the Loan Agreement and the Conditions Precedent to insure that duplication does not occur.

B. Description of Project

1. Synopsis of Log Frame

a. Sector Goal

The overall educational sector goal is to improve the general welfare of the urban and rural poor through appropriate education and training programs. This particular loan Project will contribute toward the accomplishment of this goal by addressing one of the major educational constraints now facing the poor in El Salvador: the lack of occupational skills, which prevents the poor from securing and keeping productive employment. Achievement of this goal will be measured by increased income for the Project participants.

b. Project Purpose

The purpose of the Project is to develop and expand a viable system of occupational skills training. A grant funded pilot project has been in operation since March 1976, and a start has been made in designing and testing various project components (e.g., curriculum development, personnel training, guidance, and a comprehensive delivery system). Some of these components must be further developed, and the entire system expanded to reach more urban and rural poor persons.

c. End of Project Status

By the end of the Project, the following conditions will exist:

(i) Local Education/Trade Council (ETC) data, job market analyses, and job performance criteria are being utilized as appropriate to revise course content (Curriculum Development) and the number and variety of course offerings (Program Planning);

(ii) ETCs are functioning effectively as evidenced by: (a) industries providing resources to the occupational skills program, (b) the adult, vocational education training program providing graduates trained in skills relevant to the needs of industry; and (c) inter-ministerial and other donor coordination of all non-formal vocational education activities.

(iii) The Delivery System is functioning effectively and efficiently as evidenced by: (a) increased enrollment and retention rates in non-formal education and skills training courses; (b) reduced time required to achieve course objectives, and (c) higher skill level and labor market awareness of course graduates.

(iv) An effective Guidance System is in place as evidence by: (a) 100% of program applicants provided with initial personal and occupation counseling; (b) 100% of students provided with job information; and (c) 60 - 70% of graduates annually placed in industry or self-employed, and (d) approximately 80% of graduates receive follow-up services.

The means of verification of the EOPS will include MOE/DAPE records and yearly evaluation, and minutes of ETC meetings and other ETC records.

## 2. Project Focus

### a. Target Group

The target group to be served by the Project will be the rural and urban poor of El Salvador. This poor majority is subsisting marginally in rural communities and urban ghettos. They can be categorized as having large families, low incomes, inadequate housing, poor diets, limited access to health and welfare services, and little opportunity to participate in the social, cultural, and recreational activities of their society. They are generally unemployed or underemployed; those who do work are concentrated in the low paying occupations (e.g., street vendors, domestic servants, kitchen workers, clerks, and part-time agricultural workers). They have low educational attainment (average of 4 years of formal schooling), are barely literate, and possess little or no marketable occupational skills. They have low self-concepts and underdeveloped personal and social skills. They are discouraged,

frustrated, and unhappy; they are the truly disadvantaged members of the Salvadoran nation. (See Part III, C for a detailed socio-cultural profile of the target group.)

Direct beneficiaries of this Project include approximately 8,400 men and women over the 4 year life of the Project, who will receive training and related job placement services, while secondary beneficiaries include approximately 67,000 persons, who comprise the families of the direct beneficiaries. Approximately 2,000 students annually, who are studying vocational education in the MOE's formal secondary schools, will also be secondary beneficiaries. These students, who attend school during the daytime hours, will benefit from the additional shop facilities and equipment which will be added to existing secondary schools, as well as from improved curricula and learning materials produced under the Project for the late afternoon and evening programs for adults.

b. Specific Project Objective

The basic objective of the proposed Project is to provide entry-level skills to members of the target group. The "entry level skills" concept involves the provision of fundamental or limited technical skills which are sufficient to allow entry into manufacturing, repair, or service industries. As such, it does not contemplate the provision of advanced skills training, which will continue to take place through other skills training programs. (These latter programs are more fully described in Part II, A, 3).

c. Location

Most of the program activities will take place in permanent training centers run by the MOE. Four major centers will be in operation in geographic areas that contain large numbers of poor people (e.g., San Salvador, San Miguel, Santa Ana, and San Vicente). These centers have been selected because the courses offered have a high, continuing demand and require permanent facilities to house equipment. An additional 19 locations in secondary cities will be used to provide basic courses, on a rotating basis, that have high local demand of a temporary nature. These locations are near major urban areas, are close to major roads, and have rapid growth potential; all have local high schools with ample space to add specialized shops. (Examples of these locations are Armenia, Metapan, Ilobasco, Acajutla, and Usulután.)

Some program activities will be conducted at industrial sites, where local industries will contribute skilled workers as instructors, equipment, and supplies to supplement MOE inputs. In some cases, industries will send their instructors and equipment to a permanent training center on a loan basis. Finally, some Project activities will be conducted through the use of mobile training units, to give the Project

an "out reach" dimension. These specially equipped mobile units will offer short-term courses and special services (job information, guidance services, special displays, etc.) to smaller groups of people in outlying regions during training periods that are most convenient and accessible to them.

d. Courses

During the life of the Project, a wide variety of short and long term courses will be offered. Initially, the courses developed under the pilot project will form the basic program, i.e., automechanics, sewing, tailoring, cooking, radio/TV repair, cosmetology, and welding. As additional job market analysis is carried out and specific job performance requirements are identified, additional training courses and guidance services will be provided (e.g., in construction trades, small appliance repair, hotel and restaurant services, baking, auto body repairs and painting, and handicrafts). It is expected that the local Education/Trade Councils also will contribute to determining which courses are needed and to insuring that the cooperative efforts of both the private and public sectors are used to design, develop, and deliver flexible, relevant, and effective courses and services.

3. Project Design

a. Overview

The principal thrust of the Project is to enable the DAPE to carry out an expanded and more effective occupational skills training program. This means not only reaching larger numbers of urban and rural poor through the training program but also developing or improving systems which will ensure that a large portion of those trained are meaningfully employed. The Project is designed to achieve these objectives by focusing on five basic components:

(i) The Program Planning component addresses the need to determine which occupational skills are demanded at any given time by the economy.

(ii) The Curriculum Development component focuses on the need for continually developing adequate courses given the skills demanded by the economy.

(iii) The Personnel Training component addresses the need for continually upgrading and adjusting both staff and teacher skills required for administering and delivering the expanded training program.

(iv) The Delivery of Adult Occupational Skills Training component focuses on the need to improve the facilities and equipment necessary for delivering the occupational skill training curriculum which has been and will continue to be developed.

(v) The Guidance Services component addresses the need to provide not only initial occupational counselling to applicants but also job placement assistance and follow-up.

These components are inter-related and mutually supportive and, thus, must all be addressed if a sound adult occupational education program is to be provided. Considerable progress has been made in most of these components under the pilot project discussed above, but additional work and improvement is left to be done. Additional detail is provided below to indicate the status of progress and nature of the improvements which will be undertaken within each of the five principal components of the Project.

Before discussing each of these project components, however, it should be noted that from the start of the pilot project an educational generalist was provided by AID, under contract grant funding, to serve as the counterpart to the director of DAPE in the overall planning, management and evaluation of the pilot project and to assist in developing an expanded program to meet the long term objectives of DAPE.

The role of this project coordinator was pervasive in all components of the pilot project, and within each component he was an instrumental figure in planning, executing, and evaluating all project activities. He helped determine project priorities, design implementation plans, select and supervise DAPE counterparts and employees, select and supervise U.S. technical advisers, and evaluate project activities.

The continued provision of this technical assistance input is considered essential, either as a chief of party for an institutional contract team or as an individually contracted project coordinator, to the achievement of the goals of the proposed expanded Project.

#### b. The Components

##### (1) Program Planning

The problem at which this component is aimed is DAPE's need to improve its basic research and planning capabilities to enable it to determine on a regular basis (i) the training needs for semi-skilled workers in the Salvadoran economy, (ii) the basic job skills requirement for each occupational skill to be taught, and (iii)

the number and kinds of courses required to meet the demand. During the early days of DAPE's operations, courses were offered in various fields without knowing whether a demand existed for the graduates of the courses, whether course content corresponded with actual entry level job requirements established by industry, and whether or not graduates were finding jobs.

Under the pilot project, close attention was paid to undertaking a basic training needs survey and determining what were the basic skills required for entering into the occupations being taught by DAPE with the help of technical assistance provided under the pilot project. Thus, at present, DAPE is offering a set of adult, occupational skills training courses which reflect the skill demands of the economy and the skills requirements at the entry level. However, the pilot project has shown the need for an Industrial Establishment Survey (IES) System within the DAPE to keep a regular and continuous watch on the manpower needs of industry.

This component of the Project will address DAPE's need to develop and execute the IES System. This system is a reasonable alternative to a full-blown manpower study which is often expensive and unreliable in estimating both manpower supply and demand. The IES should address very specific information needs. A typical IES would involve identifying job skill upgrading needs within the construction or textile industries or finding out the printing press operator needs in San Salvador. Occasionally, major Establishment Surveys will be needed to obtain information on investment trends, productivity trends, and turnover trends for a given sector. DAPE will develop its own labor market survey mechanism, and not depend on macro manpower analyses based on incomplete or obsolete data to plan program offerings.

In order for DAPE to adequately address the development of a capacity to execute IES and labor market surveys, a new office within the DAPE organization, with the responsibility for planning and evaluation, must be created. The Planning Office would have overall responsibility for programming, designing, and executing the IES and labor market surveys, drawing as appropriate on statistical data and research from inter/intra Ministerial sources, and using information from the Education/Trade Councils. The DAPE has already proposed such a change to the MOE and discussions have been held on the restructuring. The MOE has positively responded to the request, and it is expected that the new office will be approved in the near future. (For a complete discussion of the restructuring plan, see Part III, E - Institutional Analysis).

Various inputs will be required to carry out the Program Planning component of the Project. In addition to the creation of the Planning Office, 3 positions will have to be established and the salaries funded by the MOE. These positions would include a Research Coordinator, Research Assistant, and Secretary, (\$68,800). In

addition, the MOE would provide operational expenses, equipment and supplies, and special services (both personal and non-personal) to the office (\$68,000). AID grant financing would be used to provide the services of a Research and Evaluation Specialist over the life of the Project (\$75,000).

The budget for the Program Planning component of the Project can be summarized as follows:

Item	AID	GOES	TOTAL
1. Personnel	--	68,800	68,800
2. Operational Expenses	--	20,000	20,000
3. Equipment and Supplies	--	16,000	16,000
4. Special Services	--	32,000	32,000
5. Technical Assistance	<u>75,000</u>	<u>--</u>	<u>75,000</u>
TOTAL	75,000	136,800	211,800

(2) Curriculum Development

This component focuses on the need to continually develop relevant and adequate courses, on a timely basis, to meet the economy's demand for semi-skilled workers. Included in curricula development is the development of appropriate teaching/learning materials and an adequate feedback mechanism to evaluate the validity and effectiveness of the varied curricula.

Before the advent of the pilot project, DAPE paid scant attention to curriculum development. Courses with the same title (e.g., sewing, tailoring, auto-mechanics) were being designed and taught by individual instructors in entirely different ways, based primarily on the instructor's understanding of what should be taught, his level of subject matter mastery, and the availability of equipment and learning materials. Inevitably, the quality of curricula ranged from very poor to good not only within subjects but also among subjects. Basic curriculum guidelines provided by DAPE to regional supervisors and to teachers were either too sketchy to be useful or - more often - simply not available. Little consideration was given to structuring curricula around the interests and abilities of the students and the specific needs of employers. About the only thing that was standardized and uniform was the number of hours devoted to each course - an inflexible 360 hours. Curricula expanded to meet the hours assigned to it, rather than being developed according to other, better criteria, e.g. occupational entry requirements.

The same can be said about materials development. The availability of printed materials and audio/visual aids was scarce

indeed, and expendable materials provided by DAPE or the communities were almost non-existent. Teachers were expected either to do without or provide materials from their own resources, and students generally had to provide their own expendable materials. It was common, for example, for women in sewing classes to produce finished dresses from paper since cloth was not provided by the school and was too expensive for students to purchase.

The pilot project, considering the relatively limited funds devoted to these major areas, has made a respectable start toward solving the curriculum development problem by establishing a more comprehensive, articulated approach to curriculum development. Course guides are reflecting content and procedures drawn from industry's needs and students' interests and abilities. Short-term U.S. contract advisors have conducted in-service training for DAPE counterparts and teachers, and an integral part of the participant training program at San José State University was devoted to curriculum development. Each participant developed a curriculum model in his area of expertise, and these are being tested in the courses currently being offered by DAPE.

During the expansion phase of the Project, two major aspects of curriculum development will be stressed: revising, expanding, and evaluating current courses, and developing curricula for new areas of training uncovered by the research described under the Program Planning component. Especially useful will be data developed under the occupational analysis activities, which will provide valuable information dealing with the manpower needs of industry, commerce, and services, including projections of the number and kinds of occupations requiring manpower and the specific skills requirements of jobs within these occupations. This data will be fed into the curricula development process to insure that courses are relevant, timely, and effective.

The use of the "modular" concept will be emphasized in curricula development. Simply stated, this approach breaks down a complex body of knowledge into small, discreet, self-contained learning units ("modules") which are then strung together to form short or long courses. In automechanics, for example, modular units on brakes, electrical systems, transmissions, and engine tune-up would be developed as separate units. These units could be used to develop mini-courses for unemployed labor force aspirants, for the upgrading of presently employed workers who lack knowledge in any of these areas, or for retraining workers who want to change occupations and specialize in one area of an occupation. The flexibility of this approach would also permit the development of medium and long-term courses, depending upon the needs of industry and/or individual students. Once new courses are developed, extensive workshops in their application and evaluation will be conducted for supervisors and teachers.

The production of appropriate teaching/learning materials to complement curriculum development also was begun during the pilot project, but considerably more - both in scope and quantity - must be done during the expansion phase. Two of the ten participants trained abroad specialized in materials production, and have conducted in-service workshops and begun the task of planning a reorganization and expansion of their department's activities. With the introduction of the "modular" curriculum concept, special printed materials, slides, filmstrips, videotapes, and overhead projections will have to be developed, produced and distributed.

The inputs to achieve the objectives of the Curriculum Development Component of the expanded Project will focus on both curriculum design and materials production. The curriculum design element requires the creation of a Curriculum Development Office in DAPE and the establishment of positions to be funded by the MOE. The positions include 3 curriculum specialists, an Occupation Analysis Specialist, 2 secretaries, and 1 research assistant (\$263,200). In addition the MOE will fund operational expenses, equipment and supplies, and special supplies and services (\$610,000). AID loan funding will cover a long-term specialist in curriculum design as well as 12 short term subject matter specialists (radio/electronics, automechanics, carpentry, welding, electricity, food services, and basic office skills) and a short term Instructional Technology Specialist (\$270,000).

The materials production element will require the creation of a Materials Production Office and the establishment of 7 positions: a Materials Production Specialist, 1 A/V Materials Specialist, 2 Draftsmen, a Secretary, and 2 Typists (\$138,000). In addition, the MOE will fund operational expenses and equipment and supplies (\$122,200). AID funding will cover the cost of basic materials production equipment (\$53,000).

The budget for the Curriculum Development component of the Project can be summarized as follows:

<u>Item</u>	<u>A.I.D.</u>	<u>GOES</u>	<u>TOTAL</u>
1. Personnel	--	401.2	401.2
2. Operational Expenses	--	199.0	199.0
3. Equipment and Supplies	53.0	103.2	156.2
4. Special Supplies	--	50.0	50.0
5. Special Services	--	380.0	380.0
6. Technical Assistance	<u>270.0</u>	<u>-.-</u>	<u>270.0</u>
TOTAL	323.0	1,133.4	1,456.4

(3) Personnel Training

The problem this component addresses is the need to continually upgrade and adjust both administrative staff and teacher skills. Until the pilot project was launched, the central staff of the DAPE was composed of educational generalists, few of whom had educational preparation or experience in vocational education. Thus not only the director and sub-director but also the regional supervisors and program specialists were incapable of planning and administering skill training programs based on sound vocational education principles and practices. A review of the subject matter and pedagogical skills of the class-room teachers also revealed a dearth of professional expertise. In-service training of staff and teachers was seldom formally conducted; the regional supervisors, themselves limited in appropriate understandings and skills, performed in-service training on an infrequent and informal basis. Professional reference materials in subject matter and teaching techniques were simply non-existent. Administrators and teachers likewise had little knowledge of the students they served and little concept of the methods of acquiring and using this information. Finally they possessed little understanding of their roles with respect to guiding students into choosing appropriate occupations and assisting them in seeking specific job openings.

As a result of the pilot project, significant changes have occurred in each of these problem areas. At the central administrative level of DAPE, a full-time professional educator (a third country national) was provided under contract with U.S. grant funds to serve as counterpart to the director of DAPE and to coordinate project activities. The MOE transferred to the DAPE staff a professional teacher training specialist from another division and recruited three vocational education specialists to occupy new positions in supervision. U.S. specialists in vocational education administration, supervision, teacher training, and guidance were provided on a short-term basis to conduct in-service workshops and identify candidates for advanced training abroad.

Using grant funds, the MOE and USAID selected ten Salvadorans for an intensive, specially designed participant training program for about five months at San José State University in California. The group, which undertook a combined study-work-observation program, included representation from DAPE, the Planning Office, the Curriculum Development Office, and the Materials Development Service. Upon completion of training, the returned participants conducted in-service workshops in their specialities for other specialists and teachers and began developing detailed systems and implementation plans within their areas of expertise for use in the proposed expanded Project. They were assisted in these activities by additional U.S. contract short-term specialists, several of whom had worked with the participants before and during their training at San Jose State.

While a significant start has been made in personnel training (a total of 318 hours of in-service training to date), the nature and magnitude of the problem dictate that more activities in this area are essential to ultimately solve the problem. Considering that the educational and experiential backgrounds of DAPE and other MOE personnel were limited, that adequate training in these complex educational areas are necessarily long-term undertakings, and that an expanded program requires increased training for more people, plans for the expanded loan Project place considerable emphasis on training.

Training will be of two types: in-service training for the majority of Project-connected personnel in administration, supervision, teaching, and related areas (e.g., occupational analysis, guidance, and materials development); and participant training for advanced study abroad. The in-service training will be conducted primarily via short-term seminars and workshops for specialists and teachers, while continuous in-service training will be performed initially by the long-term technical advisors who will work closely with project counterparts. The participant training program will focus upon the selection and training of key counterparts in combination study/observation/work programs abroad, most probably in Spanish-speaking 3rd countries or in U.S. public school districts, like Los Angeles, that have the capability and experience to provide such training. Approximately 12 person years of participant training are planned in such areas as administration, supervision, curriculum development, guidance, and instructional materials development.

The inputs necessary to achieve the objectives of the Personnel Training component of the Project will include the creation of a new DAPE Office of Professional Development which will identify training needs for DAPE administrators and technical personnel, coordinate the development and implementation of seminars and in-service training programs, drawing upon available expertise in the MOE, other

Ministries, and outside technical assistance. These positions will include an In-Service Training Specialist and a Secretary (\$26,000). The GOES will also cover operational expenses, seminars, and international travel expenses (\$44,400). AID funds will cover the costs associated with participant training in such fields as supervision, curriculum development, and guidance (\$188,000) and the services of a Personnel Development Specialist and various In-service Training Specialists to design and conduct workshops (\$130,000).

The budget for the Personnel Training component can be summarized as follows:

<u>Item</u>	<u>A.I.D.</u>	<u>GOES</u>	<u>TOTAL</u>
1. Personnel	--.-	26.0	26.0
2. Operational Expenses		10.0	10.0
3. Seminars		20.0	20.0
4. Participant Training	188.0	--.-	188.0
5. International Travel		14.4	14.4
6. Technical Assistance	<u>130.0</u>	<u>--.-</u>	<u>130.0</u>
TOTAL	318.0	70.4	388.4

(4) The Delivery of Adult Occupational Skills Training.

This component focusses on the need to improve the physical facilities and equipment for delivering an expanded program of occupational skill training.

Before the pilot project was started, the DAPE program was conducted exclusively in locally-provided community facilities. In most cases these were not actually schools, but abandoned stores, warehouses, and private houses. In one case an abandoned municipal market was converted into a training facility, and in another an auto mechanics course was conducted in an open field (a genuine "Shade Tree" operation). Basic equipment, tools, audio/visual aids, shop spaces, blackboards, and student desks and chairs were seldom provided, and it was not uncommon for the electrical system to fail during the night program. During the rainy season, many classes had to be suspended because the roofs leaked and the earth floors became quagmires. Equipment in need of repair and maintenance was often out-of-service for extended periods, hampering classroom activities and leading to increasing student dropouts. No centralized system of equipment inventory, distribution and control was used, and no basis was available for budgeting maintenance costs into subsequent MOE budgets.

During the pilot project, important changes were effected in the delivery system. A major breakthrough occurred when the system was expanded to include better facilities by making use of permanent schools that belonged to the secondary education division of the MOE. These excellent physical plants, though short of equipment and materials, at least had the advantages of being well-located, well-built, and designed for vocational education activities. Previously underutilized, under the pilot project they became much more efficient, as afternoon and evening classes were added for the out-of-school youth and adults. The regular day time students and teachers also benefitted, as equipment purchased under the pilot project was used by these persons; much of the new equipment, especially the hand tools, proved to be more useful to the day students than the equipment previously provided.

Despite the good start made so far, much remains to be done to develop an expanded delivery system. The implementation plan for using the permanent MOE secondary schools in the DAPE pilot project included the renovation of existing plants by adding several workshops to these schools which were not constructed for vocational education purposes. Renovating existing basic schools (4 urban centers, and 19 specialized shops) for occupational skill training purposes remains a major objective of the expansion project. The expanded facilities will require a variety of shop equipment, audio/visual equipment, and classroom equipment. Vehicles will be purchased for equipment delivery, maintenance, and program monitoring purposes.

Three basic patterns will be used to implement the delivery system:

(i) Permanent Centers in Major Areas - Basic courses that have a high, continuing demand (e.g., auto mechanics, sewing, radio/electronics) and require permanent facilities to house heavy equipment will be offered through these permanent large centers. Numerous other "mini-courses" also can be offered in these centers on short notice as demand develops. Regular daytime students from the secondary vocational education program will also have access to these facilities. Major sites include San Salvador, San Miguel, Santa Ana, and Sonsonate.

(ii) Permanent Centers in Secondary Cities - Basic courses (120 and 360 hours each), on a rotating basis, will be provided in such secondary cities as Armenia, Metapán, Quezaltepeque, Ilobasco, Ahuachapán, Acajutla, and Usulután. These cities are near major urban areas, are close to major roads, and have rapid growth potential. All have high schools with ample space to add specialized shops; and

(iii) Mobile Training Units - Short term courses for a variety of industrial/agricultural support needs will be provided through mobile units to give an "out reach" dimension to the expanded Project. Courses will be taken to towns and villages which are neither close to major urban areas nor important focusses of industrial development but that have large numbers of small scale industries especially in the San Vicente region, Jiquilisco, Berlin, and Tejutla.

Flexibility, rapid responsiveness, effectiveness, and cost efficiency will be the aims toward which the delivery system is directed. As local industry becomes increasingly involved in the expansion Project, additional sites, personnel, and other resources will be added to the mix of elements involved in this component.

The MOE inputs necessary to achieve the objectives of the Delivery Systems Component include the following:

(i) establish a fourth supervisory and a secretary position in the Supervision Office to complement the 3 existing positions and provide them with salaries (\$123,200) and operational costs (\$320,000).

(ii) establish additional instructors and principals positions to supplement the existing staff and fund their salaries (\$415,900);

(iii) fund the costs of designing the workshops and supervising their construction;

(iv) fund the expendable materials needs of the urban skills training program (\$480,000); and

(v) fund the maintenance and repair costs associated with the training equipment and facilities (\$235,00).

AID funds will be used to renovate existing facilities (\$705,000), purchase vehicles and mobile units (\$145,000), purchase training tools and equipment (\$1,165,000), purchase A/V equipment (\$160,000), and provide the services of Vocational Education Administration and Industrial Relations Specialists (\$250,000).

The budget for the Delivery System Component can be summarized as follows:

	A.I.D.	GOES	TOTAL
1. Personnel	--.-	539.1	539.1
2. Operations Costs	--.-	320.0	320.0
3. Facilities Renovation	705.0	105.0	810.0
4. Tools & Equipment	1,165.0	--.-	1,165.0
5. A/V Equipment	160.0	--.-	160.0
6. Vehicles	145.0	--.-	145.0
7. Expendable Materials	--.-	480.0	480.0
8. Maintenance and Repairs	--.-	235.0	235.0
9. Technical Assistance	250.0	--.-	250.0
TOTAL	2,425.0	1,679.1	4,104.1

(5) Guidance Services

The Guidance Services Component addresses the need to provide initial personal and occupational counselling to course applicants, and services related to job information, placement, and follow-up. Before the pilot project started, these services were not formally planned and provided. Course offerings were announced only by word of mouth, no criteria was used for the selection of schools and students, no preliminary counseling interviews were scheduled, and no assistance was provided to advise students about job opportunities and requirements to help them with job placement, and to follow-up the graduates.

During the pilot project, technical advisory services of U.S. specialists were provided by AID, and a total guidance system was designed, in-service training was provided counterpart personnel and various types of school personnel (principals, supervisors, and teachers), and a candidate for advanced study in guidance was selected and trained at San Jose State University. During the remainder of the pilot project, the returned participant will continue to provide in-service training and will begin to implement the job information, placement, and follow-up aspects of the guidance program.

During the expansion phase, the Guidance Service Component must be revised, enlarged, and improved. Personnel training will continue, especially in the areas of job information, placement, and follow-up. Career booklets must be written, produced, and distributed; interviews arranged with prospective employers; personal and vocational counselling continued and expanded; the placement system expanded and improved; and the graduate tracer system tested, modified, and expanded.

The inputs to achieve the objectives of the Guidance Component will include the addition of a Guidance Office to DAPE staffed by a guidance specialist, two job developers, two placement monitors, and two typists (\$91,200). In addition, the MOE will provide

funds for the costs related to operations, equipment and supplies, and special services (\$48,800). AID will provide the technical services of a Job Developer. (\$40,000).

The budget for the Guidance Component can be summarized as follows:

	A.I.D.	GOES	TOTAL
1. Personnel	--.-	91.2	91.2
2. Operations, Equipment & Supplies, & Services	--.-	48.8	48.8
3. Technical Assistance	<u>40.0</u>	<u>--.-</u>	<u>40.0</u>
TOTAL	40.0	140.0	180.0

c. Administrative Support

To provide adequate support to the activities included in each of the five components described above, DAPE's existing Support Services operation will require strengthening. This will be done by creating an Administrative Unit composed of five principal offices: Personnel Administration, Promotion, General Services, Materials Production, and Finance.

Besides carrying out the typical duties associated with offices similarly titled, three of these will provide critical support to the Project. The Promotion Office will be responsible for publicizing the activities of and courses given by DAPE as well as for dealing with business and industry with the objective of developing more job opportunities. The Office of Materials Production will support DAPE's Curriculum Development Office by designing and preparing the basic lay-outs which will be produced by the Materials Production Service (CENPROME). In addition, it will produce some of the simpler education and training materials utilizing mimeograph and copying processes. The Finance Office will handle the accounting as it relates to the Project.

To create the Administrative Unit described above, approximately 11 additional positions will be allocated for that purpose. (A full description of the organization and staff requirements of the Administrative Unit is found in Part III, E - Institutional Analysis.) Therefore, the GOES will provide support for salaries (\$217,600) as well as for the costs associated with operations, equipment and supplies, and services (\$77,700) over the life of the Project.

The budget necessary for creating a viable Administrative Unit to support the proposed project can be summarized as follows:

	A.I.D.	GOES	TOTAL
Personnel	---.	217.6	217.6
Operations	---.	20.0	20.0
Equipment & Supplies	---.	25.7	25.7
Services	---.	32.0	32.0
TOTAL	---.	295.3	295.3

### PART III - PROJECT ANALYSIS

#### A. Engineering Analysis

##### 1. General Description

The engineering phase of the Project comprises the design, renovation, and supervision of 27 additional workshops at already existing schools. The basic design of the shops (including all-purpose rooms and storage areas) have been developed by the Directorate of Educational Architecture (DAE) of the Ministry of Education (MOE). These shops will be utilized as automotive, wood working, sewing and home economic classrooms. They will be equipped with tools and machinery to be provided from AID loan funds.

The design itself is very basic and follows the same standards used under previous AID education loans. The structures built have proven to be inexpensive, efficient and fully satisfactory to the long-term needs of El Salvador. The shop dimensions are 24 meters long by 12 meters wide; the structure is one story high with walls of concrete block or clay reinforced with concrete to withstand earthquakes. Roofs will be of corrugated asbestos cement supported by light metal trusses. This basic design of the shop will be adapted to each of the 17 locations.

Cost estimates are based on data developed by DAE from earlier AID loans and their updated cost figures derived from recent experience with school construction throughout El Salvador. DAE indicates that the cost/M2 of construction is currently about \$90. A 10% inflation cost has been provided to account for possible increases in labor and material costs. This inflation figure is deemed adequate as all material (e.g., concrete block, clay brick, cement, roofing) will require local purchase and inflation has not exceeded 10% annually in the last 5 years in El Salvador.

No problems are expected regarding unforeseen soils conditions since all shops will be built at already existing school sites where soils analysis have already been performed, and there exists sufficient space for the additional facilities contemplated.

Total Project construction time is estimated at 24 months. Based on past performance, it is felt that the MOE can complete the construction phase within this period.

## 2. Engineering Implementation Plan

### a. Sites

The new facilities (i.e. shops and all purpose rooms) will be constructed on sites where the MOE has already existing schools, and thus the MOE already holds legal land titles to all sites. None of the sites need additional heavy earthwork. Soil conditions have already been studied. These studies indicate that problems such as large amounts of subterranean rock or poor soil conditions do not exist which would delay and make the construction more costly. The basic utilities are already existing such as toilets, administrative space, electricity, water and sewerage. Sanitary waste disposal, when not connected to a city system, is being accomplished by means of septic tank and drain fields. (See Annex II, Exhibit 3 for a map showing all Project construction sites).

### b. Design and Engineering

The DAE was in charge of the design of schools and the execution of the supervision of construction under two previous AID loans (Education Reform - both 013 and 014). It has the capability of carrying out the final design and supervision of the renovation contemplated under this Project. The design is not new; it follows the same design and construction standards used in prior MOE construction under both force account and previous AID loans. The design has proven inexpensive, efficient and meets the needs of the MOE. (The basic design is shown in Annex III, Exhibit 3). The value of the DAE design and supervision inputs is estimated to be \$105,000.

### c. Construction

Bidding - The DAE will be responsible for the preparation of all bid documents. The construction opportunity will be advertised in the United States in the Commerce Business Daily in accordance with normal AID procedures and locally in accordance with GOES practices. Invitation for Bids (IFB) will be sent to previously prequalified construction companies. It is expected that workshops will be bid in

groups which will include sites in close geographical proximity as was done under previous AID loans. Based upon USAID's prior experience in construction of schools, a large agricultural research and extension complex (CENTA), and a system of grain storage facilities (IRA), it is not anticipated that any of the IFBs will attract other than Salvadoran or Central American construction firms. Nevertheless, insofar as feasible, alternative methods of bidding will be considered in order to obtain the lowest possible costs. Such methods could include allowances for one bidder to bid on all schools or smaller groups in order to obtain maximum competition and lowest costs and attract U.S. firms.

Implementation Plan - It is anticipated that the first year of the loan will be used to meet conditions precedent to the initial disbursement and bring technical assistance on-board. During that year, DAE will have ample time to develop the final plans, cost estimates, IFBs and to prequalify construction firms. The IFB will be advertised during the second year of the AID loan. It is anticipated that the construction of the 27 workshops can be carried out during the second and third year of the loan as follows:

<u>Year</u>	<u>No. of Units Completed</u>	<u>Unit Costs</u>	<u>Total Cost</u>
1	--	--	--
2	17	\$26,100*	\$443,700
3	10	26,100*	261,000
4	--	--	--
	<u>27</u>		<u>\$704,700**</u>

\* Based on 1977 prices

\*\* In addition to this amount the AID loan includes additional funds to cover (a) inflation at a 10% rate per year, and (b) contingencies such as the addition of a possible site or major modification to several facilities.

e. Equipment

The AID loan will provide funding to purchase materials production equipment, vehicles, shop tools and equipment, and audio-visual aids in order to equip the facilities discussed above and to assist the Directorate of Adult and Permanent Education (DAPE), the executing agency of the Project, to deliver and supervise the Occupational Skills Training Program. This equipment is estimated to cost approximately \$1,523,000 and will be purchased primarily during the second and third years of the Project. In addition to this amount, the AID loan includes funds to cover inflation which is estimated to increase at 10% a year

during the life of the Project. (See Annex III, Exhibit 2 for a list of equipment to be purchased under the loan.)

### 3. Maintenance

#### a. Facilities

The MOE has the responsibility for carrying out the maintenance of all schools within the public school system. The MOE has a maintenance division which was reorganized to meet certain conditions under a previous AID loan. Since its reorganization in 1974, the maintenance division has operated in an effective manner. The MOE has provided sufficient funds to perform adequate maintenance of the existing schools. The MOE has agreed to increase its budget to provide enough funds to cover the maintenance and repair costs of the additional workshops. This maintenance and repair budget amounts to \$235,000 over the last three years of the Project and is considered adequate by the Mission.

#### b. Equipment

The equipment which will be purchased under the AID loan will be included in the MOE's maintenance plan. Training will also be provided for the personnel of the maintenance division in order that they are able to maintain the new equipment. A condition precedent to disbursement for construction will require that a maintenance schedule be prepared for the AID financed workshops and equipment and a covenant will require that the MOE continue to adequately maintain those facilities and equipment after the termination of the Project.

### 4. Conclusion

From an engineering standpoint, the renovation phase of the Project appears to be technically feasible. Cost information has been realistically developed based upon reliable data. All materials and labor are to be procured locally and their procurement will pose no special problem. The MOE is well acquainted with work implementation of this type. Local engineers and construction contractors are experienced in this type of construction and sufficient numbers are available to allow for competitive bidding. Thus, it is the judgement of the Mission that the requirements of Section 611 (a)(1) of the Foreign Assistance Act of 1961 as amended have been met.

### 5. Impact on Environment

An Initial Environment Examination (IEE) was undertaken by the Mission to determine whether the Project would have any significant, adverse effect on the environment. (See Annex 3, Exhibit 4 for a copy of that examination.) The IEE concluded that the Project would have no

significant effect on the human environment and recommended that a negative determination be given. Final issuance of the negative determination is pending in AID/W.

B. Financial Analysis and Plan

1. Total Project Requirements

The total financial investment envisioned by the proposed AID loan and grant and the GOES contribution is equivalent to approximately \$7.5 million as follows:

	(in U.S. \$000 or equivalent)		<u>Total</u>
	<u>US Dollars</u>	<u>Local Currency</u>	
AID Grant	\$ 495	\$ --	\$ 495
AID Loan	2,256	744	3,000
GOES	<u>--</u>	<u>4,002</u>	<u>4,002</u>
	<u>\$2,751</u>	<u>\$4,746</u>	<u>\$7,497</u>

2. Host Country Financial Capability

The GOES contribution, amounting to approximately \$4.0 million during the life of the Project, is primarily in the form of MOE budgetary allocations to the DAPE. This total figure is not considered excessive in view of DAPE's financial capability and the size of its present budget. Since 1973 the DAPE budget has experienced significant increases. The table below illustrates the increase in priority placed upon adult education (a three fold increase in the last five years) by the GOES/MOE.

GOES/ MOE/DAPE Budget Analysis  
(In million of US Dollars)

<u>Year</u>	<u>GOES Budget</u>	<u>MOE Budget</u>	<u>% of GOES</u>	<u>DAPE Budget</u>	<u>% of MOE</u>
1973	180.0	45.7	25.4	.24	0.5
1974	237.8	56.2	23.7	.48	0.9
1975	283.8	66.5	23.4	.64	1.0
1976	411.2	90.5	22.0	.96	1.1
1977**	427.5	106.4	24.9	1.61	1.5

\*\* 1977 data are budget figures; however, all prior years are actual amounts disbursed.

The DAPE will experience some budgetary revisions in conjunction with the reorganization discussed in this paper. However, the Mission has been assured that the MOE will provide the DAPE with the necessary funds indicated in the financial plan on pages 37 and 38. The DAPE's budget requirement for meeting recurring costs of the first year after AID funds have been fully disbursed is calculated to be approximately \$1.2 million. Given the current DAPE budget level of \$1.6 million, it appears reasonable to conclude that the DAPE will have the necessary resources for continuing the program after AID funds are expended.

### 3. Host Country Repayment Capability

El Salvador's external public debt increased steadily in recent years from \$90 million in 1968 to \$375 million in 1976 (see Annex IV, Exhibit 3). Consequently the annual debt service payments have increased from \$6.1 million in 1968 to \$24.7 million in 1974. However, in 1975 El Salvador made a payment of \$55 million, including a large principal prepayment of \$48 million on a loan contracted in 1974, which will have the effect of lowering post 1975 debt service payments.

Table I shows the burden of debt repayments as a percent of total export earnings. The debt service burden increased from 2.9% in 1968 to 5.3% in 1974 and jumped to 10.7% in 1975. Except 1975, the debt repayments burden has been low compared to other countries at the same stage of development. In fact the latest World Bank publication, Economic Memorandum on El Salvador, states that higher levels of external borrowing will be absorbed without endangering the country's credit worthiness.

TABLE I  
EL SALVADOR: Service Payment of External Public Debt  
1968-75  
(In Millions of U.S. Dollars)

	Service Payment	Exports	S.P. as percent of Exports
1968	6.1	211.7	2.9
1969	6.3	202.1	3.1
1970	9.4	236.2	4.0
1971	15.6	243.2	6.4
1972	10.4	301.7	3.5
1973	21.2	358.4	5.9
1974	24.7	462.5	5.3
1975	55.0	512.6	10.7

SOURCES: World Bank, Economic Memorandum on El Salvador, and the Monthly Review published by the Central Bank of El Salvador.

The World Bank publication also provides the debt repayment schedule during the 1976-95 period. It shows that total annual debt service (i.e., principal plus interest) will decline from the high of \$34 million in 1977 to \$11 million in 1995. The debt service payment in 1987, the year El Salvador will begin to make principal payments of the proposed loan, is only \$18 million which is estimated to be less than 1% of expected exports in that year. Table II indicates that the external debt burden will decrease steadily from 5.2% in 1977 to less than 1% in 1987 in the absence of more external borrowing.

TABLE II

EL SALVADOR: Schedule of Service Payments of External  
Public Debt 1975-1987  
(In Millions of U.S. Dollars)

	Schedule of Service Payments	Exports (a)	S. P. as Percent of Exports
1975	55.0	512.6	10.7
1977	34.2	654.5	5.2
1979	37.0	835.8	4.4
1981	27.3	1067.2	2.6
1983	23.2	1362.7	1.7
1985	18.6	1740.1	1.1
1987	18.1	2221.9	0.8

SOURCE: World Bank, Economic Memorandum on El Salvador

(a) USAID/ES projection: total exports are extrapolated from the 1968-75 performance. The average annual growth rate during the period was 13%. Note that the 1976 export was excluded from the Table on account of the unusual situation due to the high world coffee price.

Thus, El Salvador's external debt repayment burden for the next 20 years is very low; and, therefore, the country is not likely to encounter a repayment problem as a result of the proposed loan.

#### 4. Financial Plan/Budget Tables

Grant funds of \$495,000 will be expended during a four year implementation period. These funds will be used solely for technical assistance, and expenditures will be in U.S. dollars. Likewise, loan funds of \$3.0 million will be expended during a four year disbursement

period. Of this amount, only \$744,000 will be used for local currency costs, with the balance being expended primarily for U.S. technical assistance, training tools and equipment, materials production equipment, audio visual aids, and vehicles.

Inflation has been accounted for at 10% per year on a compounded basis. This inflation adjustment is considered reasonable in view of El Salvador's recent economic trends. Contingency funds of \$83,500 have been provided to cover future freight and shipment costs which are expected to climb between now and the time when the major procurement under the loan is completed.

See pages 37 and 38 for the Summary Cost Estimate and Financial Plan and the Costing of Project Outputs/Inputs tables.

## 5. Conclusion

The four year Project appears ambitious when measured against the major undertaking of timely procurement required of the DAPE. However, the MOE Division for Architecture (DAE), has had prior experience in implementing two AID loans, both of which had construction and heavy commodity procurement components. Further, the MOE has assured the Mission that the DAE will assist the DAPE with its procurement.

Inflation and the contingency costs are adequate for the proposed loan. Potential delays in procurement during the first operational year could be offset by earlier procurement of commodities planned in the third and fourth operational years. We find the proposed capability of the DAPE to implement the financial requirements of the loan satisfactory once the conditions precedent are met. Moreover, overall costs of the project appear sound.

## 6. Justification for Grant Funding

As indicated in FY 1979 Annual Budget Submission (ABS), the Mission requested in its FY 1978 Congressional Presentation (CP) total Project funding of 3.5 million dollars, \$500,000 of which was a grant component to finance approximately 90 person months of technical services. The grant component also appears in the published FY 1978 ABS and approved PRP. However, the published version of the FY 1978 CP does not show the \$500,000 grant, thereby reducing the total amount of Project funding to \$3.0 million.

The Project, as proposed, cannot be implemented without both grant and loan funding. The importance of the complementary grant portion of the Project is based on two principal factors. First, there is an urgent need to provide DAPE with technical assistance (TA) quickly to assist the executing agency in meeting the Conditions Precedent to

Initial Disbursement of the loan. This TA would, inter alia, review and assist the DAPE in the finalization of the reorganization plan of the division to ensure its adequacy for carrying out an effective occupational skills training program; define the precise functions and tasks of the offices and staff created in the restructuring of DAPE; and develop a complete implementation plan for the proposed Occupational Skills Training Program. These three areas are included as Conditions Precedent to Initial Disbursement of the loan. Second, as is evident from the initial paragraph above, the Project was originally designed at the \$3.5 million level. If the grant element were eliminated, this action would seriously affect the viability of the Project as described in the PP.

If the \$500,000 in grant funds is approved, a Congressional Notification will be required in the amount of approximately \$100,000 for FY 1978 funding in accordance with the financial plan appearing on the PP face sheet. The remaining amount of \$395,000 for FY 1979 and 1980 can be included in the FY 1979 Congressional Presentation.

Proj. 519-0172

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

PROJECT PAPER

SOURCE	A. I. D.		Host Country		Other(s)		TOTAL
	FX	IC	FX	IC	FX	IC	
AID Grant:							
Technical Assistance	495						495
Total Grant AID	495						495
AID Loan:							
Technical Assistance	270						270
Facilities Renovation		705					705
Tools & Equipment	1,378						1,378
Vehicles	145						145
Participants	188						188
Inflation	192	39					231
Contingency	83						83
Total Loan AID	2,256	744					3,000
GOES							
Personnel				1,344			1,344
Operational Exp.				618			618
Equipment & Supplies				675			675
Special Services				444			444
Maintenance				235			235
Facilities & Renovation				105			105
Other				34			34
Inflation				547			547
Total GOES				4,002			4,002
Project Total	2,751	744		4,002			7,497

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

  x   New  
       Rev. #       

Project # 519-0172

Title: Fundamental Education & Skills Training

PROJECT    INPUTS	P R O J E C T    O U T P U T S						TOTAL
	# <u>1</u>	# <u>2</u>	# <u>3</u>	# <u>4</u>	# <u>5</u>	# <u>6</u>	
AID APPROPRIATED							
Technical Assistance (Grant)	75	130		250	40		495
Technical Assistance (Loan)			270				270
Facilities Renovation				705			705
Tool and Equipment			53	1325			1378
Vehicles				145			145
Participants		188					188
Inflation		25	35	171			231
Contingency				83			83
TOTAL AID	75	343	358	2679	40		3495
HOST COUNTRY							
Personnel	69	26	401	539	91	218	1344
Operational Expenses	20	10	199	320	49	20	618
Equipment and Supplies	16		153	480		26	675
Special Services	32		380			32	444
Maintenance				235			235
Facilities Renovation				105			105
Other		34					34
Inflation	22	11	169	277	22	46	547
TOTAL GOES	159	81	1302	1956	162	342	4002
T O T A L	234	424	1660	4635	202	342	7497

## C. Social Analysis

### 1. Socio/Cultural Characteristics of the Target Group

In order to identify the socio/cultural characteristics of the target group to be benefited from the proposed Project and to insure that adequate attention was given to socio/cultural factors in planning and executing an expanded program of occupational skills training for poor, rural and urban Salvadorans, the Mission contracted for the services of a rural sociologist to develop a comprehensive profile of those participants who have received training under the grant funded pilot project, including an assessment of that project's social acceptability and the relevance and usefulness of the training provided.<sup>2/</sup>

The results of the consultant's study clearly show that the socio/cultural characteristics of the participants enrolled in the pilot project mirror in microcosm the general characteristics of El Salvador's rural and urban poor, who will be the intended beneficiaries under the expanded program. Sixty four percent of the students participating in the pilot project were born in urban and 36% in rural areas, while their current residence was 73% in urban and 27% in rural areas. The median age of the participants was 19.2 years, and their educational attainment levels averaged 6.9 years. This latter figure should not be regarded as equivalent to a 6th grade education, however, since many trainees had attended the same grade more than once

Most of the trainees came from large families with an average household membership of 8.4 persons. These families, especially rural ones, tended to be matriarchal. Thus, the head of the household was frequently a woman who was responsible for providing financial support to both her children and aged parents and relatives. This in part helps to explain why 72% of the participants in the training programs were women.

The majority of the trainees were unemployed (51%) or employed in non-productive occupations such as domestic labor (26%), vendors (2%) or day laborers (11%). For those trainees that were employed, the average income was \$34 per month. The trainees, for the most part, also lived in households with extremely low income levels. The average family income per capita per month was \$19.39, while the median was even lower - \$15.18.

While most of the participants in the pilot project stated that they were in good health, it should be recognized that the average age of the trainees was 19 years. The lack of preventive and curative health services, which are often inaccessible to the poor, affect primarily children and the aged. Malnutrition affects 74% of the

<sup>2/</sup> Mary Jane R. Pi-Sunyer, Social and Cultural Characteristics of Poor Salvadorans: Implications for an Occupational Skills Training Program, August 1977.

children under the age of 5, while infant mortality is 58 per 1,000 live births.

The attitude, beliefs, and values of the target group, as revealed by the consultants sociological study, can be summarized as follows: a) a very high value is placed on formal education, and the majority believe that what you learn in school is relevant in actual life situations; b) while vocational training is not as highly regarded as formal education, attitudes are positive concerning this type of training; the participants overwhelmingly believe in the usefulness of the courses offered in the pilot project; (c) attitudes toward change are ambivalent, but their orientation is slightly more modern than traditional; and (d) there is a tendency toward independent thinking among the target group. As a result of the participants' expressed attitudes and beliefs, it appears that an expanded occupational skills training project would enjoy a high degree of social acceptability. Care, of course, should be taken to insure adequate placement of course graduates, in order that present target group attitudes about the relevance and usefulness of the training provided do not change.

## 2. Social Benefit Incidence.

The direct beneficiaries of the expanded Project will be the approximately 8,400 urban and rural poor, who will have acquired entry level skills in a variety of occupations (e.g., automechanics, welding, carpentry, trades and other occupations) which will permit them to gain productive employment in a changing modern society. These direct beneficiaries are expected to exhibit similar socio/economic characteristics as those participants enrolled under the pilot project, which places them well below AID's established poverty level. It is expected that as a result of training provided under this Project, average per capita incomes of graduates will rise to an average of \$90 per month.

Other beneficiaries will be the families of the graduates of the expanded Project who will participate in the social and economic benefits which will accrue from increased family earnings. Since the average size of family households of the students trained under the pilot project is 8 persons, we can project that more than 67,000 people will be benefitted directly over the life of the Project.

Indirect beneficiaries of the expanded Project will include students enrolled in the formal vocational secondary schools who will gain access to improved facilities and modern equipment. Many of the training centers to be used to provide basic occupational skills training during the evening hours will be located in existing vocational schools. These same facilities and equipment will also be available during the day to complement existing formal programs. It is thus

expected that existing vocational school programs will be strengthened as a result of the introduction of modern facilities and equipment as well as from the improved curricula and teaching materials to be produced under the proposed Project. More than 2000 daytime school students are expected to benefit annually.

Women will be major beneficiaries of the expanded Project, as they will be encouraged to enroll and receive guidance and job placement assistance, not only in the traditional fields of sewing, cosmetology and home economics, but also in some of the training programs heretofore reserved for men. It should be noted that 72% of the participants who received training under the pilot program were women, and, while it can be expected that the relative participation of men in the expanded program will increase as new training opportunities in the construction field are offered, there will continue to be ample training courses available for women under the proposed Project.

### 3. Social Consequences

As indicated earlier in this section, research conducted during the pilot program clearly demonstrates that the proposed expanded occupational skills training program will enjoy a high degree of social acceptability. Social attitudes mitigating against manual labor are rapidly changing in El Salvador, and a new respect is growing for persons who are acquiring practical skills in technical areas. The compelling economic necessity to find productive employment, which will result in steady and reasonable incomes for the rural and urban poor, will continue to work for the social acceptance of this Project. As trained workers begin to contribute to the production and use of goods and services, the social acceptability of technical occupations will be enhanced.

While it is unlikely that urban migration will be significantly altered as a result of this Project, the provision of occupational skills to rural people will enable them to secure gainful employment in relatively more attractive occupations, and may help redirect migration from San Salvador to other secondary cities. This should tend to lessen tensions and pressures in urban centers. As poor people acquire additional education and training, experience has shown that changes in power, participation and equity usually follow. There is reason to believe that, over time, beneficial social change can occur among the target group to be served by this expanded Project.

## D. Economic Analysis

### 1. Status of National Economy

#### a. Rate of Economic Growth

The economy of El Salvador has undergone some drastic changes since 1960 after the formation of the Central American Common Market (CACM). During the period 1961-67, the gross domestic product (GDP) grew at the average annual rate of 6.7%. This relatively high rate of growth was realized mainly from the industrialization that took place in response to the captive industrial products market behind the protection of the newly formed CACM. El Salvador, a country with very limited landspace and little natural resources but abundant labor forces, established many manufacturing industries to produce import substitute goods for the CACM. However by 1968, the CACM began to show signs of regional trade difficulties resulting from uneven economic growth of member countries and consequent balance of payments problems experienced by some of them. The GDP growth rate during 1968-75 slowed down considerably to about 4.6% per annum. The Honduran-El Salvador war of 1969, the worldwide crop failure of 1972, and the oil crisis of 1973 help explain a large part of the economic slowdown. However, in 1976, the economy rebounded and grew at about 6% annual growth rate mainly due to high world coffee prices. The recovery seems to extend so far into 1977. The estimated real GDP growth in the first half of 1977 is at about a 10% annual rate, but the all year real growth rate will likely end with between 8 - 9% which will be the best performance since 1960.

#### b. Current Economic Situation

The current characteristics of El Salvador's economy are different from that of most developing countries. Usual economic problems that one expects to find in a developing country are not evident in El Salvador. The public sector fiscal deficit financing commonly observed in a typical developing country is not a big problem. Although central government tax revenue is short of its expenditures in current and capital accounts, if the foreign loans to the public sector and the domestic bond sales are included, the central government revenue exceeds its expenditures every year during the period 1970-75 (also in earlier years). For instance, the overall central government revenue excess in 1975 was approximately 102 million colones out of total actual expenditures and future obligations of 710 million colones, a saving of more than 14%.

An imbalance of international payments which is often the chief culprit of economic development in many underdeveloped countries, is not a serious problem for El Salvador. To be sure, El

Salvador has experienced international trade deficits during the last 15 years, but two or three years of deficits have been followed by one or two years of trade surpluses. The net long-run trade balance is roughly in equilibrium. Furthermore if international assistance or loans are included in the balance of payments, El Salvador has had enough foreign exchange to pay for the small trade deficit.

The third point that distinguishes El Salvador from the typical under-developed country is the historical low level of inflation. El Salvador experienced only 1-2% annual inflation during 1960-72. During 1973-75, however, El Salvador could not avoid the external inflationary pressure caused by the worldwide crop failure of 1972 and the quadrupling of oil price increase in 1973. As a result, inflation rates in 1974 and 1975 reached 20% per year. However, the general consumer price index (CPI) declined steadily to about a 5% annual rate beginning in June 1976 and maintained itself at that level until March 1977. However, the inflationary pressure fueled by the recent coffee windfall again appeared in April 1977 and the annual inflationary rate jumped to 13% in July 1977. It is expected that the price level will stabilize somewhat in the second half of 1977.

In spite of these favorable conditions, El Salvador has two major economic and social problems for which it must provide solutions. They are (i) the imbalance between the growth rate of the work force and new job creation, and (ii) the extreme uneven distribution of income. Although the annual population growth rate is estimated at 3.0% in 1976, the labor force is projected to grow for the next 10 years at about 3.5% annually. An economic implication of this is that the economy has to provide 50,000 to 60,000 new jobs annually just to maintain the same number of unemployed, much less reduce the number of currently unemployed workers. The USAID/ES estimates unemployment at about 18% of the available workforce in 1976 which is 8 percentage points more than the reported unemployment rate of 10% in 1971. This suggests that the average annual GNP growth rate of 4.7% during 1971-75 is not fast enough to absorb the new labor entrants into the economically active workforce.

The distribution of income has become worse between the skilled workers, who live mostly in urban areas, and the unskilled workers who reside mainly in rural areas. Although time series data on income distribution are not available, it is clear that most unemployed workers are found among the unskilled and very few among the skilled workforce. An ILO study of employment reports that as much as 46% of rural workers were unemployed in 1974. The estimated per capita income of landless rural workers was \$62 in 1974, which is less than 1/5 of the per-capita national income (\$322) in that year. The demographic and labor survey completed in 1974 for the metropolitan area of San Salvador reveals the severity of uneven income distribution. It shows that the lowest 20% of income earners obtained 2% of total income, while the

highest 20% enjoyed 66% of the income. There are four basic reasons for this. They are (1) uneven distribution of land, (2) low levels of education, (3) fast population growth and (4) capital intensive industries.

## 2. Supply/Demand for Labor

Providing entry-level to middle-level skills to persons in the pool of unskilled labor should result in increased productive employment and income for society as long as the skills training is for occupations with unmet demand. An essential factor in assuring the achievement of this desired outcome is the projection of supply and demand for semi-skilled labor. Such an analysis, within the constraints imposed by data, was prepared by a manpower economist, using the Census of 1971 and the labor force survey of 1975.<sup>3/</sup> Details of the projection methodology used are available in the consultant's report (see Annex IV, Exhibit 1). The total labor force for 1977-1981 by age and sex, 10 years of age and older, was estimated, and the 1975 occupational distribution was applied, assuming no major changes in distribution in the short-run, and assuming an absence of skills training programs such as the proposed Project. Demand for the same occupations in 1981 was determined by relating indexes of rates of growth of output and productivity to rate of growth of employment in a given field (Vimont's formula). Such a methodology was necessary given the lack of an establishment survey for El Salvador and the general inappropriateness of an actual job count in any country characterized by part-time employment, many small firms, and seasonality. However, past growth trends, as the consultant notes, must be used with caution, since they will not take into account "lumps and jumps" in the Salvadoran economy such as inconsistent growth in construction and the possibility of rapidly expanding foreign investment in textiles or electronics assembly. With these caveats in mind, comparison of the consultant's supply and demand findings is used to indicate direction, rather than absolute excesses of demand over supply. Comparing these for the year 1981, Table III can be constructed.

<sup>3/</sup> Cuarto Censo Nacional de Población, 1971, Ministerio de Economía, El Salvador, 1977. Encuesta Nacional de Mano de Obra y Aspectos Demográficos, Dirección General de Estadística y Censos, El Salvador, 1975.

TABLE III  
El SALVADOR  
 PROJECTED SUPPLY AND DEMAND FOR EMPLOYMENT BY OCCUPATION FOR 1981

Occupation by 3 digit code		Demand 1981	Supply 1981	Differences (+ or -)
3-21	typists and teletypists	19,296	20,303	+ 1007
3-94	receptionists	254	261	+ 7
!3-99	office workers, general	12,140	11,640	(- 500)
*5-31	cooks	16,826	15,365	(- 1461)
5-40	service workers, general	95,867	160,189	+64322
*5-70	barbers and beauty operators	5,375	5,104	- 271
7-32	sawyers, veneer and plywood makers	2,195	2,596	+ 401
7-76	bread and pastry bakers	14,978	13,086	(- 1892)
7-79	food preparation (mfg.)	2,555	2,226	(- 329)
*7-91	tailors and dress makers	33,154	38,667	+ 5513
7-94	pattern makers, fabric cutters	166	201	+ 35
7-95	sewers and embroiderers	388	447	+ 59
7-96	upholsterers, kindred workers	700	849	+ 149
7-99	other tailoring crafts	581	672	+ 91
8-11	wood working, furniture	170	190	+ 20
8-19	wood working machine operators	75	87	+ 12
8-31	blacksmiths, sheet metal workers	1,219	1,358	+ 139
8-32	tool and die makers	448	498	+ 50
*8-43	motor vehicle mechanics	18,856	16,441	(- 2415)
!8-51,55	electricians	3,418	2,786	(- 632)
*8-52,54	electronic tuners, servicers	1,977	1,612	(- 365)
8-71	plumbers	1,063	1,097	+ 34
*8-72	welders and cutters	734	758	+ 24
8-74	structural steelworkers	161	166	+ 5
9-31	building painters	1,370	1,132	- 238
9-51	masons	28,156	23,972	(- 4184)
9-53	roofers	479	410	- 69
!9-54	carpenters, parquetry setters	20,577	17,514	(- 3063)
9-59	construction laborers	3,914	3,337	(- 577)

\* Occupations included in pilot project

! Occupations to be added in expansion (hotel/restaurant workers not shown separately).

Those occupation areas which are likely to be experiencing excesses of demand over supply are in parenthesis. (Only those over 300 in excess are noted, to eliminate weak trends.) These occupations include office workers, cooks, beauty operators, bakers, food processors, motor vehicle mechanics, electricians, electronics services, masons, carpenters and construction laborers. Of the occupations included for training in the pilot project, automechanics appears to offer the most opportunity while sewing and welding are not clearly in excess demand. Sewing, in fact, appears to be in excess supply. This does not take into account the more specific levels required of seamstresses trained for industrial textile trades, nor the possible increase in foreign investment in El Salvador in these trades. Demand for this level skill is supported by discussions with the textile industry.<sup>4/</sup> Nevertheless, additional monitoring of demand will be undertaken in this area and empirical evidence of employment among the current trainees following completion of the course will also be used to determine the extent to which sewing courses should be expanded or contracted. Meanwhile, many of those enrolled in sewing courses are expected to augment disposable income by making family clothing and taking in piece work rather than taking on full-time employment.

The expansion of the pilot project will offer skills training in basic electricity, carpentry and construction framing, restaurant and hotel services, and secretarial services. While eventual demand for electrical, carpentry and entry-level office skills is evident from Table III above, the services workers category is so aggregated that it does not indicate which services might be in demand. A tourist industry survey was conducted by MOE/AID and such a requirement was identified. Thus, employment potential for semi-skilled workers in hotels and restaurants was considered significant enough to warrant course development. In another case, several construction trades were considered to have definite demand for semi-skilled workers in the future. However, follow-up interviews with the organized construction unions revealed that only certain of these trades (carpentry, electricity, framing, and welding) were appropriate for MOE training courses. Masonry, painting, and general construction labor were entry skills that the construction workers union wanted to continue to train through simple, short-term apprenticeships.

The resulting total of skills to be taught through the proposed Project are considered to be both supported by the macroeconomic supply and demand projections and specific industry interviews, and realistic in terms of El Salvador's particular modern sector economic organization. The occupational analysis described in the program description section above will also permit continued monitoring of the supply/demand situation.

<sup>4/</sup> The single largest San Salvador textile firm, for instance, employs over 6400 apprentice level workers. The estimated "placed" graduates of DAPE sewing courses at the highest level is 600 annually. Given the numerous smaller firms, possibilities for self-employment, attrition and growth rates, this number appears realistic for placement.

### 3. Benefit - Cost Analysis

Benefits - This program is designed to have a direct impact on employment, and therefore earnings, of the target group. Unlike formal schooling, which has a more distant relation to future income complicated by many other factors (such as socio-economic background), short-term occupational skills training can be linked to change in earnings with relatively few adjustments. Nevertheless, there are some caveats to remember in using earnings as the sole measure of benefits. First, earnings are a proxy for improved productivity ("worker effect") or for a more profitable combination of inputs ("allocative effect") following training. However, earnings are a true measure of productivity only in a perfectly competitive economy. As recent literature points out, such an economic system is rarely the case in most developing countries. Secondly, skills training is not the only input to affect earnings. Others include, inter alia, innate ability, experience, other schooling, and health status.

To separate out the proposed Project's impact, we should use post-training change in earnings, rather than total earnings. However, most (over three quarters) of entrants in the skills training program are unemployed or so underemployed as to have a marginal productivity (and wage) of zero. Therefore, we can assume a shadow wage of zero, permitting us to attribute total earnings to social benefits of the proposed Project. (This assumption will be true in an aggregate economic sense as long as there are unemployed workers in the economy who will absorb whatever unskilled job positions are vacated by the entrants trained under the Project.) Estimated placement of graduates in semi-skilled jobs is 60%. Thus, a logical formula for calculating one year's expected benefits for one particular occupation would be:

$$B_1 = Y_1 \cdot Q_1 \cdot Z_1$$

where, for courses in occupation #1, the average annual income ( $Y_1$ ) is multiplied by the number of graduates ( $Q_1$ ) times the placement ratio ( $Z_1$ ). Assuming the same placement ratio of .60 for all occupations and years, and using average incomes from recent surveys, we can then calculate the present value of a total benefit stream for 30 working years in 1977 prices for each occupation. (Thirty years was chosen based on an average graduate age of 20, a retirement age of 60, and an estimated ten years out of the possible 40 working years spent out of the labor force for various reasons.) We discount to achieve present value using 10% as the social discount rate, which for 30 years requires a factor of 9.43. The results of these calculations are shown in Table IV.

TABLE IV  
BENEFITS STREAM  
(in 000 of Colones)

Year	1978	1979	1980	1981	1982-1987	Average
	1	2	3	4	5-10	Annual
	1,000	1,600	2,600	3,200	4,000/Yr.	Income
Occupation	Graduates	Graduates	Graduates	Graduates	Graduates	(Y)
	¢	¢	¢	¢	¢	¢
Textile/ Dressmakers	3,819.	6,111.	9,930.	12,221.	15,276.	2,700
Electronics/ Small Ap- pliance	2,037.	2,173.	3,530.	4,345.	5,432.	2,400
Food Processors	1,833.	978.	1,589.	1,956.	2,444.	2,160
Construction	713.	5,703.	9,268	11,407.	14,258.	2,520
Rest./Hotel Service	2,037.	2,173.	3,531.	4,435.	5,432.	2,400
Automechan.	1,528.	2,444.	3,972.	4,889.	6,110.	2,700
Beauticians	2,037.	2,172.	3,530.	4,435.	5,432.	2,400
Secretarial	--.-	1,358.	2,207.	2,716.	3,395.	3,000
TOTAL	ES ¢14,004.	23,112.	37,557.	46,404.	57,779.	
	US \$ 5,602.	9,245.	15,023.	18,561.	23,111.	

Notes and Assumptions:

1. Benefits calculated for number of graduates (Q.) in preceding year. (For breakdown of graduates by occupation, see Annex IV, Exhibit 2.)
2. Formula (.6) (Y)(Q)(9.43), where .6 is placement ratio, (Z), and 9.43 is discount factor for 10% and 30 years of income.
3. Average annual income estimated from Salvadoran Industrial Association (ASI) surveys, 1974-75, updated and verified by phone checks with San Salvador firms. (For details of the survey, see Annex IV, Exhibit 3.)

To sum total benefits for all years and convert to present value for the end of Year Four (end of AID input), we use the following formula (10% discount rate):

$$PV \text{ of } \sum B = \$5.6 (1.1)^4 + \$9.2 (1.1)^3 + \$15.0 (1.1)^2 + 18.6 (1.1) + \$23.1 (4.36^{5/}) = \underline{\underline{\$159.8 \text{ million}}}$$

Costs - We have used the total Project costs by year presented in the Financial Plan (See Part III, B), since they include all operating and investment costs plus maintenance (depreciation) from any source. No differentiation was made between AID financing and GOES budget resources. Since the buildings to be used in the proposed Project are existing and do not have an alternative use at the moment for the hours during which courses are given, it was concluded that the joint cost of use of these buildings (shadow rent) to be zero. An additional cost included, outside of the proposed program, were the pilot grant project contributions, listed as Year Zero inputs in Table V below. Equipment, salaries, training and technical assistance provided under the pilot project not only produce the 1000 graduates whose earnings become Year One benefits, but also continue to be inputs in future years' outputs. Finally, the post-AID Project recurring expenses, that the GOES will pay to keep producing 4000 graduates for Years Five through Ten, were added. All equipment, renovation, and hardware was estimated to have a ten year life except for vehicles (five years) and small tools and utensils (three years). Replacement of the vehicle fleet was estimated to occur with GOES funds in Year Six, and funds for replacing tools and utensils were prorated annually as part of recurring costs. Thus the Project life is projected as ten years, and total costs are calculated as follows:

TABLE V  
COSTS STREAM  
(US\$000 in 1977 prices)

Year Costs	1977 0	1978 1	1979 2	1980 3	1981 4	1982 5	1983 6	1984-1987 7-10
Variable Costs	75	502	636	679	717	738	738	738
Fixed Costs	303	1697	1135	557	412	0	130	0
Total	378	2199	1771	1236	1129	738	868	738

5/ 4.36 is the discount factor for 6 years of equal benefits at 10% social discount rate.

Note:

1. The fixed cost of \$130,000 in year 1983 is for the replacement of old vehicles.
2. The average life of instructional equipment is assumed to be 10 years. The maintenance and replacement costs of the equipment are included in the variable costs.

The present value of the cost stream at the end of the fourth year (1981) is calculated as follows:

$$\begin{aligned}
 \text{PV of } \sum C &= 378(1.1)^5 + 2199(1.1)^4 + 1771(1.1)^3 + 1236(1.1)^2 \\
 &+ 1129(1.1) + 738(4.36) + \frac{130}{(1.1)^2} \\
 &= \underline{\underline{\$12,249 \text{ million}}}
 \end{aligned}$$

Benefit-Cost Ratio - Total benefits for ten years thus are \$159.8 million, and total costs required are \$12.2 million, both adjusted to a present value in 1981, the first year of full-scale operation, and the final AID-input year. The benefit - cost ratio is:

$$\frac{B}{C} = \frac{159.8}{12.2} = \frac{13.1}{1}$$

This is a social benefit-cost analysis, i.e., although earnings accrue to private individuals, society's gross product is increased by that amount. Costs are picked up entirely by the public sector, except incidental expenses such as transportation costs to and from classes.

4. A Note on Unit Costs and Cost Effectiveness

The cost per graduate of the proposed skills training Project is \$250 in 1977 prices.<sup>6/</sup> To compare this unit cost to that of other programs with the same outcome would give us a test of the cost effectiveness of the Project. The difficulty in doing this lies in determining what exactly is the "same outcome". The proposed Project produces relatively quickly a person with entry-level skills in one general area. Other alternative approaches might be:

(i) Formal vocational secondary schools which provide training for higher skill levels as well as academic education, over a longer period at a higher cost per graduate. This is not comparable.

<sup>6/</sup> Total cost is \$9.1 million for ten years, when not adjusted for inflation or present value. Total graduates over ten years estimated to be 36,400 for all occupations. Thus \$9.1 M ÷ 36,400 = 250.

(ii) Apprenticeships programs in which young adults join a small firm or factory at a minimal salary and are trained on-the-job to a skill level often similar to the results of the proposed Project. The employer will attempt to keep the apprentice in this position as long as possible, perhaps years, since the trainee is producing for the employer at very little cost. This burdens the poorest group (which is also the Project's target beneficiary) with the greatest cost of this type of training -- foregone income. If strictly accounting costs were calculated for the apprenticeship method, it might appear to be the least cost approach. However, if social cost calculations weighted the foregone income factor more heavily when it affects low-income groups, this method's apparent cost-effectiveness would probably disappear. In addition, apprenticeship positions are generally fewer in number and less likely to be widely advertised than the type of training offered by the Project.

(iii) Industry organized training in which industry finances and organizes job-specific training for the number of workers it needs. Training periods vary as do costs. For some types of entry level skills, such as construction laborers, this may be the most cost-effective approach, partly because there is close to 100% placement, and because the costs are borne by those who use the product (when passed on to the consumer) rather than by society in general. In fact, there are two disadvantages to this type of approach when measured against the proposed Project's goal of generating productive employment for the poorest income groups. One is that many smaller industries and services will not organize such training for reasons of economies of scale, and thus much potential expansion in this employment area will be constrained by lack of semi-skilled labor. A second is that larger industries often have so many applicants that they only select for training those who already possess entry-level skills. Textile companies, for instance, will take an unemployed but semi-skilled seamstress and specialize her in one aspect of clothes production (e.g. zippers). Thus, the many unskilled, for whom AID and the GOES wish to improve income opportunities, will not pass the firstcut for acceptance into industry training. For this reason, training offered by the proposed Project is likely to be complementary in many cases to more job-specific industry training.

Other GOES Institutional arrangements for providing short-term skills training may exist. The above three alternatives tend to confirm that an open, publicly-funded, under-twelve month skills training program is an economically feasible method of equipping a relatively large number of poor, unskilled persons with the minimal skill needed to enter modern sector employment. Still, there might be several approaches within the public sector. For instance, if the Ministry of Labor (MOL) has some capability in manpower and occupational analysis, development of a parallel structure in the Ministry of Education

(MOE) might not be efficient. Similarly, if the MOE has underutilized physical facilities, it is inefficient for the MOL to construct whole new buildings for skills training. A more efficient strategy would be to make full use of human and physical capacity in the GOES regardless of which Ministry "has" the capacity. However, given the lost work hours involved in coordination when more than one institution is involved, hidden costs may outweigh this apparently efficient strategy.

## 5. Impact on the National Economy

The most difficult economic challenge that confronts the Government of El Salvador is to provide job opportunities to the unskilled poor in order to increase their incomes as well as to ease the severity of uneven distribution of income. This occupational skills training Project is designed to help meet this need by providing skills training to the unskilled so that they can compete for semi-skilled jobs that exist in the economy. Since the magnitude of the Project is modest in contrast to the size of the problem, one should not expect that the Project can entirely solve El Salvador's unemployment and income distribution problems. However, this Project can make substantial progress towards that goal. The Project's impact on the national economy can be divided into three categories: its employment effect, its income and distribution effect, and its other aggregate effects.

### a. Employment Effect

At the end of four years (end of 1981) when AID's loan funds will have been disbursed, the DAPE will be training 4,000 new semi-skilled workers annually. Given the current and projected shortages of semi-skilled workers, it is reasonable to expect that most of the trained workers will be able to obtain better paying jobs. In the benefit-cost analysis we have assumed conservatively that 60% of the trainees will actually increase their earning capacity utilizing the newly acquired skills. This does not mean that the rest will be unemployed, for they now will be in a position to eventually obtain productive employment. Therefore, it is reasonable to assume for the purposes of this analysis that all 4000 trainees will find jobs which implies that the Project will reduce the number of unemployed workers in the economy by 4000 every year after 1981.

The training of 4000 new semi-skilled workers every year will go a long way towards meeting the problem of providing more jobs for the unskilled poor. It has been estimated that during the period 1972-76, the number of unemployed workers has increased by approximately 96,000, 68% of whom were unskilled. This implies an average increase of 12,250 new unskilled unemployed workers entering the labor force annually. The Project will help reduce this annual unemployment increase by about 32% (4000/12,250).

b. Income and Distribution Effect

The benefits stream (See Table IV) shows that the present value of additional streams of income earned by the 4000 graduates is estimated at approximately \$23.1 million in 1977 prices. However, the annual increase is about \$2.5 million (\$23.1 million divided by the discount factor) which is the direct income benefit to the trained graduates and their families. Since most of the trainees are unskilled poor, an increase in their income level will correspondingly reduce maldistribution of income. From the aggregate economy viewpoint, the expected increase in total national income will be about \$5.0 million annually because of the multiplier effect of expenditures from the new source of income. (The average multiplier of 2 is generally considered reasonable in developing countries.) The \$5.0 million corresponds roughly to 0.3% of National Income.

c. Other Aggregate Effects

Two aggregate effects of this Project are of particular interest. One is the Project's effect on foreign investment and the other its secondary employment effect.

Since the formation of the Central American Common Market, El Salvador's industry has grown at a rapid pace. The industrial output as a percent of GNP grew from 15% in 1960 to 20% in 1977. Behind this rapid growth of industry is a relatively high level of foreign investment. However, in recent years, the level of foreign investment has not reached its full potential primarily because of lack of skilled workers. Training more skilled workers will not only help provide more job opportunities, but will also attract more foreign investment to El Salvador. Although it is difficult to determine how much additional foreign investment will be forthcoming as a result of this Project, it is safe to say that the Project is addressing the single largest complaint of foreign investors -- shortages of skilled workers.

The secondary employment effects of this Project include new jobs created in the private market as well as in the government. Additional administrators, planners, teaching staff and other supporting personnel must be hired in the public sector. The estimated aggregate income of \$5 million will also have the effect of inducing more jobs in the private sector. The precise number is difficult to determine, but a conservative figure of 10% has been used elsewhere, i.e., approximately 400 additional jobs will be created.

## 6. Economic Conclusion

El Salvador is in a relatively strong fiscal and balance of payments situation. The government allocations to the Ministry of Education are over 20% of central government expenditures, and the rate of growth of the MOE budget has more or less paralleled total public sector growth. Benefits to society in terms of increased production, measured by earnings, are substantially greater than Project costs. Furthermore, these earnings will be flowing to an element of the population now receiving below the national average income. Thus, the Mission concludes that the proposed Project is economically feasible.

### E. Institutional Analysis

#### 1. Brief History of DAPE

Adult education within the MOE began in 1949 with a basic literacy program implemented by the National Department of Literacy and Adult Education. At that time, there existed about 1.6 million illiterate Salvadorans - more than 50% of the total population. Thus, emphasis was placed on literacy training, and a network of literacy steering committees and centers was created. Literacy courses were given in idle school facilities, factories, farms, as well as other locations, and all illiterate Salvadorans between 12 and 50 years of age were invited to attend these courses. In 1964, the Department of Fundamental Education was created to provide additional educational services to the populace. Besides offering basic literacy training, it also offered courses in civic responsibility, health education, home making, and recreation. The programs of this department were provided through a system of literacy brigades - each composed of 5 workers including a coordinator and four instructors. As with the earlier literacy program, the services offered by this department were open to both youths and adults.

U.S. Peace Corps and AID inputs provided the first external assistance that adult and fundamental education received. From 1966 to 1968, Peace Corp volunteers helped build community centers and train fundamental education teachers. AID provided funds for participant training of 30 coordinators, commodities, and technical assistance.

In 1970, the Directorate of Adult and Permanent Education (DAPE) was created and a formal system of accelerated primary education for adults was developed. Adult education courses were held from 7 to 9 P.M. using primary school buildings and part-time instructors. In 1972 DAPE was formalized as one of three divisions under the General Directorate of Education. Between 1972 and 1974, the DAPE offered a variety of programs to adults. Besides accelerated, primary adult education, the

DAPE offered family and sex education, functional literacy, special education for prison inmates, special education for TB hospital patients, basic literacy courses for illiterate armed forces personnel, rural skills training, and urban skills training. In 1974 DAPE had a total of eleven programs; however, due to a lack of funds, some of the programs existed only on paper.

In 1976, the National Law of Education redefined the responsibilities of DAPE. These responsibilities include:

(i) Integrating within the education system those adults who are not included in the formal system.

(ii) Improving the quality of the labor force.

(iii) Adapting the skills of the labor force to national development needs.

(iv) Providing communities with information necessary for their continued improvement.

Regarding the improvement and adaptation of the labor force, DAPE is currently carrying out a program to develop and extend the teaching of new occupational skills and to upgrade existing skills. It is implementing two pilot projects aimed at improving both rural and urban skills training services with resources provided by the IBRD and AID respectively. With increased GOES, local and external financing, the quality of DAPE's services and the number of graduates have increased. In the last three years, DAPE has moved from 11 poorly managed and focused programs and a budget of \$629,400 to 4 programs and a budget of \$1,612,000.

## 2. Role of DAPE in Project

DAPE will be the executing agency for the proposed Project. As such it will be directly responsible for carrying out various activities related to the training of adults in relevant occupational skills. These activities include:

(i) the planning and evaluation of the Project including the conducting of (a) studies to determine manpower needs and requirements for entry into various job fields, and (b) periodic evaluations to determine the effectiveness of the occupational skills training program;

(ii) the development of sound curricula based upon the studies of the economy's manpower needs and the occupational analysis undertaken by DAPE's Planning Office;

(iii) the provision of counseling to applicants of the adult skills training courses as well as job information, placement, and follow-up services to course graduates;

(iv) the provision of in-service training to both new-hires and "on-boards", including both administrative and teaching personnel, to improve and update their existing capabilities; and

(v) the supervision of the system of community based schools including the provision of new curriculum, student guidance information, information on training opportunities etc. to the principals of affiliated schools.

The DAPE will also have important liaison responsibilities in various other areas which directly relate to the Project. These liaison responsibilities include working closely with:

(i) the MOE's Materials Production Service (CENPROME) which will be responsible for the actual production of the educational materials designed and/or developed by DAPE's Office of Materials Production.

(ii) the MOE's Department of Educational Architecture (DAE) which will be responsible for the development of plans for schools renovation, the contracting of renovation services, the supervision of renovation, and the maintenance of renovated facilities. (The head of the DAPE technical unit in charge of the proposed Project will provide the liaison with DAE); and

(iii) the local Education/Trade Councils (ETC) which will provide the mechanism for coordinating with business and industry, local communities, and the Ministries of Planning and Labor. (The head of the DAPE technical unit in charge of the proposed Project will be a member of the ETC).

### 3. Organization

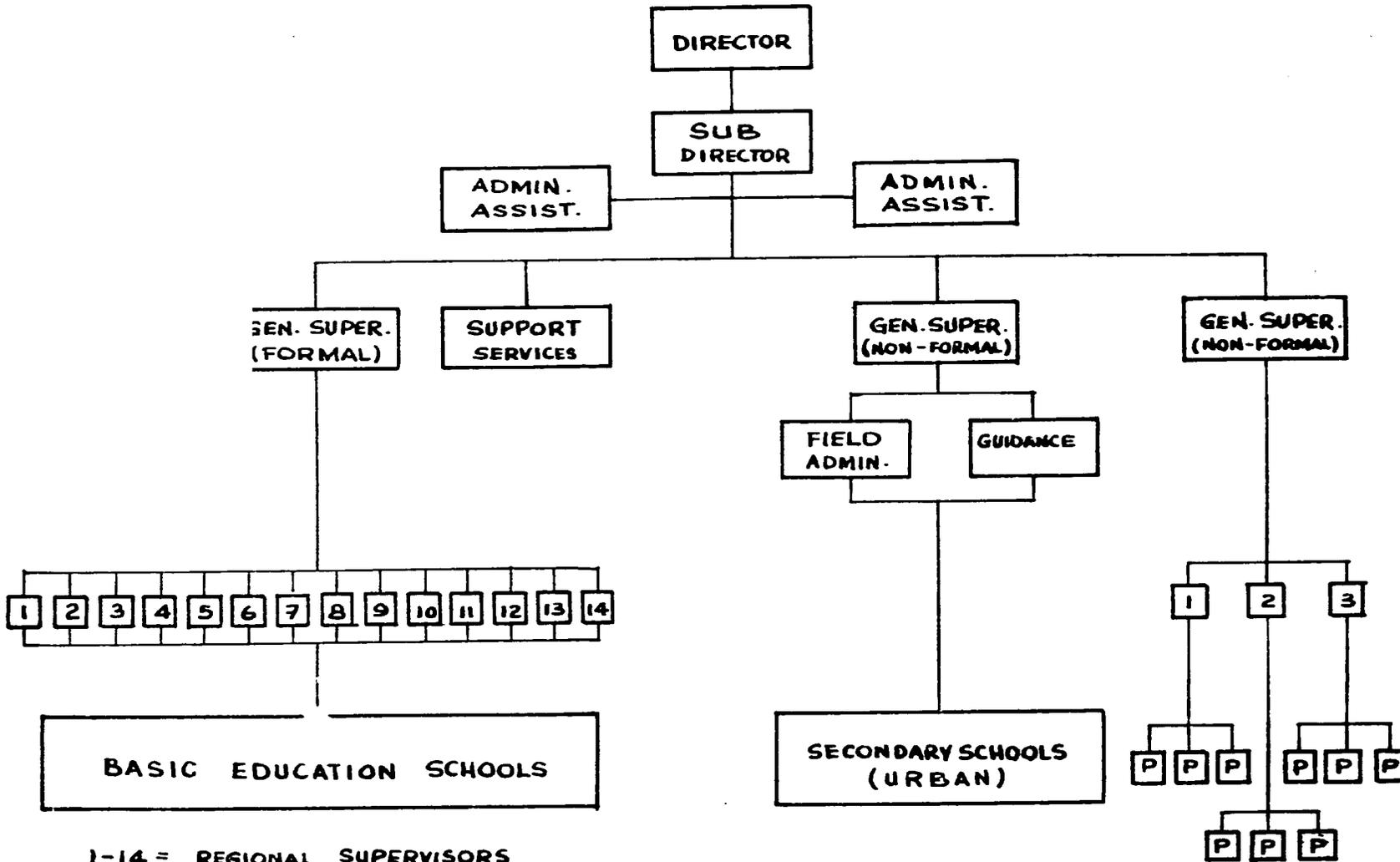
The MOE is headed by a single minister who is appointed by the president of the country. Serving under the minister are two sub-secretaries: one in charge of youth, culture, and sports while the other is responsible for all other education activities administered by the ministry. This upper management is served by both legal counsel and the Office of Planning and Organization (ODEPOR) which has broad responsibility for developing, executing, reviewing and evaluating educational programs of the ministry. Under this superstructure are 3 programatic departments including Culture, Education, and Educational T.V.; the Department of Educational Architecture; the Department of Administration; and the Department of Teacher Welfare (Bienestar Magisterial). With the

exception of the latter, each department is supported by from 4 to 6 divisions which deal with the various aspects of the department's functional or programmatic responsibility. Under these divisions come a multitude of educational and cultural entities. (An illustration of the MOE's organization can be found in Annex VII, Exhibit 1.)

The DAPE is one of the 4 divisions under the Department of Education. The DAPE is headed by a Director who in turn is supported by a sub-director and two administrative assistants. This comprises the top management of the division. Under this structure are four principal sub-divisions: a supporting services unit and 3 separate units charged with the responsibility for administering the basic formal adult education program, the non-formal rural adult education program, and the non-formal urban adult education program. (The latter unit has administered the AID financed pilot skills training project for the urban area while the other "non-formal" unit is administering the IBRD financed skills training program for rural areas.) Under these units is a system of regional supervisors which deals directly with the community based schools participating in the programs administered by the DAPE. An illustration of DAPE's existing organization is provided in Illustration 1.

The MOE has been working on a reorganization scheme for the ministry during recent months. It appears that this effort is motivated by the recently inaugurated government's desire to do a better job in the area of education administration and delivery, and the high priority the new administration attaches to non-formal adult education. Unofficially, the Mission has been informed that the existing Department of Education of the MOE would be divided, creating two sub-divisions: one for formal education and another for technical/vocational education. The former would probably be composed of the Divisions of Basic, Secondary, and post secondary Education while the latter would likely include the Divisions of Formal Vocational Training (Bachillerato Diversificado) and Skills Training (Capacitación Laboral). This restructuring would accomplish two things which could have a very positive impact on improving education in El Salvador. First it separates classical education programs from technical/vocational education. This would allow each department to specialize in its particular area of expertise thereby improving the education offered by each. Second, and more important from the stand point of this Project, it separates formal from non-formal technical/vocational education. This change creates a single institution for, and thus gives higher priority to, adult, non-formal vocational education and makes it possible to focus more attention on the specific problems associated with this kind of educational program. (An illustration of an unofficial MOE reorganization chart can be found in Annex VII, Exhibit 2).

ILLUSTRATION I  
CURRENT DAPE ORGANIZATION CHART



1-14 = REGIONAL SUPERVISORS  
 1-3 = REGIONAL SUPERVISORS  
 P = COMMUNITY PROMOTERS

As a result of the insights derived from the AID financed pilot project as well as the overall movement within the MOE toward reorganization, the DAPE has prepared a proposed restructuring scheme which will allow it to carry out the expanded non-formal, adult occupational training program contemplated by the Project. This restructuring will accomplish 3 principal objectives. First, it will rid the DAPE of its formal adult education program which would be transferred to a Department of Formal Education where it properly belongs. Second, it will establish two separate skills training technical units: one of which will handle the expanded urban vocational skills training Project while the other will carry out the IBRD supported rural vocational skills training program. The former unit will contain 5 offices which would be organized along functional lines: Planning and Evaluation, Curriculum Development, Guidance, Professional Development, and Supervision. Third, the existing administrative unit will be strengthened to support the 2 technical units. It will contain an office of Personnel Administration, Promotion, General Services, Materials Development and Production Liaison, and Finance. In addition, the restructuring will create a Functional Literacy Unit although its exact responsibilities are not yet clear.

The Mission and MOE believe that a restructuring along the lines outlined above is essential if the DAPE is to carry out effectively the expanded Project. An illustration of the portions of the proposed restructuring scheme for DAPE which bears directly on the proposed Project is provided in Illustration II.

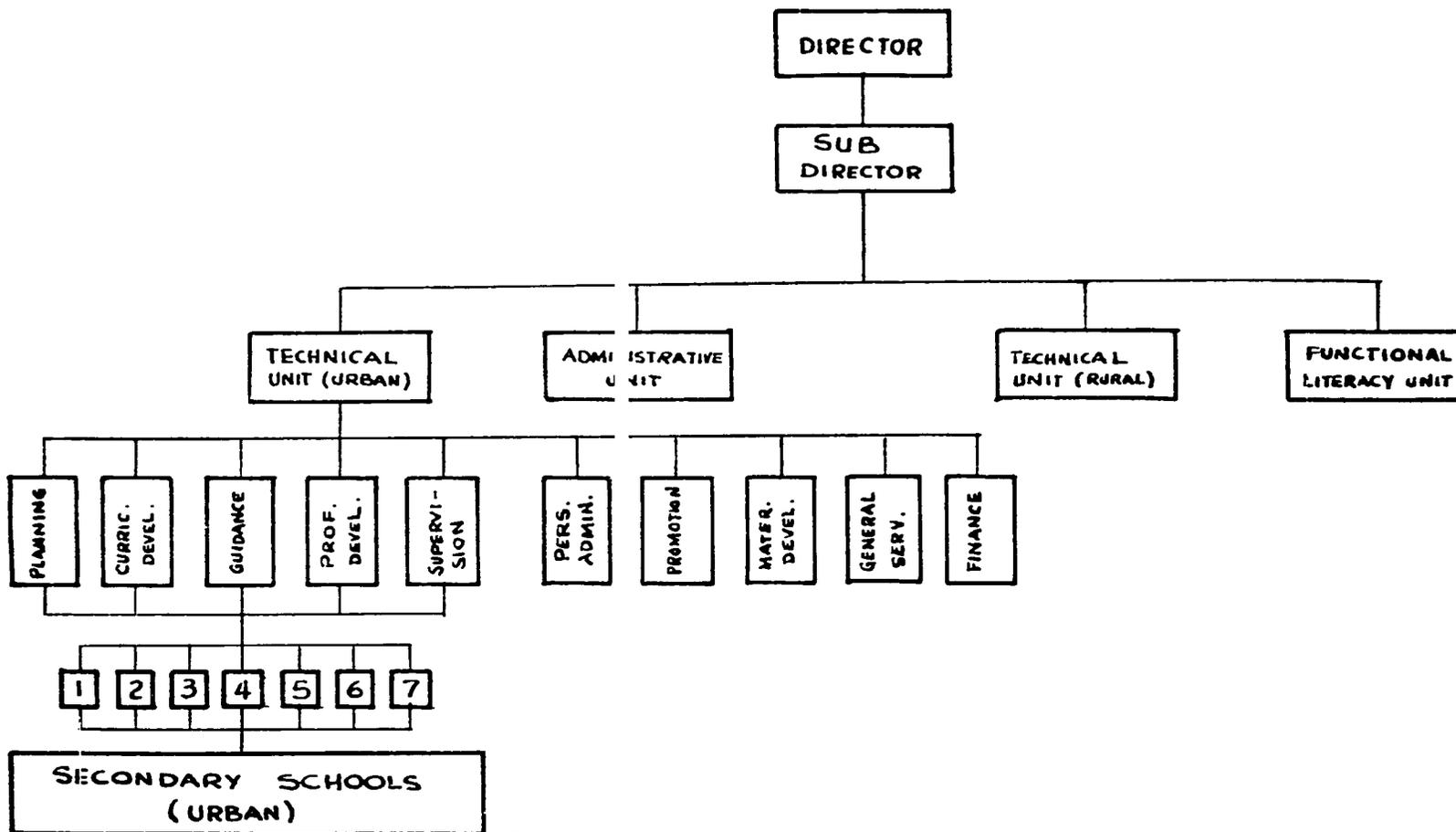
#### 4. Personnel

From DAPE's total personnel ceiling, 83 positions are related directly to the urban non-formal vocational skills program. These positions are allocated at the central office and community levels. In view of the proposed restructuring described above, some reallocations within or additions to the DAPE personnel structure are required in order to increase DAPE's capacity to effectively carry out the expanded Project.

##### a) The Central Level

Currently, there are a total of 16 positions at DAPE's central office level which are involved in the urban, non-formal skills program. These positions are divided among the urban labor development (ULD) unit, Support Services, and upper management (see Illustration I above). The ULD unit - the unit executing the AID financed, pilot project and the one of primary importance to the proposed Project - is composed of a General Supervisor, a Field Administration Supervisor, and a Guidance Supervisor. This unit is supported by the two administrative assistants, the sub-director and director of DAPE as

ILLUSTRATION II  
PROPOSED DAPE ORGANIZATION CHART



1-7 = REGIONAL SUPERVISORS

well as the 9 person supporting service unit which includes, inter alia, a bookkeeper and 2 draftmen.

Taking into consideration (i) the proposed reorganization plan for the DAPE (see Illustration II above), which was developed to enable it to carry out an expanded urban skills training program; and (ii) the size of the existing staff attributable to the ULD and administrative support units, the MOE and Mission believe that approximately an additional 31 positions should be allocated in support of the Project at the central level: about 20 to the new ULD unit, which will execute the proposed project, and 11 to the Administrative Unit. Utilizing presently existing and proposed positions, the five offices of the Technical Unit for urban training should be staffed out as follows:

(i) Planning

1 Research Coordinator\*  
1 Research Assistant\*\*  
1 secretary

(ii) Guidance

1 Guidance Specialist\*  
2 Placement Monitors\*\*  
2 Job Developers\*\*  
2 typists

(iii) Curriculum and Materials

3 Technical/Vocational Curriculum Specialists\*  
1 Occupation Analyst\*  
1 Research Assistant\*\*  
2 Secretaries

(iv) Professional Development

1 In-Service Training Specialist\*  
1 Secretary

(v) Supervision

1 Community Development Specialist\*  
3 Regional Supervisors\*  
1 Secretary

The Administrative Unit should be staffed in the following manner:

\* professional  
\*\* semi-professional

(i) Personnel Administration

1 Personnel Management Specialist\*  
1 secretary

(ii) Promotion and Industrial Relations

1 Public Relations Specialist\*\*  
1 typist

(iii) General Services

1 Inventory Control clerk  
4 Chauffeurs  
2 Messengers

(iv) Materials Production

1 Materials Production Specialist\*  
1 A/V Materials Specialist\*  
2 Draftsmen\*\*  
1 secretary  
2 clerk typists

(v) Finance

1 Accountant\*\*  
1 Bookkeeper

b) The Community Level

There are presently about 67 positions at the community level including 13 principals and 54 instructors. The principals provide the counterparts for the DAPE regional supervisors in the 13 urban schools in which DAPE programs are being run. The instructors teach the various skills training courses offered by DAPE and, as a general rule, have been teaching but one course a year.

The proposed Project will substantially increase the number of courses offered, and the number of people reached in comparison to the ongoing pilot project. This increase should amount to between 2 1/2 and 3 times the current number of students reached yearly for example. Thus, it is reasonable to expect that the current number of teachers should about double to reach the expanded number of people projected under the Project. The Mission believes that this would be a reasonable increase in view of the procedures that will be followed to minimize dropouts and to more fully utilize the existing instructors. In addition the number of school principals involved should also increase. The DAPE has prepared its 1978 budget request which includes these positions.

## 5. Requirements for Training and Technical Assistance.

It should be noted that 10 participants were sent to San Jose State University under the pilot project for graduate level training in various fields of technical/vocational education. Of this total, 4 were full time members of the DAPE staff, 3 worked part-time in urban skills training schools, and 3 worked in other institutions within the MOE which support DAPE's urban program (the Materials Production Service and Curriculum Development Division). Thus, a good start has been laid within the DAPE for building the expanded urban skills training program envisioned under the proposed Project. However, additional training is needed by the existing staff and there is a need to continually upgrade and expand the skills level of both administrators and teachers in sound technical/vocational skills training programs. Thus, a professional development office should be created in the proposed DAPE restructuring scheme. This office will be responsible for designing and arranging in-service training courses for both administrators and instructors. In addition, approximately 12 person years of participant training will be provided under the Project to improve the skills base of the DAPE Research Coordinator, Guidance Specialist, Technical/Vocational Curriculum Specialists, Occupation Analyst, In-Service Training Specialist, General Supervisor, and Materials Production Specialist.

In support of these training activities, a moderate technical assistance (TA) package is required to strengthen DAPE's operations. This package will contain about 153 person months of technical assistance for the principal functional offices found in DAPE's Technical Unit for urban, adult skills training and the Materials Development Office within the Administrative Unit. AID loan funds will be used to finance 54 person months (p/m) of TA for curriculum development. This will include 18 p/m of services of a Vocational Curriculum Design Specialist and 24 p/m of services of various subject matter specialists who will assist DAPE's Curriculum Development Office to develop curricula and define adequate course content. In addition, an Instructional Technology Specialist will be provided for 12 p/m and will assist the DAPE's Materials Production Office to prepare adequate teaching materials. AID grant funds will finance an additional 99 p/m of TA. Since the Planning and Evaluation Office will be created nearly "from scratch", the services of a Research and an Evaluation Specialist for a total of 15 p/m should be provided to develop methods and procedures for carrying out studies and surveys. Although DAPE has developed an adequate guidance system under the pilot project, the services of a Job Development Specialist for 8 p/m is necessary to assist DAPE to generate new employment opportunities for its graduates. To strengthen the DAPE's Office of Professional Development, the services of a Personnel Development Specialist for 8 p/m and various In-Service Training Specialists for a total of 18 p/m are necessary to assist in the design and provision of staff training

courses as well as to provide on-the-job training to DAPE's In-Service Training Specialist. The services of an Industrial Relations Specialist for 8 p/m will also be provided to assist DAPE to improve its dialogue with business and industry and formalize the local Education/Trade Council System. This TA package will be rounded out by the provision of 42 p/m of services of a Vocational Education Administration Specialist who will advise DAPE on the administration of its vocational training program and act as the Chief-of-Party for the TA group.

## 6. Coordination

In order to carry out effectively and efficiently the proposed Project, a significant amount of coordination will be required both within and outside the MOE. By far the more difficult coordinating problem exists in dealing with entities outside the ministry which are crucial for effecting a successful urban skills training program.

### a) Outside Coordination

The most important of the non-MOE entities which affect the Project are business and industry, the urban communities, and the Ministries of Planning (MOP) and Labor (MOL). Coordination with business and industry is essential as a means of determining whether the people provided to these sectors from the skills training program are adequately trained and, if not, where improvements in the training program are called for. In addition, coordination with these employers should provide another means of finding jobs for the graduates of the program. Coordination with urban communities provides a means for determining the community's views on the skills required by the community, for informing the community of emerging manpower needs, and for eliciting financial and other support for the skills training program. Finally, coordination with the MOP and MOL is necessary to ensure that the entire training program is consistent with the objectives of the GOES and that duplication of effort between the MOL and MOE is held to a minimum while the complementarity of the two ministry programs is pursued.

Under the AID financed pilot project, a beginning has been made in creating a mechanism for effecting the coordination described above. This mechanism is called the Education/Trade Council (ETC) which has representation from the various entities mentioned above as well as other interested groups. The intent of the pilot project was that 10 ETCs would be established at the local community level. This would give impetus to the creation of an Industry/Education Council (IEC) which would coordinate the various skills training programs at the national level. These councils will be responsible for determining occupational needs at the national and local levels, coordinating training programs to be carried out by governmental and non-governmental institutions to

insure complimentarity and avoid duplication of effort and formulating long-term national training policies. At present, these councils exist only on paper - that is to say they are not functioning on a regular basis or carrying out the task of coordinating the ongoing urban skills training program.

The MOE and Mission agree that these local councils and the IEC are crucial to the successful expansion of the urban skills training programs under the proposed Project. Thus, as a condition precedent to the disbursement of AID loan funds, the Mission will require the establishment of a viable, ETC System. This should not be a difficult task in view of the ground work which has been laid by the pilot project and the evident desire of the MOE and local business and industry to create an effective urban skills training program.

b) Inside Coordination

The problem of coordination within the MOE should be far less difficult than that of coordinating with entities outside the ministry. First, ODEPOR (see Annex VII, Exhibit 1) is the Minister of Education's principal evaluating and coordinating staff office. This office has been integrally involved in the development of the proposed loan project and is thoroughly aware of all aspects of the Project. Given the high priority now being given to adult vocational education by the newly installed administration, one of ODEPOR's principal tasks will be to insure the smooth and effective functioning of the DAPE adult, vocational training program.

Second, the increased stature that DAPE will have with the upcoming reorganization and the open channels of communication which already exist between the principal divisions with which DAPE must work augurs well for intra-ministerial coordination. Especially good communications exist with the MOE's Curriculum Department, from which a technician was sent for training under the pilot project, and the Materials Production Service (CENPROME) from which the director and production manager were also sent for training using funds from the pilot project. Coordination is also required with the Division of Formal Vocational Training (Bachillerato Diversificado), which provides the facilities used in the DAPE urban skills training program, and the Department of Educational Architecture which will undertake the design, renovation, and maintenance responsibilities associated with the proposed Project. Channels of communication are open here too as well as a mutuality of interest. Thus, the Mission foresees no significant impediment to intraministerial coordination as it relates to this Project.

## 7. Experience with External Financing

The MOE has had considerable experience with external financing. A.I.D. has provided the Ministry with about \$12.1 million in loan financing and \$4.3 million in grant financing since the early 1960's. Since 1970, other donors such as the IBRD, UNDP, UNESCO, etc. have provided the MOE with more than 21.9 million in financing. Of these amounts, the DAPE has received approximately \$400,000 of grant financing from A.I.D. (the urban skills training pilot project) and about \$430,000 from the IBRD (the rural skills training program).

Both the MOE and DAPE have shown their capability to administer funds provided from the external sources mentioned above. An administration office within the Directorate of Educational Architecture (DAE) has the responsibility for ensuring that all requests for reimbursement from foreign donors are adequately prepared by the executing entity (e.g. DAPE) within the MOE. In addition, the DAPE has shown the capacity to account for financial resources provided from foreign donors. Further, under the proposed Project, this accounting capability will be enhanced. Thus, based on their experience with previous loans and grants, the Mission judges the capability of the DAPE for handling the proposed loan and grant funds to be adequate.

## 8. Conclusion

The Mission has carried out an analysis of the DAPE in order to determine its capability for effectively administering the proposed Project. The Mission found that the DAPE has done a creditable job of carrying out the AID grant-funded, pilot project - having already achieved most of the objectives with about 7 months still remaining in the project. Thus, the Mission believes that the DAPE has the basic capability for executing the proposed, expanded Occupational Skills Training Program once the following changes, which were discussed above, are made:

(i) the DAPE is restructured to contain a Technical Unit to handle the proposed, AID funded Project and an Administrative Unit to support the technical unit, both organized along the lines indicated in Illustration II above; and

(ii) the technical and administrative personnel ceilings are increased consistent with the personnel staffing patterns indicated on pages 61 and 62 above.

These changes will be included as Conditions Precedent to Initial Disbursement of the loan.

#### **PART IV Implementation Plan**

##### **A. Schedule of Major Events**

The Project Implementation Schedule (see Annex II, Exhibit 2) indicates the events which will take place during the Project implementation period. The major events found in that schedule are:

(i) the complementary grant project will be approved and the loan Project will be authorized by September 30, 1977;

(ii) the grant Project Agreement will be signed by December 1, 1977;

(iii) the loan Project Agreement will be signed and Implementation Letter No. 1 will be issued by January 1, 1978;

(iv) the initial grant funded technical assistance will commence by March 1, 1978;

(v) an interim evaluation focusing on grant project status will be completed by April 15, 1978;

(vi) the Conditions Precedent to Initial Disbursement will be met by May 1, 1978;

(vii) the Conditions Precedent to Subsequent Disbursements will be met by July 1, 1978;

(viii) the first loan disbursement will be made by August 1, 1978;

(ix) the first full Program evaluation will be completed by September 30, 1978;

(x) the second full Program evaluation will be completed by September 30, 1979;

(xi) the third full Program evaluation will be completed by September 30, 1980;

(xii) the Terminal Commitment and Disbursement Dates of the loan will expire on June 30, 1981 and December 31, 1981 respectively; and

(xiii) the final full Program evaluation will be completed by January 31, 1982.

## B. Disbursement Procedures

The Mission has investigated the possibility of applying the fixed amount reimbursement system (FARS) to the proposed Project and has concluded that its application is not feasible given the nature of the Project. The Project itself has only a small amount of financing assigned to the renovation of existing facilities (\$705,000) which limits the use of the FARS substantially. In addition, the type of renovation which is contemplated under the Project is not standard for all facilities, i.e., in various cases an entire new shop room will be added to a school but in others only new roofs, walls, and/or electrical wiring are required. Therefore, neither the Project nor any of its components are suitable for financing using the FARS approach.

The financial analysis provides current estimates of scheduled expenditures for the loan disbursement period. In addition the analysis indicates that about 22% of AID financing is for technical assistance. These services are provided on the one hand to assist the DAPE to develop its capacity in the areas of program planning and professional development and, on the other, to improve DAPE's ability to deliver an expanded skills training program and to carry-out more effectively in-service training activities for its employees. Since these activities involve the expansion and strengthening of DAPE's personnel base and since the achievement of this objective appears to be a medium term proposition, the Mission believes that, at a minimum, a four year disbursement period is required.

## C. Procurement Procedures

The source and origin of the technical assistance, equipment, and materials procured with A.I.D. loan funds will be the U.S., Geographic Code 941 countries, and El Salvador (including the Central American Common Market countries). All procurement will take place in accordance with standard AID procedures as defined in AID Handbook No. 11. All A.I.D.. loan financed procurement documents will be prepared by the DAPE and reviewed by the Mission.

## D. USAID Monitoring Requirements.

Managing and monitoring of the Project will be performed by a Mission Project Committee whose members will have the following responsibilities:

(i) The management task will reside with the Project Manager, who will be a member of the Education Division. His principal responsibilities will include, inter alia, maintaining close contact with DAPE Project officials, monitoring DAPE's progress in developing

each of the Project components, reviewing the lists of equipment prepared by DAPE for purchase from A.I.D. loan funds, and maintaining liaison with other Mission offices involved in the Project.

(ii) The Capital Resources Development Office will be responsible for drafting the AID Loan Agreement and Implementation Letters, reviewing all AID loan funded procurement documentation, and monitoring the Project. The CRDO Engineer will be responsible for reviewing the designs and monitoring the renovation of vocational school facilities and for reviewing the specifications included in all AID funded equipment procurement documentation.

(iii) The Program Office will be responsible for drafting the AID Grant Agreement, reviewing all AID grant funded procurement documentation, and periodically evaluating the Project.

(iv) The Office of the Controller will review all disbursement requests and procurement documentation and will ensure that adequate financial control methods are followed by the DAPE.

#### E. Required Reports

The Mission will require the DAPE to submit the following periodic reports:

(i) An annual audit report prepared by an independent auditor acceptable to the Mission;

(ii) A semi-annual shipping report;

(iii) A Project Progress Report to be submitted quarterly during the life of the Project; and

(iv) Other miscellaneous reports to be submitted as deemed necessary.

#### F. Evaluation

A final evaluation of the pilot grant project (519-15-670-170) will be completed by April 15, 1978. This evaluation will focus upon the capability of DAPE and related institutions to carry out functions essential to the effective expansion of the pilot activity. The status of Conditions Precedent to Initial Disbursement of the loan, scheduled to be met by 1 May 1978, will also be evaluated in order to provide the basis for a Mission decision concerning the appropriateness of the tentative disbursement schedule and the acceptability of the materials then being developed to meet these conditions. This evaluation, to be chaired by the Mission Evaluation Officer, will be a joint MOE/Mission

review involving full collaboration of all entities which have a role in implementing the grant pilot project. During the course of the evaluation a detailed, joint evaluation plan will be prepared which fully describes the scope and timing of subsequent evaluations covering the balance of the loan period.

G. Conditions, Covenants, and Negotiating Status

In addition to the standard conditions and covenants associated with AID lending, the Loan Agreement should include the following:

1. Conditions Precedent to Initial Disbursement

Prior to any disbursement, or the issuance of any commitment documents under the Loan Project Agreement, the Borrower shall furnish in form and substance satisfactory to A.I.D.:

- a. evidence of the restructuring of the DAPE which will facilitate the effective delivery and administrative support of the Occupational Skills Training Program;
- b. evidence of a staffing plan which provides for the hiring of appropriate technical and administrative personnel required by the new DAPE organizational structure;
- c. evidence of the creation of a system of functioning local Education/Trade Councils;
- d. evidence of a Project Implementation Plan, by Project component, including a schedule of counterpart budgetary allocations.

2. Conditions Precedent to Subsequent Disbursement

- a. Prior to the disbursement of any funds for participant training, the Borrower shall submit in form and substance satisfactory to A.I.D. evidence of a time phased implementation plan for the participant training activities contemplated under the Project.
- b. Prior to the disbursement of any funds for the renovation of facilities, the Borrower shall submit in form and substance satisfactory to AID evidence of a time phased implementation plan for the renovation of educational facilities which plan shall include a schedule and budget for the maintenance and repair of such facilities.
- c. Prior to the disbursement of any funds for equipment, the Borrower shall submit in form and substance satisfactory to AID evidence of a time phased implementation plan for allocating the equipment to be purchased under the Project which plan shall include a schedule and budget for the maintenance and repair of such equipment.

### 3. Covenants

Except as AID may otherwise agree, the Borrower shall covenant that:

a. the restructuring of the DAPE and the associated hiring of appropriate technical and administrative personnel will be implemented in a timely fashion.

b. the system of local Education/Trade Councils will be adequately supported and continually encouraged to enable it to effectively participate in the Project.

c. the Project will be executed according to the Project Implementation Plan submitted to AID.

d. the budgetary allocations adequate to meet the recurring operating costs of the DAPE will be provided subsequent to Project completion.

e. the facilities built and equipment and material purchased under the Project will be adequately maintained subsequent to Project completion.

The Project was developed working very closely with the DAPE, the executing agency for both the grant pilot project and the proposed Project. In addition, the MOE Office of Planning (ODEPOR) was also involved in all aspects of the Project which were then discussed with the Minister of Education (see the loan application letter attached as Annex I, Exhibit 2). Preliminary meetings have been held between the DAPE and CENPROME and DAE to discuss their individual roles in the Project. In summary, the Minister of Education and all participating entities are familiar with the Project and their roles and responsibilities under it. Thus, no unusual problems are foreseen in the negotiation of the Loan.

## LIST OF ANNEXES

### **ANNEX I - Legal Exhibits**

- No. 1 - 611(e) Certification
- No. 2 - Official Loan Request
- No. 3 - Checklist of Statutory Requirements
- No. 4 - Draft Loan Authorization
- No. 5 - DAEC Approval Cable
- No. 6 - PID/PRP Face Sheets

### **ANNEX II - Project Overview Exhibits**

- No. 1 - Logical Framework
- No. 2 - Project Implementation Schedule
- No. 3 - Map of Project Sites

### **ANNEX III - Technical Exhibits**

- \*No. 1 - Sánchez Report
- No. 2 - Equipment Lists
- No. 3 - Basic Unit Design
- No. 4 - Cost Analysis of Basic Unit
- No. 5 - Site Information
- No. 6 - List of Design Standards
- No. 7 - Initial Environmental Examination

### **ANNEX IV - Economic Exhibits**

- \*No. 1 - Deuterman Report
- No. 2 - Project Outputs: No. of Graduates Planned
- No. 3 - Monthly Wages - A USAID Survey

### **ANNEX V - Social Exhibit**

- \*No. 1 - Pi-Sunyer Report

### **ANNEX VI - Financial Exhibit**

- No. 1 - External Public Debt

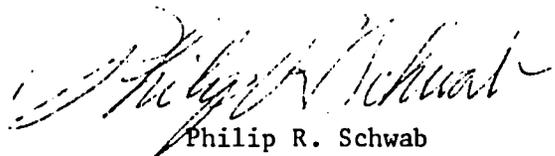
### **ANNEX VII - Institutional Exhibits**

- No. 1 - Organizational Exhibits
- No. 2 - Proposed Reorganization Structure of MOE

\* Annex available in Latin America Bureau, Office of Development Resources' official files.

CERTIFICATION PURSUANT TO SECTION 611(e) OF THE  
FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

I, Philip R. Schwab, the principal officer of the Agency for International Development in El Salvador, having taken into account among other factors the maintenance and utilization of projects in El Salvador previously financed or assisted by the United States, do hereby certify that in my judgement El Salvador has both the financial capability and human resources capability to effectively maintain and utilize the capital assistance project proposed in this paper: OCCUPATIONAL SKILLS TRAINING PROGRAM.



Philip R. Schwab  
Acting Director USAID/El Salvador



**MINISTERIO DE EDUCACION**  
REPUBLICA DE EL SALVADOR, C. A.

San Salvador, 1° de septiembre de 1977.

Señor Phillip Schwab  
Director Interino,  
USAID/El Salvador  
Embajada de los Estados Unidos  
de Norte América  
P R E S E N T E.

Distinguido Señor Schwab:

El Supremo Gobierno de El Salvador por medio del Ministerio de Educación está implementando un proyecto piloto de capacitación laboral con la cooperación de su agencia. Dicho proyecto es uno de nuestros esfuerzos por desarrollar y utilizar más efectivamente la creciente fuerza laboral salvadoreña.

Los servicios de capacitación del proyecto están dirigidos primordialmente a personas no calificadas que están desempleadas o seriamente subempleadas. El presente Gobierno ha asignado una alta prioridad al desarrollo de servicios de capacitación para la fuerza laboral actual y en potencia.

La Dirección de Educación de Adultos y Permanente de este Ministerio tiene la responsabilidad de adaptar y mejorar la fuerza laboral salvadoreña de acuerdo a las necesidades nacionales de productividad, y estará a cargo de mejorar y ampliar los servicios de capacitación laboral. El cometido de mejorar y ampliar el proyecto de capacitación laboral a un programa nacional es capacitar a un mayor número de personas y proporcionarles servicios relacionados para facilitarles el ingreso a ocupaciones productivas. Para lograr esto, el programa se desarrollará en función de cinco componentes básicos:

(1) Planeamiento de Programa, el cual enfoca la necesidad de determinar que destrezas de nivel de entrada son requeridas por los sectores productivos de la economía en un período determinado.

(2) Desarrollo de Cursos, el cual enfoca la necesidad de diseñar cursos relevantes a las destrezas de nivel de entrada.

(3) Desarrollo de Personal, el cual enfoca la necesidad de mejorar continuamente la calidad del personal administrativo y docente de acuerdo a standards de eficiencia en la coordinación de servicios y entrega de cursos.

(4) Sistema de Entrega, el cual enfoca la necesidad de adecuar las instalaciones, equipo y materiales, a los cursos que han sido y seguirán siendo desarrollados.

(5) Orientación, el cual enfoca la necesidad de proveer a la audiencia la información pertinente para que seleccionen cursos de acuerdo a sus necesidades, posibilidades y probabilidades de empleo.

Para asegurar que la Dirección de Educación de Adultos y Permanente ejecute el mejoramiento y ampliación del programa proponemos:

a) Reestructurar dicha Dirección, creando una Sección Técnica y una Sección Administrativa. La primera estará compuesta de unidades de planeamiento y evaluación, diseño de cursos, desarrollo de personal, orientación y supervisión; la segunda tendrá unidades de administración de personal, producción de materiales, promoción, servicios generales y finanzas. Se aumentará el personal de la Dirección de Educación de Adultos y Permanente de acuerdo a las funciones que tendrá las nuevas unidades.

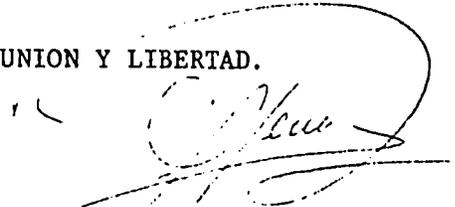
El Gobierno actualmente contempla la negociación de un préstamo con el Banco Internacional de Reconstrucción y Fomento (BIRF) para asistir a los Ministerios de Agricultura, Economía y Trabajo, para que desarrollen servicios de entrenamiento dirigidos a actividades agrícolas, administración y supervisión y producción industrial de nivel calificado. Nosotros consideramos que no habrá duplicación de esfuerzos entre el Programa de Capacitación Laboral y los programas de otros Ministerios. El programa de capacitación laboral es complementario de los otros programas para responder a las necesidades de adiestramiento de personas no calificadas. Actualmente se está estableciendo un organismo que asegurará la coordinación de labores de los Ministerios involucrados en la formación de la fuerza laboral salvadoreña.

3

Se estima que los costos para mejorar y ampliar el programa de capacitación laboral serán de \$7.5 millones, de los cuales el Supremo Gobierno podrá cubrir \$4.0 millones; por lo tanto, solicitamos de su Agencia un préstamo por \$3.0 millones y un complemento de donativo por \$500.000, para poder financiar el programa. El plan específico para implementar el proyecto será detallado en acuerdos separados por el préstamo y el donativo.

Sin otro particular, aprovecho la ocasión para saludarle con toda consideración.

DIOS, UNION Y LIBERTAD.



DR. CARLOS ANTONIO HERRERA REBOLLO  
MINISTRO DE EDUCACION.



AID HANDBOOK 3, App 6C	TRANS. MEMO NO. 3:11	EFFECTIVE DATE November 10, 1976	PAGE NO. 6C(1)-1
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ANNEX I  
EXHIBIT 3  
Page 1 of 10

6C(1) - COUNTRY CHECKLIST

Listed below are, first, statutory criteria applicable generally to FAA funds, and then criteria applicable to individual fund sources: Development Assistance and Security Supporting Assistance funds.

A. GENERAL CRITERIA FOR COUNTRY

1. FAA Sec. 116. Can it be demonstrated that contemplated assistance will directly benefit the needy? If not, has the Department of State determined that this government has engaged in consistent pattern of gross violations of internationally recognized human rights? Yes, the project will provide entry level, occupational skills training to both urban and rural poor who are experiencing high rates of both under and unemployment. (See Part II, A, 1 and B,2 and Part III,C).
2. FAA Sec. 481. Has it been determined that the government of recipient country has failed to take adequate steps to prevent narcotics drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully? No.
3. FAA Sec. 620(a). Does recipient country furnish assistance to Cuba or fail to take appropriate steps to prevent ships or aircraft under its flag from carrying cargoes to or from Cuba? No.
4. FAA Sec. 620(b). If assistance is to a government, has the Secretary of State determined that it is not controlled by the international Communist movement? Yes.
5. FAA Sec. 620(c). If assistance is to government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) debt is not denied or contested by such government? No.
6. FAA Sec. 620(e) (1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? No.

- A**
7. FAA Sec. 620(f); App. Sec. 10B. Is recipient country a Communist country? Will assistance be provided to the Democratic Republic of Vietnam (North Vietnam), South Vietnam, Cambodia or Laos? No.
  
  8. FAA Sec. 620(i). Is recipient country in any way involved in (a) subversion of, or military aggression against, the United States or any country receiving U.S. assistance, or (b) the planning of such subversion or aggression? No.
  
  9. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction, by mob action, of U.S. property? No.
  
  10. FAA Sec. 620(l). If the country has failed to institute the investment guaranty program for the specific risks of expropriation, inconvertibility or confiscation, has the AID Administrator within the past year considered denying assistance to such government for this reason? El Salvador has instituted the Investment Guaranty Program.
  
  11. FAA Sec. 620(o); Fishermen's Protective Act, Sec. 5. If country has seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters,
    - a. has any deduction required by Fishermen's Protective Act been made?
    - b. has complete denial of assistance been considered by AID Administrator?El Salvador has not seized or imposed penalty or sanction against any U.S. fishing activities in international waters.
  
  12. FAA Sec. 620(q); App. Sec. 504. (a) Is the government of the recipient country in default on interest or principal of any AID loan to the country? (b) Is country in default exceeding one year on interest or principal on U.S. loan under program for which App. Act appropriates funds, unless debt was earlier disputed, or appropriate steps taken to cure default? No, El Salvador is not in default as defined by Sec. 620(q) of the FAA.
  
  13. FAA Sec. 620(s). What percentage of country budget is for military expenditures? How much of foreign exchange resources spent on military equipment? How much spent for the purchase of sophisticated weapons systems? (Consideration of these points is to be coordinated with the Bureau for Program and Policy Coordination, Regional Coordinators and Military Assistance Staff (PPC/RC).) As a percentage of total government expenditures, the military budget has ranged from as low as 5.5 to as high as 6.3 per cent between 1970-1975. Military imports have been less than 1 percent of total imports since 1971.

- A
14. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? No.
15. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? From the information available to the Mission, it appears that El Salvador is not experiencing problems in meeting its U.N. obligations.
16. FAA Sec. 620A. Has the country granted sanctuary from prosecution to any individual or group which has committed an act of international terrorism? No.
17. FAA Sec. 666. Does the country object, on basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. there to carry out economic development program under FAA? No.
18. FAA Sec. 669. Has the country delivered or received nuclear reprocessing or enrichment equipment, materials or technology, without specified arrangements on safeguards, etc.? No.
19. FAA Sec. 901. Has the country denied its citizens the right or opportunity to emigrate? No.
- B. FINDING CRITERIA FOR COUNTRY
1. Development Assistance Country Criteria
- a. FAA Sec. 102(c), (d). Have criteria been established, and taken into account, to assess commitment and progress of country in effectively involving the poor in development, on such indexes as: (1) small-farm labor intensive agriculture, (2) reduced infant mortality, (3) population growth, (4) equality of income distribution, and (5) unemployment. El Salvador has demonstrated its commitment to involving the poor in development by undertaking various sectoral programs aimed at their needs. These programs include inter alia such AID financed projects as Intensive Small Farm Management, Family Planning and Population, and Educational Reform, which have the basic goals of increasing the incomes, employment opportunities, and overall standard of living of the country's poor.
- b. FAA Sec. 201(b)(5), (7) & (8); Sec. 208; 211(a)(4), (7). Describe extent to which country is:
- (1) Making appropriate efforts to increase food production and improve means for food storage and distribution. El Salvador is supporting the expansion and improvement of its National Center of Agriculture Technology (CENTA) and its grain storage and distribution system operated by the government's Grain Price Stabilization Institute (IRA).
- (2) Creating a favorable climate for foreign and domestic private enterprise and investment. (2) El Salvador has instituted the Investment Guaranty Program and encourages investment in the economy as a means to speed the development process.

B1b

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(3) Increasing the public's role in the developmental process.

(4) (a) Allocating available budgetary resources to development.

(b) Diverting such resources for unnecessary military expenditure and intervention in affairs of other free and independent nations.

(5) Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangements, and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.

(6) Otherwise responding to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures.

c. FAA Sec. 201(b), 211(a). Is the country among the 20 countries in which development assistance loans may be made in this fiscal year, or among the 40 in which development assistance grants (other than for self-help projects) may be made?

d. FAA Sec. 115. Will country be furnished, in same fiscal year, either security supporting assistance, or Middle East peace funds? If so, is assistance for population programs, humanitarian aid through international organizations, or regional programs?

2. Security Supporting Assistance Country Criteria

a. FAA Sec. 502B. Has the country engaged in a consistent pattern of gross violations of internationally recognized human rights? Is program in accordance with policy of this Section?

b. FAA Sec. 531. Is the Assistance to be furnished to a friendly country, organization, or body eligible to receive assistance?

c. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

The project is aimed at providing entry-level skills to the urban and rural poor of the country thereby increasing the public's role in the development process.

(4) From 1971-1975, between 13-20% of the government's expenditures went for investment purposes or the equivalent of about \$262 million.

(4b) Over the last five years, El Salvador has spent, on average, less than six percent of its budget for military expenditures.

(5) El Salvador is trying to improve its system of tax collection through, inter alia, the AID financed National Cadaster Project and is attempting to address the land tenure problem through the Salvadoran Institute of Agrarian Transformation (ISTA). The government has been subject to criticism vis-a-vis its respect for the rule of law and individual freedoms and rights. However, the newly installed government has shown concern which provides hope that the situation will improve in this area.

-Yes.

N.A.

No.

N.A.

N.A.

N.A.

6C(2) - PROJECT CHECKLIST

Listed below are, first, statutory criteria applicable generally to projects with FAA funds, and then project criteria applicable to individual fund sources: Development Assistance (with a sub-category for criteria applicable only to loans); and Security Supporting Assistance funds.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? IDENTIFY. HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT.

1. App. Unnumbered; FAA Sec. 653(b)

(a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project; (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that figure plus 10%)?

The Loan was included in the 1977 Congressional Presentation and is within the allocation reported therein (See Part III, Section B). The grant component which will require first year funding in FY 78 does not appear in the FY 78 C.P. and an advise of program change will be required.

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

Yes. (See Part III, Sections A, B and E).

3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

The need for further legislation is not expected.

4. FAA Sec. 611(b); App. Sec. 101. If for water or water-related land resource construction, has project met the standards and criteria as per Memorandum of the President dated Sept. 5, 1973 (replaces Memorandum of May 15, 1962; see Fed. Register, Vol 38, No. 174, Part III, Sept. 10, 1973)?

N.A.

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified the country's capability effectively to maintain and utilize the project?

Yes. (See Annex I, Exhibit 1)

## A.

6. FAA Sec. 209, 619. Is project susceptible of execution as part of regional or multi-lateral project? If so why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. If assistance is for newly independent country, is it furnished through multi-lateral organizations or plans to the maximum extent appropriate?

No. The project will be carried out by El Salvador's Ministry of Education and is intended to address the specific occupational skills training needs of the country's poor. Thus, the project addresses a country specific problem.

7. FAA Sec. 601(a); (and Sec. 201(f) for development loans). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

By providing occupational skills training to El Salvador's poor, which will allow them to gain employment in industry or initiate their own economic activities, the project will directly or indirectly encourage all the items listed.

8. FAA Sec. 601(b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

By training El Salvador's poor in relevant entry level skills, U.S. investment in the country as well as private trade should be encouraged. This will allow private U.S. participation in the country's development.

9. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services.

El Salvador will contribute approximately fifty percent of the total project cost (See Part III, B, 3). The U.S. holds no excess Salvadoran currencies.

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency and, if so, what arrangements have been made for its release?

No.

## B. FUNDING CRITERIA FOR PROJECT

## 1. Development Assistance Project Criteria

a. FAA Sec. 102(c); Sec. 111; Sec. 281a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production, spreading investment out from cities to small towns and rural areas; and (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions?

The project is designed to provide rural and urban poor with occupational skills necessary for entry into industry, the services, and/or self-employment. With jobs, the target group will have greater access to the economy. Further, the existence of semi-skilled people in the small towns and rural areas should encourage investment in those areas. While the project will not directly assist the development of cooperatives through technical assistance, cooperatives have been organized by the skilled and semi-skilled peoples of the country as a further means for improving their lot.-

B1

b. FAA Sec. 103, 103A, 104, 105, 106, 107. [Is assistance being made available: [Include only applicable paragraph -- e.g., a, b, etc. -- which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source.]

(1) [103] for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income of rural poor; [103A] if for agricultural research, is full account taken of needs of small farmers;

N.A.

(2) [104] for population planning or health; if so, extent to which activity extends low-cost, integrated delivery systems to provide health and family planning services, especially to rural areas and poor;

N.A.

(3) [105] for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development;

The project will strengthen non-formal education as it relates to occupational training of adults by improving planning and course design, curriculum, the training of teachers and education administrators, the occupational skills delivery mechanism, and guidance services. (See Part II, B, 3).

(4) [106] for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is:

N. A.

(a) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

(b) to help alleviate energy problem;

(c) research into, and evaluation of, economic development processes and techniques;

(d) reconstruction after natural or manmade disaster;

(e) for special development problem, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;

(f) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

01

(5) [107] by grants for coordinated private effort to develop and disseminate intermediate technologies appropriate for developing countries.

N.A.

c. FAA Sec. 110(a); Sec. 208(e). Is the recipient country willing to contribute funds to the project, and in what manner has or will it provide assurances that it will provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least-developed" country)?

Yes. El Salvador is willing to contribute funds to the project and has so indicated in its loan request (See Annex I, Exhibit 2).

d. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing?

N.A.

e. FAA Sec. 207; Sec. 113. Extent to which assistance reflects appropriate emphasis on: (1) encouraging development of democratic, economic, political, and social institutions; (2) self-help in meeting the country's food needs; (3) improving availability of trained worker-power in the country; (4) programs designed to meet the country's health needs; (5) other important areas of economic, political, and social development, including industry; free labor unions, cooperatives, and Voluntary Agencies; transportation and communication; planning and public administration; urban development, and modernization of existing laws; or (6) integrating women into the recipient country's national economy.

The project will particularly emphasize items 3, 5, and 6 and will indirectly impact on the remaining items.

f. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

El Salvador has one of the highest rates of labor under utilization in Latin America. In addition, unemployment affects most severely the unskilled within El Salvador's population. The Project is designed to address the need and the desire of the poor to acquire skills with which they can obtain gainful employment. In addition, the project (as well as the previous pilot activity) has focused Salvadoran attention on the problem of strengthening and modifying the existing institutional arrangements so that the needs of the poor for skills can be better addressed.

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g. FAA Sec. 201(b)(2)-(4) and -(8); Sec. 201(e); Sec. 211(a)(1)-(3) and -(8). Does the activity give reasonable promise of contributing to the development: of economic resources, or to the increase of productive capacities and self-sustaining economic growth; or of educational or other institutions directed toward social progress? Is it related to and consistent with other development activities, and will it contribute to realizable long-range objectives? And does project paper provide information and conclusion on an activity's economic and technical soundness?

h. FAA Sec. 201(b)(6); Sec. 211(a)(5), (6). Information and conclusion on possible effects of the assistance on U.S. economy, with special reference to areas of substantial labor surplus, and extent to which U.S. commodities and assistance are furnished in a manner consistent with improving or safeguarding the U.S. balance-of-payments position.

## 2. Development Assistance Project Criteria (Loans only)

a. FAA Sec. 201(b)(1). Information and conclusion on availability of financing from other free-world sources, including private sources within U.S.

b. FAA Sec. 201(b)(2); 201(d). Information and conclusion on (1) capacity of the country to repay the loan, including reasonableness of repayment prospects, and (2) reasonableness and legality (under laws of country and U.S.) of lending and relending terms of the loan.

c. FAA Sec. 201(e). If loan is not made pursuant to a multilateral plan, and the amount of the loan exceeds \$100,000, has country submitted to AID an application for such funds together with assurances to indicate that funds will be used in an economically and technically sound manner?

d. FAA Sec. 201(f). Does project paper describe how project will promote the country's economic development taking into account the country's human and material resources requirements and relationship between ultimate objectives of the project and overall economic development?

The project will directly contribute to the development of productive capacities and educational institutions directed toward social progress and is consistent with both GOES and AID development activities and long range goals. (See Part II, B, 1, 2, and 3). The PP provides information and conclusions on the project's economic and technical soundness. (See Part III, A and D.)

The project provides for the procurement of both commodities and technical assistance much of which is expected to come from US sources. Thus, the project should safeguard the US balance of payments position. (See Part III, B for a financial breakdown of the Project).

Other international lending institutions have not indicated an interest in financing the project described in the PP.

The country appears capable of repaying the AID loan (see Part III, B of the PP). Also, the terms of the AID loan appear reasonable and are legal under the laws of the U.S. and the host country.

Yes. (See Annex I, Exhibit 2).

Yes. (See Part III, C of the PP)

e. FAA Sec. 202(a). Total amount of money under loan which is going directly to private enterprise, is going to intermediate credit institutions or other borrowers for use by private enterprise, is being used to finance imports from private sources, or is otherwise being used to finance procurements from private sources?

One hundred percent of the AID funds will be used to purchase technical services, equipment and supplies, and participant training from private sources.

f. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete in the U.S. with U.S. enterprise, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?

N.A.

3. Project Criteria Solely for Security Supporting Assistance

FAA Sec. 531. How will this assistance support promote economic or political stability?

N.A.

4. Additional Criteria for Alliance for Progress

[Note: Alliance for Progress projects should add the following two items to a project checklist.]

a. FAA Sec. 251(b)(1), -(8). Does assistance take into account principles of the Act of Bogota and the Charter of Punta del Este; and to what extent will the activity contribute to the economic or political integration of Latin America?

Yes. The loan project will contribute to the economic and political integration of Latin America only indirectly.

b. FAA Sec. 251(b)(8); 251(h). For loans, has there been taken into account the effort made by recipient nation to repatriate capital invested in other countries by their own citizens? Is loan consistent with the findings and recommendations of the Inter-American Committee for the Alliance for Progress (now "CEPCIES," the Permanent Executive Committee of the OAS) in its annual review of national development activities?

Yes. The loan is consistent with the CEPCIES findings concerning El Salvador.

PROJECT AUTHORIZATION AND REQUEST  
FOR ALLOTMENT OF FUNDS

Name of Country: El Salvador  
Name of Project: Occupational Skills Training Program  
Number of Project: 519-V-020

Pursuant to Part I, Chapter 1, Section 105 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a Loan to El Salvador (the "Cooperating Country") of not to exceed three million United States Dollars (\$3,000,000) (the "Authorized Amount") to help in financing certain foreign exchange and local currency costs of goods and services required for the project as described in the following paragraph.

The project is designed to assist the Division of Adult and Permanent Education of the Ministry of Education to carry out an expanded and more effective adult occupational skills training program. This means not only reaching larger numbers of urban and rural poor through the training program but also developing or improving systems which will ensure that a large portion of those trained are meaningfully employed. The project will achieve these objectives by focusing on five basic components: Program Planning, Curriculum Development, Personnel Training, Delivery of Skills Training, and Guidance Services.

I approve the total level of A.I.D. appropriated funding planned for this project of not to exceed three million four hundred and ninety five thousand United States Dollars (\$3,495,000) of which \$3,000,000 will be Loan funded and \$495,000 Grant funded, including the funding authorized above, during the period FY 1977 through FY 1981. I approve further increments during that period of Grant funding up to \$495,000, subject to the availability of funds, in accordance with A.I.D. allotment procedures.

I hereby authorize the initiation of negotiation and execution of the Project Agreement or Agreements by the officer to whom such authority has been delegated in accordance with A.I.D. regulations and Delegations of Authority subject to the following essential terms and covenants and major conditions; together with such other terms and conditions as A.I.D. may deem appropriate:

**A. Interest Rate and Terms of Repayment - Loan**

The Cooperating Country shall repay the Loan to A.I.D. in United States Dollars within thirty (30) years from the date of first disbursement of the Loan, including a grace period of not to exceed ten (10) years. The Cooperating Country shall pay to A.I.D. in United States Dollars interest from the date of first disbursement of the Loan at the rate of (a) two percent (2%) per annum during the first ten (10) years, and (b) three percent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

**B. Source and Origin of Goods and Services - Loan and Grant**

Except for Ocean Shipping, goods and services financed by A.I.D. under the project shall have their source and origin in the Central American Common Market or in countries included in A.I.D. Geographic Code 941 except as A.I.D. may otherwise agree in writing. Ocean Shipping financed under the Loan shall be procured in any eligible source country except the Central American Common Market.

**C. Conditions Precedent - Loan**

1. Prior to the date of execution of the Loan Project Agreement, Borrower shall have executed with A.I.D. a Grant Project Agreement.

2. Prior to any disbursement, or the issuance of any commitment documents under the Loan Project Agreement, the Borrower shall furnish in form and substance satisfactory to A.I.D.:

a. Evidence of the restructuring of the DAPE which will facilitate the effective delivery and administrative support of the Occupational Skills Training Program;

b. Evidence of a staffing plan which provides for the hiring of appropriate technical and administrative personnel required by the new DAPE organizational structure;

c. Evidence of the creation of a system of functioning local Education/Trade Councils;

d. Evidence of a Project Implementation Plan, by project component, including a schedule of counterpart budgetary allocations.

**3. Conditions Precedent to Subsequent Disbursement**

a. Prior to the disbursement of any funds for participant training, the Borrower shall submit in form and substance satisfactory

to A.I.D. evidence of a time phased implementation plan for the participant training activities contemplated under the project.

b. Prior to the disbursement of any funds for the renovation of facilities, the Borrower shall submit in form and substance satisfactory to AID evidence of a time phased implementation plan for the renovation of educational facilities which plan shall include a schedule and budget for the maintenance and repair of such facilities.

c. Prior to the disbursement of any funds for equipment, the Borrower shall submit in form and substance satisfactory to AID evidence of a time phased implementation plan for allocating the equipment to be purchased under the project which plan shall include a schedule and budget for the maintenance and repair of such equipment.

D. Covenants - Loan

Except as AID may otherwise agree, the Borrower shall covenant that:

a. The restructuring of the DAPE and the associated hiring of appropriate technical and administrative personnel will be implemented in a timely fashion.

b. The system of local Education/Trade Councils will be adequately supported and continually encouraged to enable it to effectively participate in the project.

c. The Project will be executed according to the Implementation Plan submitted to AID.

d. The budgetary allocations adequate to meet the recurring operating costs of the DAPE will be provided subsequent to project completion.

e. The facilities built and equipment and material purchased under the project will be adequately maintained subsequent to project completion.



DEPARTMENT OF STATE

ANNEX 1  
EXHIBIT 5  
page 1 of 3 pages

ACTION:

*AID-7*

# TELEGRAM

INFO:  
AMB  
DCM  
ICN  
POL  
POLRA  
USIS  
DAO  
ADMIN  
PER  
BFO  
GSO  
AGR  
COMAT  
PC  
CONS  
AID  
MILGP

INCOMING SAN SALVADOR

DE RUEHC #2268/1 0641011  
ZNR UUUUU ZZH  
R 040212Z MAR 76  
FM SECSTATE WASHDC  
TO AMEMBASSY SAN SALVADOR 5446  
BT  
UNCLAS STATE 052268

UNCLASSIFIED ✓

AIDAC

E.O. 11652: N/A

TAGS:

SUBJECT: DAEC REVIEW OF FUNDAMENTAL EDUCATION AND SKILLS TRAINING LOAN PRP

REF: STATE 023902

CHRON  
RF

*10. ellk*

1. THE DAEC APPROVED THE PRP AND AUTHORIZED INTENSIVE REVIEW CONCURRENT WITH IMPLEMENTATION OF THE PILOT PROJECT REPORTED ON IN REFTEL. WE UNDERSTAND THAT A PP FOR THIS LOAN PROJECT WILL PROBABLY BE PRESENTED FOR AUTHORIZATION IN LATE FY 1977 BUT THAT EXACT TIMING WILL DEPEND UPON AVAILABILITY OF PROJECT DESIGN INPUTS FROM THE PILOT PROJECT. PLEASE CONFIRM WITH BEST ESTIMATE.
2. THE DAEC IDENTIFIED SEVERAL AREAS OF CONCERN THAT WILL WARRANT PARTICULAR ATTENTION DURING INTENSIVE REVIEW. THOSE CONCERNS AND OTHER CONCLUSIONS REACHED BY THE DAEC ARE REPORTED BELOW.
  - A. RELATIONSHIP OF PILOT PROJECT TO EXPANSION PROJECT THE RELATIONSHIP BETWEEN THE TWO PROJECTS WAS DISCUSSED AND IT WAS AGREED THAT ONE OBJECTIVE OF THE PILOT PROJECT IS TO PRODUCE DATA AND KNOWLEDGE USEFUL FOR THE DESIGN AND IMPLEMENTATION OF THE EXPANSION PROJECT. IT WAS ACKNOWLEDGED, HOWEVER, THAT THE PILOT PROJECT COULD ALSO BE SEEN AS A DISCRETE PROJECT WITH A VALID INSTITUTION BUILDING OBJECTIVE THAT COULD BE JUSTIFIED WHETHER OR NOT THE EXPANSION PROJECT WERE TO MATERIALIZE. THE PILOT PROJECT, AS DESCRIBED IN THE REVISED PP, IS EXPECTED TO ADEQUATELY FULFILL BOTH OBJECTIVES.
  - B. LABOR DEMAND - IT WAS AGREED THAT A THOROUGH ANALYSIS OF ACTUAL AND PROJECTED DEMAND FOR SEMI-SKILLED LABOR WILL BE CARRIED OUT AS PART OF THE INTENSIVE REVIEW, UTILIZING INITIAL RESULTS OF THE PILOT PROJECT AS ONE SOURCE OF DATA. THE ANALYSIS SHOULD INCLUDE CONCLUSIONS AND RECOMMENDATIONS ON RELEVANT NATIONAL POLICY IMPLICATIONS OF THE PROGRAM. WHILE SUCH CONCLUSIONS

2

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SHOULD BE INCLUDED IN THE PP, IT IS NOT EXPECTED THAT SPECIFIC MODIFICATIONS OF NATIONAL MACRO-ECONOMIC POLICIES WOULD BE NECESSARY TO MAKE THE PROJECT VIABLE. IT WAS NOTED THAT RURAL DEMAND INCLUDES IMPROVED SERVICES AND INCREASED PRODUCTIVITY AS WELL AS NEW JOBS.

--C. PRIVATE SECTOR PARTICIPATION - THE INTENSIVE REVIEW SHOULD IDENTIFY THE NATURE OF PRIVATE SECTOR PARTICIPATION ANTICIPATED AND HOW IT WILL BE IMPORTANT TO THE PROJECT. PARTICIPATION OF OTHER GROUPS, SUCH AS LOCAL COMMUNITY ORGANIZATIONS, SHOULD BE INCLUDED IN THIS ANALYSIS.

--D. GRANT FUNDING TECHNICAL ASSISTANCE - GRANT FINANCING FOR THE TECHNICAL ASSISTANCE COMPONENT OF THE PROJECT IS STRONGLY DISCOURAGED. DURING INTENSIVE REVIEW THIS QUESTION SHOULD BE ANALYZED VERY CAREFULLY. ANY RECOMMENDATIONS FOR GRANT FINANCING MUST BE CLEARLY EXPLAINED AND FULLY SUPPORTED IN THE PP ANALYSES.

--E. VOCATIONAL TRAINING PRIORITY - THE RELATIVE PRIORITY PLACED ON VOCATIONAL TRAINING BY THE GOES, VIS A VIS OTHER EDUCATION SECTOR ACTIVITIES, WAS NOT COVERED IN THE PRP. THIS SHOULD BE ADDRESSED IN THE PP. THE PP SHOULD INCLUDE A DISCUSSION OF ALTERNATIVE SKILLS TRAINING METHODS THAT WILL BE LOOKED AT AND HOW THE CAPACITY TO DO THIS WILL BE BUILT INTO THE DEAP.

--F. INSAFORP - ALTHOUGH NOT A CENTRAL ELEMENT OF THE NE PROJECT, THE FUTURE ROLE OF INSAFORP, AND ITS RELATIONSHIP TO THE PROJECT SHOULD BE CLEARLY EXPLAINED IN THE PP.

--G. OTHER DONORS SPECIAL ATTENTION SHOULD BE PAID DURING INTENSIVE REVIEW TO ANALYZING THE RESULTS OF THE

UNESCO EVALUATION OF THE MINISTRY OF EDUCATION'S ADULT EDUCATION PROGRAMS WITH REFERENCE TO THE DESIGN AND IMPLEMENTATION OF THE PROPOSED PROJECT. THE PROPOSED IBRD PROJECT SHOULD BE ANALYZED AND DISCUSSED IN THE PP, TO AVOID REDUNDANCIES AND MAXIMIZE COMPLEMENTARITIES OF THE TWO PROGRAMS.

--H. EQUIPMENT FINANCING - THE 2.2 MILLION DOLLARS PROPOSED FOR EQUIPMENT TO BE FINANCED BY AID IS CONSIDERED EXCESSIVE. THIS COMPONENT SHOULD BE ANALYZED VERY CAREFULLY DURING INTENSIVE REVIEW AND THE MISSION SHOULD MAKE EVERY EFFORT TO INCLUDE A GREATER PROPORTION OF EQUIPMENT AS GOES CONTRIBUTION TO THE PROJECT.

--I. INTENSIVE REVIEW COSTS - THE ANTICIPATED PROJECT DEVELOPMENT COSTS WERE DISCUSSED AND THE 130,000 DOLLARS PROPOSED IN THE PRP WAS CONSIDERED EXCESSIVE. WE ASSUME THAT FUNDS REQUIRED FOR THIS PURPOSE HAVE BEEN INCLUDED IN EITHER THE PILOT PROJECT GRANT OR TECHNICAL SUPPORT FOR FY 1977. PLEASE CONFIRM.

3

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--J. THE LOGICAL FRAMEWORK SHOULD BE MODIFIED TO REFLECT REFINEMENTS IN PROJECT DESIGN AS THESE ARE DEVELOPED IN INTENSIVE REVIEW. SOME OF THE SAME DESIGN PROBLEMS NOTED IN CONNECTION WITH THE LOGFRAME OF THE PILOT PROJECT PP (SEE REFTEL) APPEAR IN THE LOAN PRP. THE HIERARCHY OF OBJECTIVES NEEDS TO BE REEXAMINED TO ASSURE THAT IT REPRESENTS A CAUSAL "MEANS-ENDS" RELATIONSHIP, WITH APPROPRIATE INDICATORS AND ASSUMPTIONS AT EACH LEVEL OF THE HIERARCHY. THE PRESENT END OF PROJECT STATUS (EOPS) MERELY RESTATES THE PROJECT PURPOSE. A SET OF TARGETED MEASURES WILL HAVE TO BE DEVELOPED WHICH WILL DESCRIBE THE CHANGED SITUATION OR CONDITIONS WHICH WILL EXIST WHEN THE PROJECT PURPOSE IS SUCCESSFULLY ACHIEVED. SUCH

MEASURES SHOULD INCLUDE, INTER ALIA, AN INDICATION OF WHETHER THE TRAINED PEOPLE ARE GETTING BETTER JOBS, WHETHER THEIR INCREASED EARNINGS EXCEED THE COST OF TRAINING, ETC. SOME OF THE INDICATORS PRESENTLY LISTED AT THE OUTPUT LEVEL, I.E., NUMBERS ATTENDING COURSES OR UTILIZING SERVICES, ARE MORE APPROPRIATELY MEASURES OF PURPOSE ACHIEVEMENT. SOME OF THE ASSUMPTIONS SEEM INAPPROPRIATE. FOR EXAMPLE, BOTH ASSUMPTION NUMBER 2 AT THE GOAL LEVEL AND ASSUMPTION NUMBER 2 AT THE OUTPUT LEVEL SHOULD BE INTEGRATED INTO PROJECT DESIGN AND NOT TREATED AS EXTERNAL FACTORS, OUTSIDE OF THE SCOPE OF THE PROJECT.

IF MISSION WISHES TO SUBMIT DRAFTS DURING DEVELOPMENT PHASE, LA/DP/ES WILL BE PLEASED TO COMMENT. KISSINGER

BT  
#2268



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

1. TRANSACTION CODE ("X" appropriate box)  
 Original  Change  
 Add  Delete

2. DOCUMENT CODE  
PRP  
DOCUMENT CODE  
2

3. DOCUMENT REVISION NUMBER  
1

4. PROPOSED PP SUBMISSION DATE  
mo. yr.  
07/77

5. ESTIMATED FY OF AUTHORIZATION/OBLIGATION  
 a. INITIAL FY 77 b. FINAL FY 79

6. COUNTRY/ENTITY  
FL SALVADOR

7. PROJECT NUMBER  
519-0172

8. BUREAU  
 a. Symbol LA b. Code 3

9. PROJECT TITLE - SHORT (stay within brackets)  
 Fundamental Ed. & Skills Training

9. ESTIMATED TOTAL COST (5000 or equivalent, \$1 = 22.50)

a. FUNDING SOURCE	FIRST YEAR FY 77			ALL YEARS		
	b. FX	c. L/C	d. Total	e. FX	f. L/C	g. Total
AID APPROPRIATED TOTAL	2,400.0	600.0	3,000.0	2,900.0	600.0	3,500.0
(Grant)	( )	( )	( )	( 500.0 )	( )	( 500.0 )
(Loan)	( 2,400.0 )	( 600.0 )	( 3,000.0 )	( 2,400.0 )	( 600.0 )	( 3,000.0 )
Other						
U.S.						
HOST GOVERNMENT	-	300.0	300.0	-	2,800.0	2,800.0
OTHER DONOR(S)						
TOTALS	2,400.0	900.0	3,300.0	2,900.0	3,400.0	6,300.0

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (5000)

a. Appropriation (Alpha Code)	b. Primary Purpose Code	c. Primary Tech. Code	FY 77		FY 78		FY 79		ALL YEARS		
			d. Grant	e. Loan	f. Grant	g. Loan	h. Grant	i. Loan	j. Grant	k. Loan	
EH		610		3,000.0	200.0	-		300.0	-	500.0	3,000.0
TOTALS				3,000.0	200.0	-		300.0	-	500.0	3,000.0

11. PROJECT PURPOSE(S) (stay within brackets)  Check if different from PID

The specific project purpose is to expand the Ministry of Education's pilot project in fundamental education and vocational skills training into a national system.

12. WERE CHANGES MADE IN PID FACESHEET DATA, BLOCKS 12, 13, 14, or 16? IF YES, ATTACH CHANGED PID FACESHEET.

Yes  No

13. PLANNING RESOURCE REQUIREMENTS (staff/units) Contract: Manpower Economist, Vocational/Non Formal Specialist, (Assessment Team for approx. 22mm \$130,000; 2) AID/W Financial Analyst, Ed. Economist, Ed. Generalist (5mm total, no individual longer than 1 mo)

14. ORIGINATING OFFICE CLEARANCE  
 Signature: *R. A. San Juan*

15. Date Received in AID/W, or For AID/W Documents, Date of Distribution

Title: Chief Education Division  
 Date Signed: mo. day yr. 11 07 75

mo. day yr.

LOGICAL FRAMEWORK

I. GOAL:

A. Program or Sectoral Goal

To improve the general welfare of the urban and rural poor through appropriate education and training programs.

B. Measures of Goal Achievement

Increased income for project participants.

C. Means of Verification

Information provided by applicant selection, counseling, placement and follow-up systems.

D. Important Assumptions

None.

II. PURPOSE:

A. Project Purpose Statement

To develop and expand a viable system of vocational skills training.

B. Conditions Expected or End-of-Project Status (EOPS)

1. Local Education/Trade Council data, job market analyses and performance criteria are being utilized as appropriate to revise course content (Curriculum Development) and number and variety of course offerings (Program Planning).

2. Local Education/Trade Councils functioning effectively as evidenced by: (a) industries providing resources to the occupational skills training program, (b) the training program providing graduates trained in skills relevant to needs of industry, and (c) inter-ministerial and other donor coordination of all non-formal vocational education activities.

3. Delivery system functioning efficiently and effectively as evidenced by: (a) increased enrollment and retention rates in non-formal education and skills training courses, (b) reduced time required

to achieve course objectives, and (c) higher skill level and labor market awareness of course graduates.

4. An effective Guidance System in place as evidenced by:  
(a) 100% of program applicants provided with initial personal and occupation counseling, (b) 100% of students provided with job information, and (c) 60-70% of graduates placed in industry or self-employed annually, and 80% of graduates followed-up.

C. Means of Verification

1. Minutes of Education/Trade Council Meetings and other ETC records.
2. MOE/DAPE records and studies.

D. Assumptions

1. Economic growth sufficient to provide new job opportunities to absorb 60-70% of program graduates.

III. OUTPUTS AND OUTPUT TARGETS;

A. Outputs

1. Job market analyses conducted.
2. Job performance criteria established.
3. Administrative staff trained and functioning effectively.
4. Teachers trained and functioning effectively.
5. Skills training courses with appropriate materials, teaching guides and evaluation procedures developed and/or modified.
6. Regional training centers renovated and/or equipped.
7. Mobile units operating effectively.
8. People trained at semi-skilled level for entry into appropriate occupations.
9. Program applicant selection and counseling systems functioning effectively.
10. Job information, placement and follow-up systems functioning effectively.

11. Local Education/Trade councils established.

B. Output Targets

i. Quantitative	Planned Annually			
	Yr. 1	Yr. 2	Yr. 3	Yr. 4
a) Administrative staff trained				
(i) Long-term academic (pm)	--	36	36	36
(ii) In-service (pm)	3	10	16	20
b) Teachers trained				
(i) Long-term academic (pm)	12	12	12	12
(ii) In-service (pm)	24	18	24	27
c) (i) New courses developed	2	3	10	10
(ii) Courses modified	6	2	3	--
d) Regional training centers renovated and equipped	-	10	7	--
e) Mobile units in operation	-	4	(cont'd)	(cont'd)
f) People trained at semi-skilled level	1600	2600	3200	4000
g) Graduates placed in industry or self-employed	1040	1690	2080	2600
h) ETCs established	10	6	2	5

2. Qualitative

- a) Regional job market analyses conducted periodically of sufficient comprehensiveness and quality to be used in program planning (continuous process).
- b) Performance criteria established and periodically revised for all job skills for which courses exist (continuous process).
- c) Administrators (i) returned and functioning effectively; (ii) evidence of improved performance resulting from in-service training.

- d) Teachers (i) returned and functioning effectively; (ii) evidence of improved performance resulting from in-service training.
- e) Course content and materials meet minimum standards for training to semi-skilled level.
- f) Centers and equipment are fully adequate for type of courses and numbers of students planned and are receiving regular maintenance.
- g) Mobile units are being utilized in areas not serviced by other facilities, are operating on a cost-effective basis, and are receiving regular maintenance.
- h) Effectiveness of training measured by EOPS #3.c. and #4.c.
- i) Effectiveness of systems measured by EOPS #4.
- j) Effectiveness of ETCs measured by EOPS #2.

C. Means of Verification

MOE/DAPE records and studies. Project files.

D. Assumptions

MOE/DAPE reorganized along functional lines described in Institutional Analysis (Condition precedent).

IV. INPUTS AND IMPLEMENTATION TARGET:

A. Inputs

- 1. Program Planning
  - a) Technical Assistance (15 pm)
  - b) Local personnel
  - c) Commodities & Materials
  - d) Other Costs
- 2. Personnel Training
  - a) Technical Assistance
  - b) Local Personnel
  - c) Participant Training Funds (26 pm)

- d) In-service training funds
- e) Other Costs

3. Curriculum Development

- a) Technical Asst. (54 pm)
- b) Local personnel
- c) Commodities & Materials
- d) Other Costs

4. Delivery Systems

- a) Technical Assistance (50 pm)
- b) Local personnel
- c) Commodities & Materials
- d) Renovation
- e) Other Costs

5. Guidance Services

- a) Technical Asst. (8 pm)
- b) Local personnel
- c) Commodities
- d) Other Costs

6. DAPE Administration Development

- a) Local personnel
- b) Commodities & Materials
- c) Other Costs

B. Implementation Targets

	COSTS		
	AID	GOES	TOTAL
1. a)	\$ 75.0	-	\$ 75.0
b)	-	68.8	68.8
c)	-	16.0	16.0
d)	-	52.0	52.0
2. a)	130.0	-	130.0
b)	-	26.0	26.0
c)	188.0	14.4	202.4
d)	-	20.0	20.0
e)	-	10.0	10.0
3. a)	270.0	-	270.0

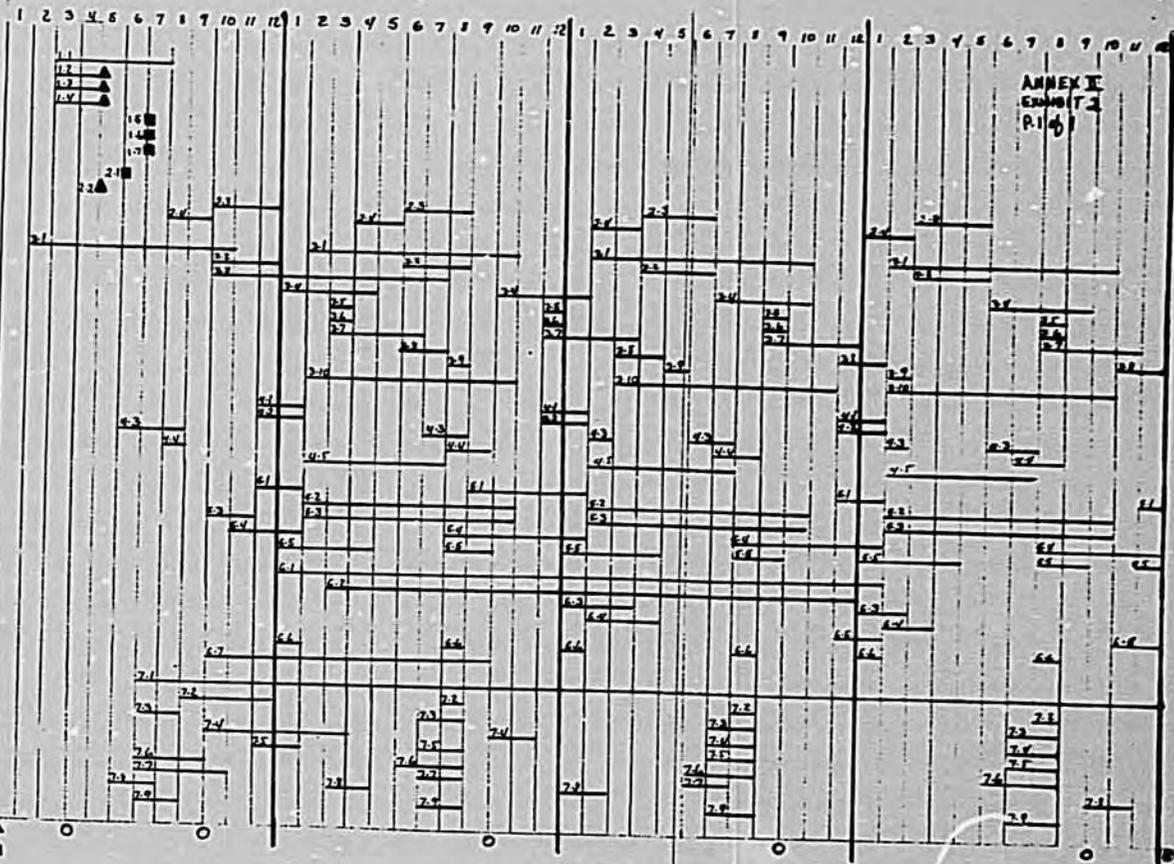
		COSTS		
		AID	GOES	TOTAL
	b)	\$ -	401.2	401.2
	c)	53.0	103.2	156.2
	d)	-	629.0	629.0
4.	a)	250.0	-	250.0
	b)	-	539.1	539.1
	c)	1,470.0	480.0	1,950.0
	d)	705.0	-	705.0
	e)	-	660.0	660.0
5.	a)	40.0	-	40.0
	b)	-	91.2	91.2
	c)	-	-	-
	d)	-	48.8	48.8
6.	a)	-	217.6	217.6
	b)	-	25.7	25.7
	c)	-	52.0	52.0
3000 Loan		3,181.0	3,455.0	6,636.0
495 Grant		<u>314.0</u>	<u>547.1</u>	<u>861.1</u>
<u>3495</u>		TOTALS 3,495.0	4,002.1	7,497.1

**PRELIMINARY IMPLEMENTATION PLAN**

- 1 ORGANIZATIONAL READINESS
  - 1.1 Pre project take off consultant services delivery
  - 1.2 Technical staff operations determination\*
  - 1.3 Administrative staff operations determination\*
  - 1.4 Supportive staff operations determination\*
  - 1.5 Technical unit operational
  - 1.6 Administrative unit operational
  - 1.7 Supportive services operational
- 2 PROGRAM PLANNING
  - 2.1 Central advisory council operational
  - 2.2 Local trade advisory council operational
  - 2.3 Industrial establishment survey
  - 2.5 Occupational group disaggregation
- 3 CURRICULUM DEVELOPMENT
  - 3.1 Continuing FETP course implementation
  - 3.2 Occupational analysis
  - 3.3 Course/materials production equipment acquisition
  - 3.4 New course design/production
  - 3.5 New equipment needs specification
  - 3.6 New materials needs specification
  - 3.7 Materials acquisition
  - 3.8 New materials design/production
  - 3.9 New course/materials distribution
  - 3.10 New course implementation
- 4 PERSONNEL DEVELOPMENT
  - 4.1 New instructors recruitment
  - 4.2 New principals recruitment
  - 4.3 Instructors in service training
  - 4.4 Staff/principals in service training
  - 4.5 Participant training
- 5 GUIDANCE SERVICES
  - 5.1 Information consolidation
  - 5.2 Information dissemination
  - 5.3 Job development
  - 5.4 Job placement
  - 5.5 Graduate follow up
- 6 DELIVERY SYSTEM
  - 6.1 Site renovation
  - 6.2 Equipment acquisition
  - 6.3 Equipment distribution
  - 6.4 Equipment set up
  - 6.5 Shop maintenance
  - 6.6 Equipment maintenance\*\*
  - 6.7 Supportive equipment acquisition\*\*\*
- 7 PROJECT IMPLEMENTATION CONSULTANT INPUTS
  - 7.1 Coordinator (42 pm)
  - 7.2 Research (7 pm)
  - 7.3 Evaluation (8 pm)
  - 7.4 Curriculum (18 pm)
  - 7.5 Subject matter (24 pm)
  - 7.6 Teacher training (12 pm)
  - 7.7 Personnel development (8 pm)
  - 7.8 Industrial relations (8 pm)
  - 7.9 Job development (8 pm)

\* Includes hiring time tables  
 \*\* Includes equipment already available  
 \*\*\* Audio visual and vehicles

EVALUATION POINTS ○  
 CONDITION PRECEDENT ▲  
 ESSENTIAL CONDITIONS FOR SOUND PROJECT IMPLEMENTATION ■



ANNEX I  
 EXHIBIT 2  
 P.101



- SINGLE UNIT FACILITY
- DOUBLE UNIT FACILITY

ILLUSTRATIVE EQUIPMENT LIST

Auto Mechanics and Auto Body Repair

Item	Qty.	Unit Cost	Total Cost
1. Auto Engines, w/power trains	50	\$ 600	\$ 30,000
2. Floor Jacks	20	300	6,000
3. Battery Testers & Chargers	20	150	3,000
4. Engine Analyzer, Portable	50	100	5,000
5. Lubrication Equipment	50	100	5,000
6. Console Testing Centers	10	100	5,000
7. Wheel Alignment	10	1,500	15,000
8. Mechanics Tool sets (430 pcs., cabinet, & Cart)	10	1,200	12,000
(262 pcs., cabinet, Cart)	100	600	60,000
9. Brake rectifiers	10	1,600	16,000
10. Body & Fender Sets (16 tools)	50	300	15,000
11. Auto Painting Plants (sprayers, compressors, bake ovens)	4	5,000	20,000
12. Paint sprayers & compressors, portable	50	300	15,000
13. <u>Others</u> : Brake, carburator, starter, exhaust system kits; service tools, electrical system kits			<u>35,000</u>
	Sub-Total		\$ 245,000

Construction Trades (Carpentry, Plumbing, Electricity, Masonry)

1. Bench saws (table and radial arm, w/accessories & blades)	50	500	25,000
2. Band saws	25	350	8,750
3. Circular saws, portable	100	110	11,000
4. Jointers/planers	25	350	8,750
5. Routers	25	100	2,500
6. Drill Presses	50	250	12,500
7. Drill, electric, 1/2"	100	75	7,500
8. Sanders	50	100	5,000
9. Bench Grinders	50	150	7,500
10. Wood lathes	20	150	5,000
11. Water pumps	100	100	10,000
12. Water heaters	100	100	10,000

Item	Qty.	Unit Cost	Total Cost
13. Pneumatic drills	40	\$ 200	\$ 8,000
14. Motors (5 hp)	50	300	15,000
15. Motors (2 hp)	50	150	7,500
16. Cement mixers, elec., portable	50	650	32,500
17. Cement mixers, gas, portable	50	400	20,000
18. <u>Others</u> : Masonry finishing tools, electric hand tools, saw blades, drill bits, grinding stones, plumbing tools, woodworking tools, metal and plastic pipe, spare parts, framing tools, metal working tools, shovels, sledge hammers, etc.			<u>65,500</u>
	Sub-Total		\$ 262,000

## Welding

1. Welding units 230 amp., AC/DC hand welders, helmets, & cables	100	\$ 350	\$ 35,000
2. Oxy-Acetylene Cylinder cutfits, w/tanks	100	150	15,000
3. Oxy-Acetylene Torch kits	200	200	40,000
4. <u>Other</u> : Oxy-A Tanks, welding rods, gloves, goggles, 7" vises, files, brushes, hack saw frames, sheet metal cutters, variable pliers, etc.			<u>30,000</u>
	Sub-Total		\$ 120,000

## Sewing and Tailoring

1. Sewing machines electric, industrial	100	500	\$ 50,000
2. Sewing Machine chairs	100	25	2,500
3. Sewing machine accessory kits (scissors, bobbins, tape measures, body forms)	500	100	<u>50,000</u>
	Sub-Total		\$ 102,500

**Industrial Electronics and Equipment/Home Appliance Repair & Maintenance**

<u>Item</u>	<u>Qty.</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1. Industrial electronics test instruments (oscilloscopes, signal tracers, generators, injectors, voltage meters, rectifiers, probes, and power units)	20	\$5,000	\$ 100,000
2. Test/Repair Units (portable)	80	300	24,000
3. <u>Other</u> : Transistors, tubes, resistors, transformers, wire, electronic hand tools			<u>35,000</u>
Sub-Total			\$ 159,000

**Food Processing Services**

1. Commercial stoves	20	500	\$ 10,000
2. Commercial ovens	20	550	11,000
3. Refrigerators	20	250	5,000
4. Baking equipment kits (pots, pans, mixers, blenders, scales, strainers, molds)	100	600	60,000
<u>Other</u> : Cooking stations, commercial (meat grinders & slicers, vegetable cutters, blenders, dehydrators)	20	250	5,000
Utensils, cooking (pots, pans, knives, ladders, basters, forks, spoons, measuring cups, etc.)	20	300	<u>6,000</u>
Sub-Total			\$ 97,000
Total Equipment			\$ 985,500
Packing & Transportation			<u>\$ 179,500</u>
GRAND TOTAL			<u>\$1,165,000</u>

## Audio/Visual Equipment

Item	Qty.	Unit Cost	Total Cost
1. 16 mm movie projector	23	\$ 700	\$ 16,100
2. Super 8 movie projector	23	500	11,500
3. Film strip projector	46	300	13,800
4. Over head projector	46	200	9,200
5. Slide projector	46	200	9,200
6. Cassette players/recorders	138	80	11,040
7. Projection screen	46	80	3,680
8. Projector stand	46	40	1,840
9. Flip chart, portable	92	10	920
10. AV equipment cabinet	46	200	9,200
11. Ditto machine	23	450	10,350
12. Thermofax machine	23	450	10,350
13. Magnetic blackboard	92	80	7,360
14. Typewriter	46	300	13,800
15. Drafting kit	92	20	1,840
16. Expendable material cabinet	23	150	<u>3,450</u>
		Sub-Total	\$ 133,630

## CENPROME

1. Videotape equipment/production	1	\$ 3,500	\$ 3,000
2. Videotape equipment/play back	2	1,500	3,000
3. Drafting station	2	1,500	3,000
4. Ditto machine	2	450	900
5. Thermofax machine	2	450	900
6. Film editor	2	200	400
7. Tape editor	2	200	300
8. Cassette tape editor	2	150	300
9. Cassette player/recorder	2	350	700
10. Sheet sorter	2	50	100
11. Stencil machine	2	500	1,000
12. Blank video tape	100	20	2,000
13. Blank cassette	300	3	900
14. Storage cabinet	3	200	600
15. Cutting board/blade	2	50	100
16. Slide sorters	10	15	150
17. 80 slide magazines	80	4	320
18. 140 slide magazines	50	5	700
19. Miscellaneous instructional materials, (e.g., films, film strips, tapes, etc.)			<u>25,000</u>
		Sub-Total	\$ 43,470

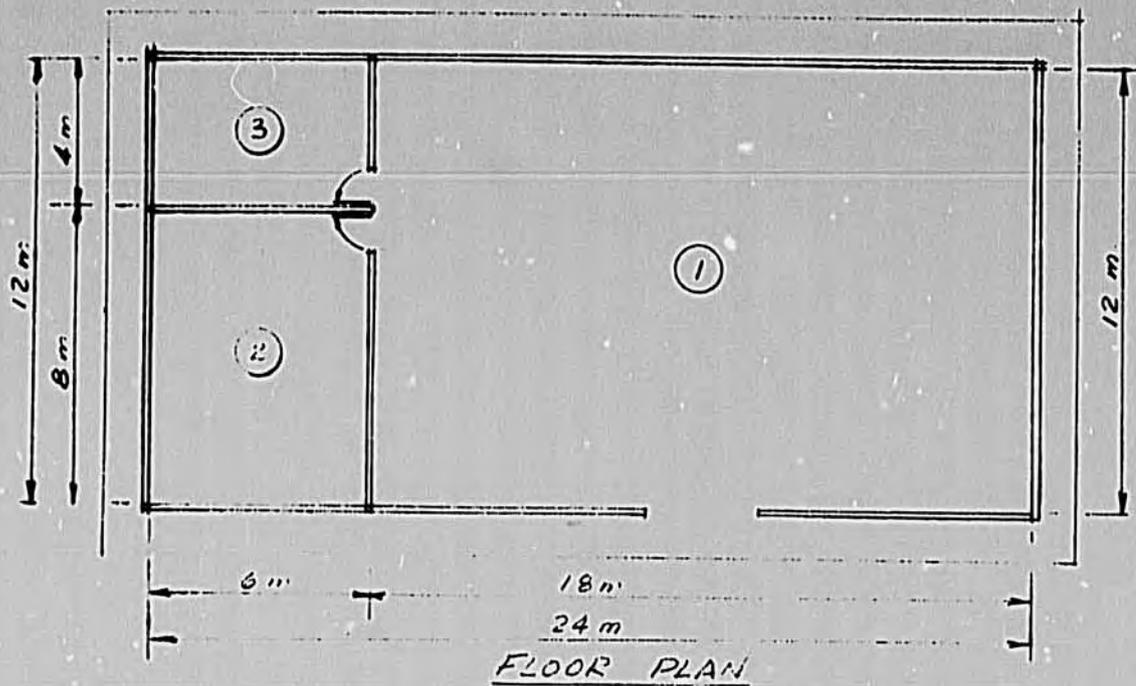
## Mobile Units (4)

Item	Qty.	Unit Cost	Total Cost
1. 16 mm Movie Projector	4	\$ 700	\$ 2,800
2. Super 8 movie projector	4	500	2,000
3. Film strip projector	4	300	1,200
4. Overhead projector	4	200	800
5. Slide projector	4	200	800
6. Cassette player/recorder	16	80	1,280
7. Projector screen	4	80	320
8. Projector stand	4	40	160
9. Flip chart stand	8	10	80
10. Sound/speaker system	4	250	<u>1,000</u>
		Sub-Total	\$ 10,440
		Total for A/V Equipment	187,540
		Packing & Transportation	<u>25,460</u>
		GRAND TOTAL	<u>\$213,000</u>

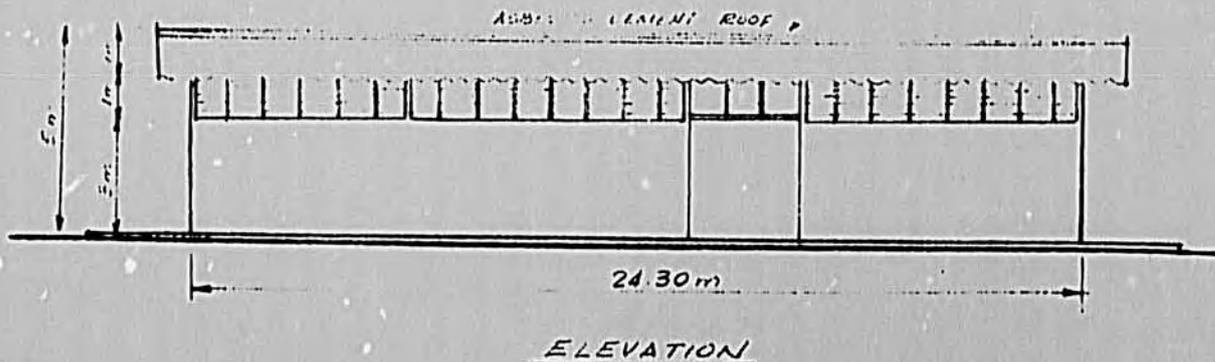
## Vehicles

1. Vans: 8 passenger, 6 Cy., standard transmission, heavy duty suspension, brakes, cooling system. <u>Ford or Chevrolet</u>	5	7,000	\$ 35,000
2. Mobile Units: Specially designed for portable tools, instruments and A/V items, 8-10 tons, 2 or 3 axles	4	25,000	100,000
		Packing and transportation	<u>10,000</u>
		Total	\$ 145,000

BASIC UNIT DESIGN



- ① WORK SHOP AREA
- ② ALL PURPOSE ROOM
- ③ STORAGE



COST ANALYSIS  
OF BASIC UNIT

1.	Site Preparation	\$1,600
2.	Foundations, Structural Concrete & Floor slab	5,900
3.	Masonry	3,700
4.	Metal Work	2,800
5.	Roofing	3,300
6.	Electrical	2,700
7.	Plumbing	1,700
8.	Miscellaneous	1,700
9.	Potable Water System	600
10.	Sewage & Drainage	500
11.	Utilities Connections	500
12.	Transportation	<u>1,100</u>
		\$26,100

### SITE INFORMATION

Sites where two units will be built: Armenia, Quezaltepeque, Aguilares, Tejutla, Suchitoto, Ilobasco, Santiago Nonualco, San Vicente, Berlin, Jiquilisco. Sites where one unit will be built: Ahuachapán, Santa Ana, Metapán, Sonsonate, Usulután, San Miguel. (See map on Annex II, Exhibit 3, page 1 of 1).

#### Selection Criteria

1. Title to the site must vest in the Ministry of Education unconditionally.
2. Functionally suitable for each school's requirements.
3. Reasonably flat to minimize site development costs.
4. Devoid of open sewers, cesspools, ditches or drainage pits, garbage dumps and incinerators.
5. There must be a suitable water supply within 500 meters of the site.
6. There must be a source of electric power within 500 meters of the site.
7. Must be within a reasonable distance of the school population being served.
8. Accessible for the transportation of materials and construction equipment.
9. The soil bearing value must be suitable for the construction of school foundations at reasonable cost.
10. There must be no serious rock conditions that will require expensive removal.
11. Devoid of encroachments of every character including building, fences, etc.
12. Devoid of sub-surface obstructions such as tanks, old foundations and utility lines.
13. Sufficient slope for proper drainage.
14. Devoid of swamps, exposure to flooding, erosion, landslides and other natural hazards.

15. That the school can be oriented on the site to take advantage of climatic conditions.
16. Free of excessive noises from industry, railroads, foundries, highways, etc.

LIST OF DESIGN STANDARDS

<u>Item</u>	<u>Standards</u>
Foundations	Reinforced concrete and cyclopean concrete.
Floors	Unreinforced concrete
Structural	Reinforced concrete and reinforced concrete block frame
Exterior and Interior Walls	Concrete Block and removable plywood partitions
Ceiling	Asbestos cement
Roof Support	Metal and reinforced concrete supports
Roof	Corrugated asbestos cement
Windows	Metal frame with cyclone fence mesh
Doors	Metal
Paint	Anti-corrosive for metal and oil base for wood
Electrical	Will conform to U.S. codes
Plumbing	Will conform to U.S. codes. Consists primarily of rest-room facilities.
Roads, Walks, etc.	Gravel, Inter-connecting sidewalks unreinforced concrete.

INITIAL ENVIRONMENTAL EXAMINATION

**I. BASIC PROJECT DATA**

**PROJECT LOCATION:** The urban, rural, town, and village areas of the Republic of El Salvador.

**PROJECT TITLE:** Fundamental Education and Skills Training

**FUNDING:** FY 1977, \$3,000,000

**LIFE OF PROJECT:** Three years

**IEE PREPARED BY:** C. R. Cavida: GEN. ENG.  
L. T. Armstrong, CRDO  
R. A. San Giovanni, EDUC. OFFICER

**THRESHOLD DECISION:**

Negative environmental decision recommended (see page 5 where the recommendation for environmental action is fully stated).

**II. DESCRIPTION OF PROJECT**

The goal of the proposed project is to increase employment and income levels of lower income earners through appropriate non-formal fundamental education and skills training services. The project purpose is to expand the Ministry of Education's (MDE) fundamental education and vocational skills training into a national system. The "End of Project Status", therefore, will be the existence of a comprehensive, coordinated national system of non-formal fundamental education and vocational/skills training, offering appropriate short-term courses and personal and vocational guidance services to at least 15,000 persons annually by the end of the project.

The proposed loan project will expand the ongoing grant pilot project (519-0170) which was designed to improve the capability of the MDE's Division of Adult and Permanent Education (DAPE) to plan, manage, and evaluate its Fundamental Education and Skills Training (FEAST) Program in non-formal education and vocational skills training.

Two activities within the FEAST Program deal directly with the target group which is of particular interest to A.I.D. The "Urban Skills Training" activity concentrates on providing short-term courses (usually 8 weeks long) in construction trades (masonry, carpentry, plumbing, welding, electricity, et. al.) auto mechanics, tailoring,

radio and electronics, dressmaking, cooking and baking, and cosmetology. The "Rural Training" activity attempts to provide rural residents with services to improve their understandings and skills involving simple agricultural practices; health, nutrition, and responsible parenthood; and the establishment and management of cooperatives. Limited skills training opportunities are provided in connection with community development projects (e.g., building roads, simple housing and schools, and bridges). At present, only about 2,600 people annually are being trained through these activities.

With the development of the capacity of the DARE through the grant pilot project, the PEAST Program can be extended into rural and additional urban and village areas. Larger numbers of rural and urban poor will receive training opportunities in a wide range of vocational specialties, and they will be helped to find suitable employment, thereby improving their chances to share more fully in economic growth and assuring a better life for themselves and their families.

To help <sup>achieve</sup> the purpose of the proposed project, the following inputs will be provided:

1. Technical advisory services in manpower economics, sociology, vocational/technical education (administration), teacher training, curricula, materials development, research, and guidance services (including job information, placement, and follow-up and personal counseling);
2. Participant training activities involving the training of about 10 long term participants at universities abroad in such areas as administration of non-formal vocational/technical education, curricula, teacher training, materials development, and guidance services; and approximately 6 short-term participants will be provided on-the-job and observation training opportunities in U.S. vocational schools, and industrial and commercial firms conducting skill training programs;
3. Construction or renovation of approximately 20 regional non-formal fundamental education and vocational skills training units as additions or modifications of existing school units or community centers;
4. Demonstration teaching and learning equipment (machines, hand tools, lab equipment, lathes, and welding, auto mechanics, plumbing, electrical masonry, and carpentry equipment) as well as classroom furniture, office machines, multi-purpose vehicles, and educational materials; and
5. Research funds, publications, and in-service seminars and workshops for administrators, supervisors, teachers, other specialists, and representatives from the private industrial and commercial sector and related other costs.

The proposed project will not, of itself, change the present population size, but, through increased production and productivity, additional employment opportunities should be created for poor rural and urban dwellers. However, no movement of families is foreseen as result of the project.

III. IMPACT IDENTIFICATION AND EVALUATION FORM

Impact Areas and Sub-areas

Impact  
Identification  
and Evaluation <sup>1/</sup>

A. LAND USE

- 1. Changing the character of the land through:
  - a. Increasing the population..... N
  - b. Extracting natural resources..... N
  - c. Land clearing..... N
  - d. Changing soil capacity..... N
- 2. Altering natural defenses..... N
- 3. Foreclosing important uses..... N

B. WATER QUALITY

- 1. Physical state of water..... N
- 2. Chemical and biological states..... N
- 3. Ecological balance..... N

<sup>1/</sup> Use the following symbols:

- N - No environmental impact
- L - Little environmental impact
- M - Moderate environmental impact
- H - High environmental impact

<b>C.</b>	<b>ATMOSPHERIC</b>	
1.	Air additives.....	N
2.	Air pollution.....	N
<b>D.</b>	<b>NATURAL RESOURCES</b>	
1.	Diversion, altered use of water.....	N
2.	Irreversible, inefficient commitments.....	N
<b>E.</b>	<b>CULTURAL</b>	
1.	Altering physical symbols.....	N
2.	Change of cultural traditions.....	L
<b>F.</b>	<b>SOCIOECONOMIC</b>	
1.	Changes in economic/employment patterns.....	N
2.	Changes in population.....	N
3.	Changes in cultural patterns.....	L
<b>G.</b>	<b>HEALTH</b>	
1.	Changing a natural environment.....	N
2.	Eliminating an ecosystem element.....	N
<b>H.</b>	<b>GENERAL</b>	
1.	International impacts.....	N
2.	Controversial impacts.....	N
3.	Larger, program impacts.....	L

**IV. ENVIRONMENTAL ACTION RECOMMENDED**

It is recommended that a negative determination be given to this project.

The proposed action is not an action which will have a significant effect on the human environment and therefore, is not an action for which an Environmental Impact Statement or an Environmental Assessment will be required.

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Edwin A. Anderson  
Director

PROJECT OUTPUTS

NUMBER OF GRADUATES PLANNED

Year Occupation	1977 0	1978 1	1979 2	1980 3	1981 4	1982 5	1987 10
Textile workers and dressmakers	250	400	650	800	1000	1000	1000
Electronics/Small Appliance	150	160	260	320	400	400	400
Food Processors	150	80	130	160	200	200	200
Construction	50	400	650	800	1000	1000	1000
Rest./Hotel Services	150	160	260	320	400	400	400
Automechanics	100	160	260	320	400	400	400
Beauticians	150	160	260	320	400	400	400
Secretarial	-	80	130	160	200	200	200
<b>TOTALS:</b>	1000	1600	2600	3200	4000	4000	4000

EL SALVADOR: Monthly Wages (in Colones): A USAID Survey

		¢1.00 + U.S. \$0.40	
		Starting	Fully Experienced
1.	<u>Automechanics</u> Comercial Keilhauer, S.A. Alfasal	¢ 210.00 240.00	¢ 500.00 500.00
2.	<u>Restaurant (cook help)</u> Gran Bonanza* Hotel Ritz Continental*	189.00 200.00	300.00 500.00
3.	<u>Hotel Clerk (room reservation)</u> Hotel Ritz Cotinental	225.00	500.00
4.	<u>Carpenter</u> Comercial Keilhauer, S.A. Construction carpenter	210.00 210.00	360.00 500.00
5.	<u>Secretary</u> Central Reserve Bank CRECE	300.00 250.00	1,500.00-2,000.00 600.00
6.	<u>Electronics</u> Curacao (apprentices) Philips de El Salvador	190.00 240.00	450.00 450.00
7.	Beautician	200.00	300.00
8.	<u>Textile workers &amp; Dressmakers **</u>	225.00	
9.	Food Processors **	180.00	
10.	Construction **	210.00	

\* These places expressed interest on the Training Program and inquired about the dates of training.

\*\* Estimated by the Salvadoran Industrial Association (ASI)

CL 12-1-1976

SERVICES CONTRACTS, EQUIPMENT, & SUPPLIES AND DEBT OUTSTANDING ACCOUNT OF EXTERNAL PUBLIC DEBT

PROJECTIONS BASED ON DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC. 31, 1975  
DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS  
IN THOUSANDS OF U.S. DOLLARS

YEAR	DEBT OUTSTANDING AT		TRANSACTIONS DURING PERIOD					OTHER CHANGES	
	BEGINNING OF PERIOD	END OF PERIOD	DISBURSED	REPAYMENTS	DISBURSEMENTS	SERVICE PAYMENTS	CANCEL-LATIONS	ADJUST-MENTS	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1968	65,444	90,027	12,025	11,530	5,571	2,511	3,042	-	-
1969	73,404	98,481	24,558	16,008	3,577	2,726	6,303	-	-
1970	85,836	119,462	12,391	7,567	5,874	3,524	9,393	1	1
1971	87,708	126,129	25,297	16,926	11,863	3,723	15,586	65	235
1972	92,888	139,712	23,392	22,531	6,723	3,590	10,418	-	149
1973	109,490	157,295	53,239	19,103	16,705	4,518	21,226	-	919
1974	113,401	193,268	136,248	87,394	19,247	5,491	24,735	2,102	1,544
1975	181,910	310,327	116,780	47,861	47,553	7,445	54,928	58	116
1976	182,900	375,443	-	-	-	-	-	1,421	-2,690

• • • • • THE FOLLOWING FIGURES ARE PROJECTED • • • • •

1976	182,900	375,443	-	80,636	20,330	14,631	34,361	-	-473
1977	242,733	354,640	-	40,452	19,294	14,890	34,184	-	5
1978	263,897	335,351	-	29,308	23,785	14,490	38,275	-	-9
1979	269,417	311,563	-	22,875	23,559	13,476	37,035	-	4
1980	268,737	288,008	-	12,007	20,823	12,138	32,961	-	4
1981	259,917	267,181	-	6,114	16,425	10,895	27,320	-	4
1982	249,610	250,760	-	1,040	14,305	9,945	24,254	-	4
1983	236,337	236,447	-	74	14,104	9,048	23,152	-	-2
1984	222,305	222,341	-	31	12,945	8,339	21,284	-	-1
1985	209,390	209,395	-	5	10,752	7,891	18,643	-	-4
1986	198,647	198,647	-	-	11,038	7,528	18,566	-	-5
1987	187,604	187,604	-	-	11,064	6,990	18,054	-	2
1988	176,542	176,542	-	-	11,161	6,448	17,609	-	-1
1989	165,380	165,380	-	-	11,424	5,892	17,318	-	-1
1990	153,954	153,954	-	-	11,701	5,324	17,025	-	-1
1991	142,254	142,254	-	-	9,766	4,767	14,533	-	-1
1992	132,487	132,487	-	-	9,485	4,328	13,813	-	-1
1993	122,999	122,999	-	-	9,212	3,922	13,134	-	-1
1994	113,790	113,790	-	-	8,780	3,528	12,308	-	-1
1995	105,005	105,005	-	-	7,674	3,165	10,839	-	-1

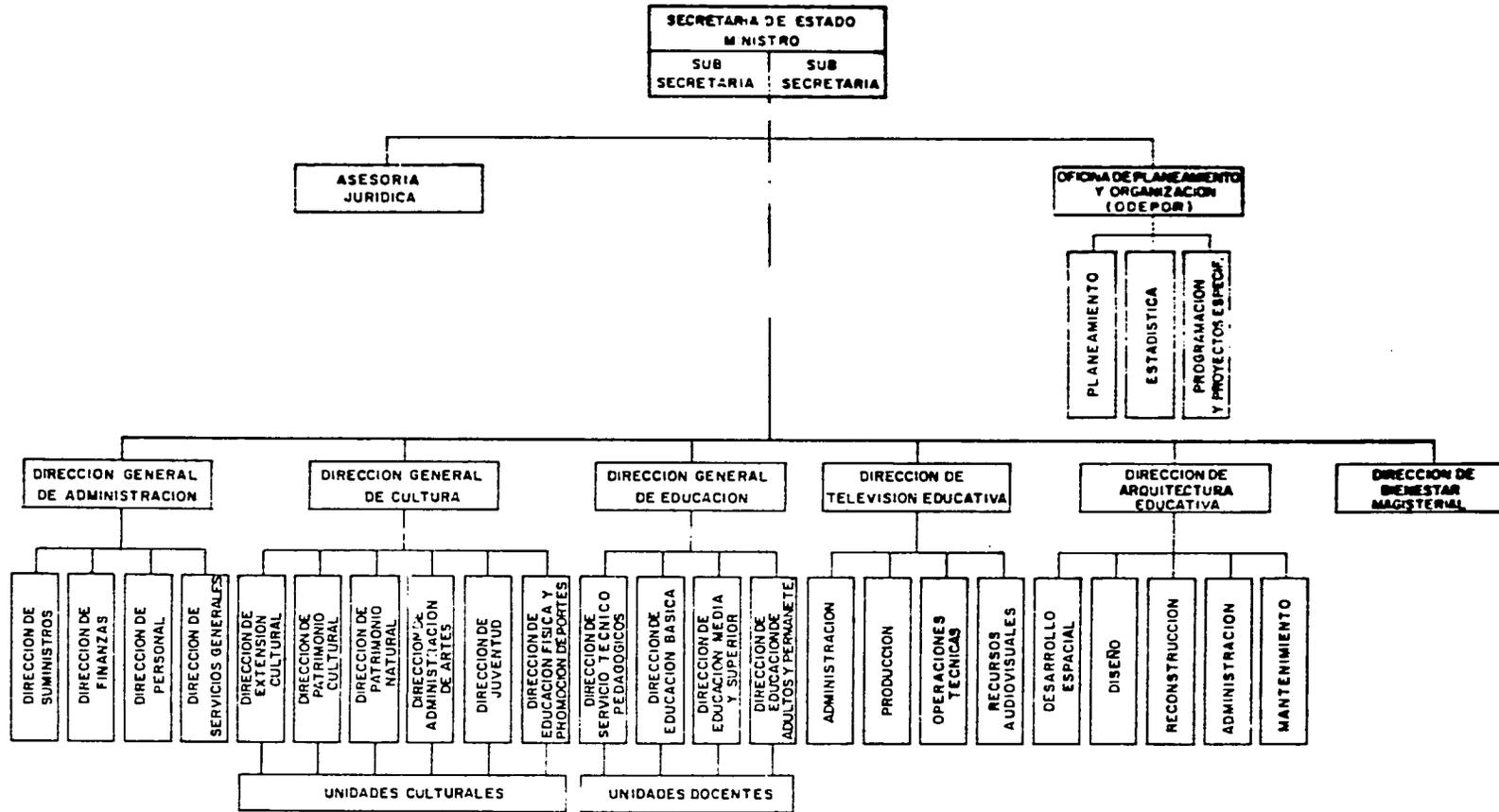
NOTES: (1) Only debts with an original or extended maturity of over one year are included in this table.  
(2) Includes service on all debts listed in Table 1, prepared July 3, 1976, except for the following:

Principal in arrears:	2
Publicly issued bonds - UK	2
Loans with unknown repayment terms	472
Publicly issued bonds	
United Kingdom	8
United States	464
Total	474

\* THIS COLUMN SHOWS THE AMOUNT OF ARITHMETIC IMBALANCE IN THE AMOUNT OUTSTANDING INCLUDING UNDISBURSED FROM ONE YEAR TO THE NEXT. THE MOST COMMON CAUSES OF IMBALANCES ARE CHANGES IN EXCHANGE RATES AND TRANSFER OF DEBTS FROM ONE CATEGORY TO ANOTHER IN THE TABLE.

GRAFICA Nº 1 DEL TEXTO  
 ORGANIGRAMA DEL MINISTERIO DE EDUCACION DE EL SALVADOR

JULIO DE 1976.



**PROPOSED REORGANIZATION STRUCTURE  
FOR THE MINISTRY OF EDUCATION**

