

AIRGRAM

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DEPARTMENT OF STATE

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DATE REC'D.

TO - AID/W

TOAIDA

ATTN: AS/PR, Room B-930
New State
Washington, D. C. 20523

1971 OCT 20

AM 10 56

FROM - Panama City

SUBJECT - PROP - Project 525-15-995-164
Training for Development

REFERENCE -

Attached is the original PROP for subject project.

RECEIVED
THOMAS

Attachment: a/s

JMA

PAGE 1 OF 1 PAGES

DRAFTED BY <i>JMA</i> JEHouska:am	OFFICE PROG	PHONE NO. 64-4011	DATE 10/14/71	APPROVED BY: AD/DP:HJohnson <i>JMA</i>
AID AND OTHER CLEARANCES O/DIR <i>[Signature]</i> ENG:CStevens <i>[Signature]</i> PS:ASaenz <i>[Signature]</i>		HI:RZenger <i>[Signature]</i>	RD:JHoffett <i>[Signature]</i> EH:CBriggs <i>[Signature]</i> PA:FKnight <i>[Signature]</i>	PH:EFelgenbaum <i>[Signature]</i> CAP:PMassey <i>[Signature]</i>

DISTRIBUTION ACTION
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INFO.

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NONCAPITAL PROJECT PAPER (PROP)

1. Project Title: Training for Development
2. Project Number: 525-15-995-164
3. Recipient: Panama
4. Life of Project: Begins FY 1972 Ends FY 1976
5. Submission Date: October 21, 1971 Original: X Revision No. _____
6. Funding (Thousands of Dollars)

<u>Funding by Fiscal Year</u>	<u>Totals</u>	<u>Participants</u>		<u>Cooperating Country</u>
		<u>\$</u>	<u>MM</u>	
FY 1972	140	140	120	17
FY 1973	190	190	120	72
FY 1974	150	150	100	60
FY 1975	150	150	80	48
FY 1976	150	150	80	48
All Subsequent Yrs.	-	-	-	50
Grand Total	780	780	500	295

Drafted by: James E. Houska, Assistant Program Officer

Clearance Officer: Alexander Firfer, Director

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A. GOAL

This project is devoted exclusively to participant training activities. Its basic goal is to help improve planning, project development/implementation and public administration reform in Panama so as to increase Panama's capacity to implement a more broadly gauged developmental effort than heretofore and to absorb an increasing amount of external assistance. The measurement of goal achievement will be the higher level of performance evident in the planning, administration and implementation of Panamanian development activities.

B. PROJECT PURPOSE

The principal project purpose is to contribute to the up-grading of professional skills in Panamanian private and public institutions involved with development activities related primarily to AID supported sectoral programs in agriculture, education, industry, housing and public administration. This up-grading will be accomplished by providing both long-term academic and specialized short-term training in the U.S. and other Latin American countries to appropriate members of the professional staffs of these institutions. At the completion of the project it is anticipated that all of the professionals who receive training will be occupying key positions in their respective institutions. Training available from other sources has not been adequate to fulfill Panama's immediate needs in the specialized areas covered.

A secondary purpose of the project is to encourage the development of an institutional capability within the GOP to publicize availability of training opportunities from AID and other sources, to select and approve candidates for training, and to coordinate studies of overall training requirements for improved planning, and administration of Panama's development activities. At the completion of this project, it is hoped that a permanent Panamanian mechanism will have been established for continued coordination of selection and training of professionals utilizing other than AID resources.

C. PROJECT OUTPUTS

1.

Estimated
Magnitude of Outputs

(a) Kind of Outputs	(b) (Indicators)	(c) Target Completion Date
(1) Trained professionals	(1) 25 long-term and 100 short-term participants trained or in training by the end of FY 1976	(1) End of FY 1978 when the last long-term participants complete training
(2) Permanently established Selection Commission	(2) Published decree or other evidence that a permanent Selection Commission has been established	(2) End of FY 1976

2. It is assumed that the number of participants trained under this project over the next five years will be sufficient to adequately complement professional training available from other sources. It is also assumed that the GOP will recognize the need for a permanent mechanism such as a Selection Commission to coordinate not only this but all training programs financed from whatever source.

D. PROJECT INPUTS

1.

(a) Kind of Inputs	(b) Estimated Magnitude of Inputs	(c) Date Scheduled for Delivery
<u>U.S.</u>		
Participant training expenses	\$140,000	FY 1972
	190,000	FY 1973
	150,000	FY 1974
	150,000	FY 1975
	150,000	FY 1976
<u>Panama</u>		
1. Participants	1) 5 long-term 30 short-term	1) FY 1972
	5 long-term 30 short-term	FY 1973
	5 long-term 20 short-term	FY 1974
	5 long-term 10 short-term	FY 1975
	5 long-term 10 short-term	FY 1976
2. Participants' international travel	2) \$7,000	2) FY 1972
	7,000	FY 1973
	5,000	FY 1974
	3,000	FY 1975
	3,000	FY 1976
3. Participants' salaries while in training	3) \$10,000	3) FY 1972
	65,000	FY 1973
	55,000	FY 1974
	45,000	FY 1975
	45,000	FY 1976
	35,000	FY 1977
	15,000	FY 1978
4. GOP officials to serve on Selection Commission	4) 4 to 6 officials	4) FY 1972 through FY 1976

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E. RATIONALE

Panama suffers from a serious lack of adequately trained personnel at the administrative and managerial levels. This is true of both the public and private sectors. Government planning offices are in chronic short supply of competent, experienced personnel for the tasks that confront them. In like manner, with the exception of the usually competent, well qualified top level, appointed government officials, adequately trained middle level administrators are not available in sufficient numbers. Private business concerns have the same problem, though not to the same degree as the Government, since they are able to attract qualified people by paying higher salaries, and because they have been able to provide advanced training for some of their executives through private financing. The Government has not been able to do this.

AID has been and is assisting in trying to alleviate the problem described above through providing technical assistance advisory services and participant training under dollar grant and loan projects. Many needs, however, are not being reached directly by this type of technical assistance either because of funding and personnel limitations or because training was not the principal objective of the assistance provided.

Some training is also available through scholarship programs of the GOP. One of these programs, the Educational Insurance program, provides, among other training opportunities, funds for scholarship loans for professional studies. Another, the IBD-IFARHU Educational Loan program, also provides funds for scholarship loans. These programs are described in more detail in Annexes 1 and 2. Neither program, however, is specifically directed toward solving Panama's need for trained middle managers and both are further limited by the fact that training is financed on a loan rather than a grant basis. This eliminates professionals who are either unwilling or unable to enter into a loan arrangement.

This training project, therefore, is designed to reach those persons whose further training is needed but who cannot be accommodated under the existing programs enumerated above. This project will also draw together training formerly financed by USAID under separate projects which are phasing out as we move toward sector loans. Combining most U.S.-financed training in one project should result in (1) improved coordination of planning and implementation of such training with the GOP and (2) better focus of responsibility within the GOP for assuring proper utilization of training.

F. COURSE OF ACTION

A detailed implementation plan will be developed in cooperation with the GOP when this project is approved. In general, it will involve appropriate publicizing of the program, soliciting candidate nominations and the establishment of a mechanism, probably a Selection Commission, within the GOP to verify training needs and recommend to USAID the best qualified candidates for training. We anticipate that the Selection Commission would be composed of a representative of the Office of Planning,

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probably acting as chairman, as well as representatives from the University, IFARHU, and the private sector in order to bring to bear the broadest possible perspective on Panama's training requirements. When the Commission considers training to be financed by USAID, we would also suggest that a USAID representative sit as a temporary member of the Commission even though the USAID would always have a veto over candidates proposed by the Commission.

ANNEX I

BID-IFARHU EDUCATIONAL LOAN PROGRAM

The GOP has received two loans from the Inter-American Development Bank for education purposes. These loans, totaling \$2,100,000, plus an additional \$700,000 contribution from the GOP form a fund from which sub-loans are made for studies in the following categories:

- a. Post-graduate studies abroad
- b. University studies abroad for subjects not taught in Panama
- c. Training and up-grading abroad for teachers and vocational school instructors
- d. Regular university studies abroad for students having at least 40% of the courses needed to complete their degree
- e. Regular studies at universities in Panama
- f. Regular studies at Panamanian universities for students having at least 40% of the courses required to complete their degree

Loans are granted according to a plan of priority manpower needs drafted by the Department of Studies and Programs of IFARHU. These priorities are Applied Sciences, Medical Science, Humanities, Natural Science, Social Science and Engineering.

EDUCATIONAL INSURANCE ESTABLISHED FOR PANAMA

Cabinet Decree No. 168 of July 27, 1971, whereby Educational Insurance is established.

The Provisional Board of Government decrees:

Art. 1: An insurance named "Educational Insurance" is established to be made up with contributions from:

- 1.- A 1.25% of basic salaries paid, which will be contributed by employers.
- 2.- A 0.75% of basic salaries received, which will be contributed by both public and private sectors' employees.

Involved in this paragraph are:

- a) Workers within Panamanian territory subjected to jurisdictional limitations.
 - b) Workers residing in the territory in the service of International Organizations; and
 - c) Workers in the service of Diplomatic and Consular Missions in the country.
- 3.- A 2% of the annual income, subject to income tax, declared by tax payers.

Art. 2: The Fund accrued through the contributions indicated in the preceding Article will be exclusively devoted, in the proportions to be provided, to the following educational aims:

- | | |
|--------------------------------|------|
| 1.- Professional Training | 15% |
| 2.- Education of Workers | 5% |
| 3.- Cooperative Education | 5% |
| 4.- Agricultural Education | 7.5% |
| 5.- Educational Radio and T.V. | 7.5% |

6.- High School Education - Scholarships	10%
7.- Professional Studies, University level, loans for	40%
8.- Other educational loans	10%

Art. 3: The amounts collected for serving educational purposes 1, 6, 7 and 8 will be administered by the Instituto para la Formación y el Aprovechamiento de Recursos Humanos (IFARHU); those devoted to aims 3, 4 and 5 will be administered by the Ministry of Education; and the one corresponding to number 2, by the Ministry of Labor and Social Welfare.

Art. 4: The decisions to be made by the Instituto para la Formación y Aprovechamiento de los Recursos Humanos regarding the use of Educational Insurance Funds shall be previously approved by that Institute's Executive Board.

As regards the application of Educational Insurance Funds for Agricultural Education, the Ministry of Education shall consult with the Ministry of Agriculture and Livestock; and shall consult with the Ministry of Government and Justice for the utilization of funds devoted to Educational Radio and T.V.

A Workers' Education Committee, composed of: the Minister of Labor and Social Welfare, as Chairman; the Rector of the University of Panama; ^{two} (2) Technicians, specialized in workers' education, selected by the Executive Branch (of the government); and three (3) representatives from legally established Union Associations; will be responsible for deciding the utilization of Educational Insurance Funds for the education of (unionized workers.

PARAGRAPH: During the temporary or accidental absence of the Minister of Labor and Social Welfare and the Rector of the University of Panama, their positions will be filled (for the purposes of this Decree) by the Vice Minister and the Academic Vice Rector, respectively. The other Committee members and their replacements will be appointed by Executive Decree.

Art. 5: Employers' and employees' contributions as established at Art. 1 herein, will be made on a monthly basis and will be collected by the Caja de Seguro Social during the first fifteen days in each month. The contribution from tax payers will be received by the Ministry of Finance and Treasury together with the income tax.

Art. 6: The Instituto para la Formación y Aprovechamiento de Recursos Humanos, the Ministry of Education and the Ministry of Labor and Welfare will each open an account to be named, respectively:

EDUCATIONAL INSURANCE, I.F.A.R.H.U.

EDUCATIONAL INSURANCE, MINISTRY OF EDUCATION

EDUCATIONAL INSURANCE, MINISTRY OF LABOR AND WELFARE

The respective Heads of the above mentioned Institutions together with the Comptroller General will draw against these accounts.

Art. 7: Loans referred to in Art. 2, numbers 7 and 8 herein will earn a maximum interest of five percent (5%) per annum and will be repaid by beneficiaries by means of payments amounting to ten percent (10%) of their salary or income in the case of independent workers or professionals.

Art. 8: Anyone being granted an educational loan shall execute an Agreement with the granting Institution, whereby he irrevocably authorizes his employer to deduct from his salary or wage the ten percent (10%) referred to in Article Seven herein and to remit it monthly to the Instituto para la Formación y Aprovechamiento de Recursos Humanos within the first fifteen (15) days of each month.

Art. 9: The ten percent (10%) of the salary referred to in the preceding Article, which is devoted to the repayment of an educational loan obtained, will in no case be subjected to sequestration or seizure.

Art. 10: Contributions to be made to Education Insurance will be deductible for the purposes of Income Tax declarations.

Art. 11: Educational Insurance Funds will not be used, for any motive whatsoever, for aims different from those enumerated in Article 2 herein.

Art. 12: The provisions in this Cabinet Decree will be regulated through an Executive Decree.

Art. 13: This Cabinet Decree will be in force starting from September 1, 1971.

-4-

Be it known and published.

Given at Panama City on July 27, 1971

Lic. Arturo Sucre P. - Acting President

Provisional Board of Government

(signed by all Ministers).

LOGICAL FRAMEWORK MATRIX - PROP WORKSHEET

Summary	Objectively Verifiable Indicators	Important Assumptions																		
<p>A.1. Goal Improve planning, project development/implementation and public administration reform to increase Panama's capacity to implement a more broadly gauged developmental effort than heretofore and to absorb an increasing amount of external assistance.</p>	<p>A.2. Measurement of Goal Achievement Higher level of performance in planning, administering and implementing development activities.</p>	<p>A.3. (as related to goal)</p>																		
<p>B.1. Purpose 1. To contribute to the up-grading of professional skills in Panamanian private and public institutions involved with the planning, administration and implementation of development activities principally related to AID supported sectoral programs, e.g., agriculture, education, industry and housing, by providing both long-term academic and specialized short-term training to appropriate members of the professional staffs of these institutions.</p>	<p>B.2. End of Project Status</p> <ol style="list-style-type: none"> 1. Professionals trained under this project being utilized in key positions. 2. Permanent Panamanian mechanism for the continued coordination of selection and training of professionals utilizing other than AID resources. 	<p>B.3. (as related to purpose)</p>																		
<p>2. To encourage the development of an institutional capability within the GOP to publicize availability of training opportunities from AID and other sources, to select and appoint candidates for training, and to coordinate studies of overall training requirements for improved planning, administration and implementation of Panama's development activities.</p>	<p>C.2. Output Indicators</p> <ol style="list-style-type: none"> 1. 25 long-term and 100 short-term participants trained or in training by end of FY 1976 2. Public notice or other evidence that a permanent Selection Commission has been established by end of FY 1976 	<p>C.3. (as related to purpose)</p> <ol style="list-style-type: none"> 1. That the number of participants to be trained under this project will be sufficient to adequately complement professional training available from other sources during the next five years. 2. That the GOP will recognize the need for a permanent Selection Commission. 																		
<p>C.1. Outputs</p> <ol style="list-style-type: none"> 1. Trained Professionals 2. Permanently established Selection Commission 	<p>D.2. Budget Schedule</p>	<p>D.3. (as related to purpose)</p>																		
<p>D.1. Inputs AID Participant training expenses</p> <p>PANAMA</p> <ol style="list-style-type: none"> 1. Participants 2. Participants' international travel and salaries while in training 3. Panamanian officials to serve on the Selection Commission 4. . 5. . 	<table border="1"> <tr> <td colspan="2">AID</td> </tr> <tr> <td>FY 1972</td> <td>Grant funds.....\$140,000</td> </tr> <tr> <td>FY 1973</td> <td>Grant funds..... 190,000</td> </tr> <tr> <td></td> <td>Future year Grant funds... 450,000</td> </tr> <tr> <td></td> <td>TOTAL.....\$780,000</td> </tr> <tr> <td colspan="2">PANAMA</td> </tr> <tr> <td>1.</td> <td>25 long-term and 100 short-term participants FY 72 through FY 1976</td> </tr> <tr> <td>2.</td> <td>\$295,000 FY 1972 through FY 1978</td> </tr> <tr> <td>3.</td> <td>4 to 6 Panamanian officials to serve on Selection Commission FY 1972 through FY 1976.</td> </tr> </table>	AID		FY 1972	Grant funds.....\$140,000	FY 1973	Grant funds..... 190,000		Future year Grant funds... 450,000		TOTAL.....\$780,000	PANAMA		1.	25 long-term and 100 short-term participants FY 72 through FY 1976	2.	\$295,000 FY 1972 through FY 1978	3.	4 to 6 Panamanian officials to serve on Selection Commission FY 1972 through FY 1976.	<p>D.3. (as related to purpose)</p> <p>That Panama will provide suitable participants and necessary funds on a timely basis.</p>
AID																				
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