

AIRGRAM

DEPARTMENT OF STATE

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TO - CAPTO CIRCULAR A 58

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DATE SENT
September 21, 1967

H. Turner

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FROM - ROCAP/Guatemala

SUBJECT - NONCAPITAL PROJECT PAPER (PROP)

REFERENCE

COUNTRY: ROCAP

Project No. 596-11-460-004

Submission Date: September, 1967 Original X Revision No. _____

Project Title: MANPOWER AND LABOR AFFAIRS DEVELOPMENT

Activity Title: Office of Manpower and Labor Affairs - ODECA

U.S. Obligation Span: FY 1966 through FY 1970

Physical implementation span: FY 1966 through FY 1970

Gross life-of-project financial requirements: (\$000)

U.S. Dollars	286.0
Coop. Country Cash Contribution	623.0
Other Donors	118.0

TOTAL 804.2

OTHER AGENCY

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A. Summary Description

Development experience within each Central American country has shown a lack of basic and uniform data essential to manpower planning; an inadequacy of manpower services to mobilize and utilize the workforce; and a shortage of worker skills essential to accelerated economic growth. A positive program in Manpower and Labor Affairs development is essential to attract new investment and provide an adequate environment for

PAGE 1 OF 13 PAGES

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MPLAA:RJClay:edw

OFFICE

Manpower

PHONE NO. DATE

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APPROVED BY:

DE:FALinville

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for economic and social progress consonant with Punta del Este Summit objectives. The organization of the Central American countries into a Common Market requires a regional approach to the solution of these problems. To meet these needs, the Organization of Central American States (ODECA) has created an Office of Manpower and Labor Affairs which is working toward a regional manpower services structure, the development of skill training programs, the improvement of manpower planning, and the upgrading of Ministry of Labor capability to support and refine these programs in each country.

Through partial financial support to this Office and the provision of specialized, short-term advisors, as well as continuous liaison and advisory services of a Manpower and Labor Affairs Advisor, ROCAP is assisting ODECA in the achievement of these goals by FY 1970. As a minimum level of achievement for continued U.S. participation, ROCAP will require that ODECA continue to demonstrate satisfactory progress in each of the project areas, that ODECA assume, by 1969, full operational support of the Office of Manpower and Labor Affairs, and that the individual Ministries of Labor implement and support these regionally structured programs on a national basis. Furthermore, ROCAP will require that ODECA and the Ministries of Labor help to maintain a democratically oriented Central American labor movement.

ROCAP support of this activity which began with advisory services in FY 64 and was formalized in a Project Agreement September, 1965, is planned to terminate in FY 1970. Major assistance through FY 1969 will consist of direct support to the successful establishment of the Office of Manpower and Labor Affairs. It is expected ODECA will have assumed full operational support of the Office by the end of FY 1969 and the focus of ROCAP assistance in the last year will shift to increased specialized assistance in each of the program areas and toward encouraging ODECA to assume greater regional responsibility for manpower and labor problems.

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NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

3 Table 1
Page 1 of 2
COUNTRY: ROCAP

Project Title:
MANPOWER & LABOR AFFAIRS DEVELOPMENT

PROP DATE: September 1967
Original: X
Rev. No.
Project No. 596-11-460-004

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Fiscal Years	Ap	L/G	Total Cost	Personnel Serv.			Participants		Commodities		Other Costs	
				AID	PASA	COMT	U.S. Agencies	COMT	Dir US Ag	COMT US ag.	Dir & COMT US ag.	
Prior through Act FY <u>67</u>	AG	G	50			1.5		3.5				45
Oper FY <u>68</u>	AG	G	61			25						36
Budget FY <u>69</u>	AG	G	55			32						23
B+1 FY <u>70</u>	AG	G	120			65						55
B+2 FY ____												
B+3 FY ____												
All Subs.												
Total Life	AG	G	286			123.5		3.5				159

ROCAP/Guatemala

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Table 1
Page 2 of 2 Exchg rate \$1 = Q1

Fiscal Years	AID-controlled		Other Cash Contribution Cooperating Country (CDECA)	Other Donor Funds (\$Equiv) ILO/CAS	Food for Freedom Commodities		
	Local Currency				Metric Tons (000)	CCC Value & Freight (\$000)	World Market Price (\$000)
	U.S. owned	Country owned					
Prior through Act. FY <u>67</u>			120	28			
Oper. FY <u>68</u>			139	30			
Budget FY <u>69</u>			164	30			
B+1 FY <u>70</u>			200	30			
B+2 FY <u> </u>							
B+3 FY <u> </u>							
All Subs.							
Total Life			613	118			

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B. Setting

The lack of trained human resources is increasingly recognized as a major obstacle to economic and social progress in the development of the CACM. Several studies, including the "Study of Human Resources in Central America" (funded by the Ford Foundation and ROCAP) emphasizes the obvious fact the region does not have the skilled manpower, either in quantity or quality, essential to its progress.

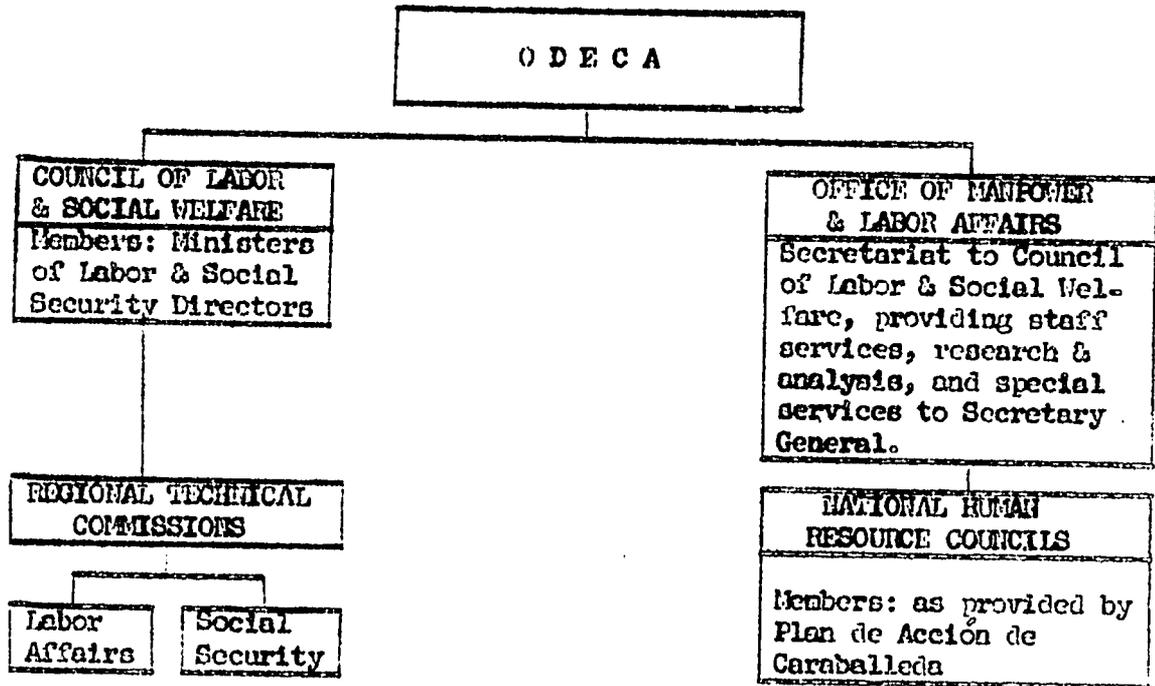
Punitive and nationalistic labor legislation must be replaced by regional-national, rationalized, incentive type laws which encourage investment, productivity of the workers, and remove the barriers to the free mobility of labor.

ROCAP, in its strategy for human resource development, has encouraged the formation of the regional-national organizational structures designed to provide the leadership and direction needed in the implementation process.

The primary institution through which these objectives are sought is the ODECA Office of Manpower and Labor Affairs. A Council of Labor and Social Welfare has been incorporated within the ODECA organizational structure since April, 1964. This Council of Labor Ministers and Social Security Directors is supported by two Regional Technical Commissions on Labor Affairs and Social Security. ROCAP helped to create an Office of Manpower and Labor Affairs within ODECA effective October 1965, which the Council of Labor and Social Welfare has designated its full time Secretariat. The plan of action is to develop the essential regional manpower and labor affairs activities needed through the facilities of this Office. ROCAP inputs consist of financial support for two operating positions in the ODECA Manpower Office and the assignment of U.S. technicians as workload is identified. ODECA furnishes both logistic and financial support including the assignment of ministerial and other experienced personnel from the member Central American countries.

As a further measure to coordinate and promote the integration process at both the national and regional levels, National Human Resource Councils are being formed which are responsive to regional needs and requirements. The Councils are provided for by the Plan de Acción de Caraballeda, to insure that national planning includes policies on employment, labor, and human resources.

The following chart attempts to show the organizational structure visualized in the project setting:



The Council of Labor and Social Welfare is a part of the organizational structure of ODECA, provided for by its Charter. The Regional Technical Commissions were created by the Council as part-time working bodies to draft proposals and recommendations for action by the Council. The membership is composed of two or three department or section heads from each of the Labor Ministries and the Social Security agencies. Subcommissions are appointed as needed.

The Office of Manpower and Labor Affairs is a staff services section in ODECA which, in addition to its primary duties, serves as the Secretariat for the Council and the Technical Commission for Labor Affairs.

The National Human Resource Councils are nationally autonomous but maintain a liaison and reporting relationship with the Office of Manpower and Labor Affairs.

Each of the above groups constitute a component part of the total machinery needed for implementing the regional strategy for Manpower and Labor Affairs development. Although the economic, social, legislative, and administrative obstacles appear to be formidable it is believed this mechanism has the best chance of survival and success within its present environment.

C. Strategy

The regional strategy concerns itself primarily with the integration and coordination of the individual national elements into an organized effort for total regional development. It is obvious that among the member countries, and within the countries themselves, a variety of manpower programs already exist in various stages of development needed to support the growth of the CACM. The strategy intends to identify the specific areas of weakness that they might be strengthened to arrive at some level of parity among the member nations. This also contemplates development of regional uniformity in factors which tend to equalize competitive position and provide a base for regional manpower planning as well as a structure that permits a free mobility of the work force.

The responsibility for making manpower assessments, ascertaining employment levels and requirements, and developing other manpower data and services rests primarily at the national level. The development of regional standards and uniform legislation of mutual benefit needs to be initiated at the regional level with appropriate bi-lateral support and regional coordination.

The first stage in organizing the regional structures to carry out the strategy is almost complete. The more important job of implementing measures lies ahead. The Council of Labor and Social Welfare has already drafted some conventions, the ratification of which are expected to result in specific country implementation. The Office of Manpower and Labor Affairs has conducted regional seminars in human resource development, apprenticeship training, minimum wage standards, labor statistics, and high level labor leadership participation in the development process. It is completing an extensive comparative analysis of the administrative structures and capability of the individual labor ministries. It intends to explore the feasibility of regional centers for the training of teachers for vocational and trade schools; of an advisory council for vocational, apprenticeship, and other skill training types of programs; the possibility of regional textbooks for use in vocational fields; and a regional plan for the development of National Institutes for Apprenticeship Training such as exist in San José, Costa Rica (INA).

The strategy provides for continued support of the ODECA Office of Manpower and Labor Affairs with greater emphasis on assistance in national-regional training and research and analysis studies in which there is joint funding by ROCAP, ODECA, the U.S. AID Missions, and the International Agencies and governments with whom ODECA has agreements. ODECA itself will be expected to increase its contributions to the Office of Manpower and Labor Affairs, with diminishing direct financial support by ROCAP.

The strategy depends in great measure upon the cooperation of the USAID Missions in support of overall regional objectives. The project strategy includes several means of bringing this about. The comparative administrative analysis of the Ministries of Labor (and PASA studies made to date) is intended to provide a realistic basis for technical assistance to Manpower and Labor Affairs programs in the individual countries.

As a measure to assist the Council of Labor and Social Welfare in the development of a democratically oriented labor movement, the strategy includes a comprehensive program under a contract with the American Institute for Free Labor Development (AIFLD). This is a separate project activity, but is closely coordinated with the ODECA Manpower and Labor Affairs activities.

It has been a part of the strategy to hold regional meetings of the USAID and Embassy labor officers for the purpose of improving communications and coordinating activities among the country missions regarding regional-national assistance programs in the areas of manpower and labor affairs. These meetings will be continued on no less than an annual basis.

Direct assistance to USAID Missions by the ROCAP Manpower and Labor Affairs Advisors will continue to assist in the realization of regional goals in a national setting.

D. Project Targets

1. It is contemplated the project will have reached its objectives when ODECA through its Office of Manpower and Labor Affairs and related support activities, has reached the institutional viability and self-sufficiency considered necessary to continued success as the regional center for the activity. The present staff of two persons, a director and technical assistant, financed by ROCAP, have had formalized training at the International Manpower Institute (U.S.) and will need guidance and experience over a period of at least another year. The basic regional councils, commissions, and national counterparts have been created, through which the Office of Manpower and Labor Affairs can function. The remaining target is to provide technical assistance in sufficient quantity and kind which will improve the quality and move the project in a direction most useful to over all regional objectives.

The ultimate target is for ODECA to fully support and staff the Office of Manpower and Labor Affairs with the capability needed to make it successful.

2. Specifically the targets are:

- a) Organization of National Human Resource Councils by end of FY 1968.
- b) ODECA to assume all operating costs of the Office of Manpower and Labor Affairs by end of CY 1969.
- c) Development of uniform regional labor and manpower statistics by FY 1970.
- d) Coordination and integration of manpower research, analysis and planning by FY 1970.
- e) Development of regional conventions as a measure to encourage uniformity in labor and social legislation by FY 1970.
- f) Development of a coordinated regional plan for skill training by FY 1970.
- g) Development of a regional network of Manpower Services (Employment Services and related activities) by FY 1972.

E. Course of Action

Progress to date in the program with ODECA, which has primarily involved support of the Office of Manpower and Labor Affairs and preceding that a period of advisory services to the Secretary General, and assistance to the CSUCA "Study of Human Resources in Central America", has been detailed in previous CAPS, and is described elsewhere in this project paper.

Project Agreements with ODECA expiring December 31, 1967, and to be extended in terms of this course of action will be carried out in the following broad time-frame sequence:

FY 1968 Operational Year - U. S. Inputs

1. The Project Agreement (67-4) with ODECA (Office of Manpower and Labor Affairs) will be extended another year in its present form except for the possible funding by ODECA of the Director, the addition of an ODECA Office position and the addition of seminar support activities and specific performance conditions leading to a gradual phase-out of this ROCAP support by end of CY 1969. (Approx. cost \$21,330).

2. The ROCAP Manpower and Labor Affairs Advisor will continue to coordinate the total project and to offer advisory services to the USAID Missions, the Office of Manpower and Labor Affairs, and to the Council of Labor and Social Welfare and the Regional Technical Commissions on Labor Affairs and Social Security, through the Office of the Secretary General of ODECA.

3. 3. A strategy will be formulated during FY 1968 to provide for regional activities in support of skill training programs. It is visualized ROCAP may wish to fund a full time skill training advisor position by CY 1969 to be stationed at ODECA either in its staffing pattern or through a PASA/DOLITAC contract. (Cost offset by item (5) position adjustment).

4. A short-term PASA/DOLITAC technician in labor statistics is scheduled to work a four-month assignment in the Office of Manpower and Labor Affairs beginning August, 1967. (Approx. cost \$7,200).

5. A full-time Manpower Services Advisor under a PASA/DOLITAC contract will be assigned to the Office of Manpower and Labor Affairs for one year beginning January 1968. This person will be a serious candidate to replace the present Manpower and Labor Affairs Advisor, January 1967. (Approx. cost \$26,200).

6. A two-week intensive regional training workshop will be conducted during February or March 1968 on Employment Service Standards and methods. All USAID Missions are programming funds for a minimum attendance of two employment service officials from the respective Labor Ministries. This course will be sponsored by the Office of Manpower and Labor Affairs which is expected to induce the ILO and/or OAS to offer supplementary support to the activity. (Approx. cost \$4,000).

7. A one-week (III) Annual Regional Seminar on Human Resources is planned for May, 1968 for members of the National Human Resource Councils. This Seminar will be sponsored by ODECA with support expected from ROCAP, ILO, and the OAS. (Approx cost - ROCAP contribution \$2,600).

8. A regional meeting of the Labor Officers (Embassy USAID) will be held during the course of the year to assist in regional/country program planning and to provide for ROCAP coordination of Manpower and Labor Affairs activities throughout the region. (Each Country Mission to pay own costs).

FY 1968 - Cooperating Agency Inputs

1. ODECA will provide the Office of Manpower and Labor Affairs:

a) Administrative and clerical services, logistic support - office space and facilities, equipment and supplies, printing and publications, local transportation, communications and other costs. (Est. value \$10,000).

b) Allowances and benefits for the Director and Technical Assistant as required by law and the ODECA practices and procedures. (Est. value \$8,500).

c) Through the member Ministries of labor assistance in seminar support by the host governments, and local-national costs of related activities. (Est. value \$5,000).

2. The Council of Labor and Social Welfare will:

- a) Continue to pay all costs for the annual and extraordinary meetings of its own members and the costs of all meetings of the Regional Technical Commissions. (Est. value \$10,500).
- b) Provide for rotation assignments of member ministry personnel to work in the Office of Manpower and Labor Affairs. (Est. value \$10,000).
- c) Maintain operating facilities and liaison services, and the costs of initiating administrative reforms and passing enabling legislation. (Est. value \$100,000).

FY 1969 - U.S. Inputs

1. The Project Agreement with ODECA supporting the Office of Manpower and Labor Affairs will be modified to eliminate direct staff support and to provide for increased U.S. technician services and cooperative funding for seminars and regional workshop training courses. (Approx. cost \$20,000).
2. ROCAP will continue the use of the Manpower and Labor Affairs Advisor with some changes in the duties of this position effective January 1969, when the Manpower Services Advisor assigned to ODECA (CY 1968) will be considered for transfer to the position to be vacated by its present occupant.
3. A long-term Skill Training Advisor will be needed under a PASA/DOLITAC contract who will be assigned to the Office of Manpower and Labor Affairs at ODECA (Approx. cost \$27,000 plus other).
4. A two-week intensive course in Labor Ministry Administration of Manpower Services will be conducted during February or March 1969. USAID Missions will be expected to fund participant trainee costs and the overhead will be jointly funded by ROCAP/ILO/OAS. (Approx. cost ROCAP \$4,000).
5. A one-week (IV) Annual Regional Seminar on Human Resources is planned for May 1969 for members of the National Human Resource Councils. USAID Missions will be expected to fund participant trainee costs and the overhead will be jointly funded by ROCAP/ILO/OAS. (Approx. cost ROCAP \$4,000).
6. A regional meeting of the Labor Officers (Embassy/USAID) will be held during the course of the year to assist in regional/country program planning and to provide for ROCAP coordination of Manpower and Labor Affairs activities throughout the region. (Each Country Mission to pay own costs).

FY 1969 - Cooperating Agency Inputs

The inputs by ODECA and the Council of Labor and Social Welfare will be approximately those described for FY 1969, with the exception that ODECA will fund all operating cost of the Office of Manpower and Labor Affairs. (Est. additional value \$25,000).

FY 1970 - U.S. Inputs

1. ROCAP will continue to offer advisory services to the Office of Manpower and Labor Affairs. These services will be in the general area of manpower and labor affairs and skill training. (Approx. cost \$60,000).
2. ROCAP will estimate joint participation activities of ILO, OAS, and other International Agencies which have agreements with ODECA to determine to what extent it can cooperate in seminars and participant training activities at the regional level. (Est. cost \$10,000).
3. ROCAP will fund a regional project through the ODECA Office of Manpower and Labor Affairs to carry out with the cooperation of the National Human Resource Councils a "Five Year Estimate of Manpower Requirements in the Central American Region" (Approx. cost \$50,000).

FY 1970 - Cooperating Agency Inputs

1. It is estimated the inputs by ODECA, the Council of Labor and Social Welfare, and other support to regional manpower and labor affairs activities will exceed an estimated \$200,000 per annum by this time.

No-Year Multi-lateral Inputs

Certain actions of a multi-lateral nature are essential in the regionalization of CAP activities to make the project a success. These concern inter-personal actions which can be taken to insure a measure of evaluation and control needed in the administration of project. Multi-lateral consultative and/or advisory groups need to be formed to insure full utilization of resources at hand. These may include but are not limited to the following:

1. The National Human Resource Councils (in process of formation) to coordinate and evaluate the progress of manpower planning, establishment of manpower and skill training programs, facilitate enabling legislation needed to achieve the objectives of the Declaration of Cundinamarca, the Caraballeda Plan of Action, and other related goals of the project.
2. A Regional Coordinating Committee on Social Statistics or Sub-Committee to (1) above.

3. An internal coordinating committee within ODECA to meet quarterly on social statistics to include representatives from each statistical group in ODECA, in ROCAP, and from the international agencies which have agreements with ODECA.
4. Continuation of Regional Meetings of Labor Officers (Embassy, USAID, ROCAP) on semi-annual or annual basis.
5. The use of Seminars and Conferences at the regional level to bring about regional standards, provide incentives, and create a sense of urgency across country lines in the development of multinational programs which accent Summit objectives.

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FROM - AID/W

SUBJECT - Review of PROP Project 596-11-460-004 - "Manpower and Labor Development"

REFERENCE - **CAFPO CIRC A 58** and Revised PROP

I. Document Review:

A. PROP:

The PROP prepared in May 1969 represents a very considerable improvement over the original of September 1967. Background and overall objectives are well conceived. Section D of the PROP, however, should be reshaped by separating out the "Course of Action" after redefining the project targets in specific terms.

Target definition is often the most difficult part of a PROP. We recommend that the targets for this project be written in such a way that both quantitative and qualitative benchmarks are established. A target should describe specific conditions which are expected to exist in a country by the end of the project. For example:

"1. The CTCA by 1974 will have an annual budget of \$40,000 paid by dues from the federations.

2. The secretary general of CTCA will have an adequate salary and a travel allowance sufficient to visit all countries regularly."

In the same way, specific measurable benchmarks should be developed for "strengthening the ~~kind~~ trade union movement and the participation of the labor federations in the economic development of the CACM."

FYI: The target setting in the new AIFLD regional ~~the~~ labor plan appears to be excellent, and could provide some useful pointers for restructuring the PROP.

PAGE 1 OF 2

DRAFTED BY J. P. Lockard:fl	OFFICE LA/CEN	PHONE NO 22267	DATE 2/1/70	APPROVED BY: J. Heller, LA/IP
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H. Kaufman, LA/DOC
A. Hughes, LA/OPNS (draft) **P. Conney, ROCAP Mission (draft)**

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The review, coming as it did after the meetings in Costa Rica and Washington with AIFLD staff, highlighted the need to restructure the AIFLD contract because of the effects of the Honduras-Salvadoran war on the AIFLD regional training activity financed under this project.

The revision of the PROP should, of course, detail the new "Course of Action" which will follow the closing of the IESCA training center. We do not recommend holding up submission of the revised PROP until the new Country Labor Plan is received from AIFLD. To the contrary, the ~~REVISION~~ CIP should follow the issuance of AID's project proposal; we see no objection to providing AIFLD with a copy of the PROP to help them prepare their Plan.

The long-range goals of this project and the difficulty of achieving success before the present end of project should encourage the Mission to set forth in the PROP the fact that while there is a limit to the project as conceived - targets are really phases of an eventual objective probably beyond realization in the foreseeable future.

The importance of dues collection by unions as a sine qua non of their support to the federations and the confederation (CTCA) was discussed at the review. Since this matter directly affects the success of the activity and indirectly determines the need for and the extent of AID involvement with AIFLD the revised PROP should address this issue.

Finally we recommend that the PROP include in its discussion of "The Setting" a review of the relationship between the TOCAP regional labor and manpower activity to the individual USAID labor projects, and especially the AIFLD contracts. This section should describe how the regional project complements rather than duplicates USAID country projects.

II. Approval of Revised PROP:

The revised PROP will be reviewed as soon as possible after it is received. Approval at this review will ~~constitute~~ ^{be a condition} the issuance of the Project Authorization (M.O.1025.3) which will constitute AID/W approval of the project for its designated life (or such lesser period as may be indicated) subject to availability of funds.

RICHARDSON

AIRGRAM

DEPARTMENT OF STATE

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FROM . ROCAP/Guatemala

SUBJECT . NONCAPITAL PROJECT PAPER (PROP) REVISION

REFERENCE . CAPTO CIRCULAR A-53, September 21, 1967

COUNTRY: ROCAP/Regional Project No. 596-11-460-004.1

Submission Date: Original 9/25/67 Revision No. 1

Project Title: REGIONAL MANPOWER DEVELOPMENT (formerly MANPOWER AND LABOR AFFAIRS DEVELOPMENT)

Activity Title: Office of Manpower and Labor Affairs - ODECA

U. S. Obligation Span: FY 1966 through FY 1972

Physical implementation span: FY 1966 through FY 1972

Gross life-of-project financial requirements: (\$000)

U.S. Dollars through FY 70 - 912; FY 71 and 72 - 175.

A. Summary Description

Delete original Summary Description and substitute the following:

This project, being carried out by the six national Ministries of Labor of Central America and Panama as represented by the Manpower and Labor Affairs Office of ODECA, is directed toward promoting Central American integration and meeting regional manpower needs. United States assistance is aimed at making the Manpower and Labor Affairs Office of ODECA the region's primary staff resource for manpower planning and labor affairs.

PAGE 1 OF 5 PAGES

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APPROVED BY:

ADIR: JLRoush

AID AND OTHER CLEARANCES

ADDP: FS tarrs

PROG: GMcCloskey

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The recommendations of the Manpower and Labor Affairs Office of ODECA will be implemented mainly at a national level except as and when the Ministers of Labor determine that regional implementation is required.

The short fall in project targets and in the course of action described in the original has been due in part to the Honduran-Salvadoran conflict and to ensuing basic administrative and fiscal problems in ODECA which have limited ODECA activities in this field.

B. Setting

Add to Section B. Setting of original PROP.

Political events over the past eighteen months have had the effect of seriously altering the setting put forth in the PROP dated September 21, 1967, to wit: *See 004 file*

- 1) between March 1969 and September 1970, ODECA had no Secretary General and was a relatively ineffective leaderless organization; and
- 2) the Honduran-El Salvadoran war which began suddenly in June 1969 prevented for more than a year any meaningful dialogue or exchange of views on manpower and labor affairs, which have traditionally taken place at meetings of the CA/P Ministers of Labor and the Technical Commission on Labor Affairs.

Recently, however, a series of steps have been taken which indicate that new attempts at social and economic integration are being made in and for the CA/P region:

- 1) an Acting Secretary General of ODECA, a former Minister of Labor of Guatemala, was elected in September 1970;
- 2) the CA/P Ministers of Labor held an informal meeting in July 1970, their first since October 1963;
- 3) at this meeting, the Ministers adopted the so-called Declaration of San José, which, among other things, called for:
 - a) the establishment and development of national employment policies which would give special emphasis to skills training, increased productivity, and improved employment opportunities; and

- b) the implementation of policies to make the CA/P Ministries of Labor effective instruments of development and change;
- 4) a subsequent meeting of the CA/P Technical Commission for Labor Affairs in September called upon ODECA to complete the comparative study of the social costs of production in the CA/P region, requested originally by the Council of Labor and Social Welfare (Ministers of Labor) in October 1968;
- 5) The implementation of this study began at ODECA in September 1970 and is scheduled to be completed in December 1971 (with the requested assistance of the OAS, ILO and ROCAP);
- 6) ODECA, in response to the Declaration of San José, proposes to involve itself in coordinating national manpower development programs with particular emphasis on developing employment services and skills training; and
- 7) a technical team from the American Engineering Association of Washington which studied sub-professional needs and resources in the CA/P region in July/August 1970 will publish and distribute its report by December of this year.

Additionally, an Ad Hoc Commission was established by the CA Foreign Ministers in December 1969. This Commission is to propose a restructuring of all Central American regional organizations including ODECA. The Commission is to begin its work in December 1970 and while it may recommend changes in the administrative structure under which manpower programs are carried out such changes would not obviate the need for these programs.

C. Strategy

Delete Section C. of original PROP and substitute the following:

Given recent political and other developments described above in B. Setting, it has not been possible effectively or fully to follow the strategy outlined in the original PROP. Since, however, there is now an active ODECA Secretary General and the member governments have moved to provide the financial contributions to which they are committed, ROCAP therefore proposes the following revised short-term strategy:

- 1) terminate as of December 31, 1970 direct budget support for ODECA staff;

- 2) lend our assistance to the comparative study on the social costs of production in the CA/P area;
- 3) continue to provide an appropriate amount of assistance to project activities listed in the following sections (D and E) through FY 72;
- 4) help ODECA prepare the plan called for by the Ministers of Labor in July 1970 for the development of national employment services policies embracing skills training, increased productivity and improved employment opportunities; and
- 5) submit a PROP, if the plan in 4) above is approved by the Ministers of Labor and if there is a role for continued AID assistance, sometime in 1971 (CY).

D. and E. Project Targets and Course of Action

Delete Project Targets and Course of Action in original PROP and substitute the following:

During the remainder of the period covered by this PROP, ROCAP expects to continue providing technical and financial support to the ODECA Manpower and Labor Affairs Office so that it may implement the activities listed below which are in response to requests for assistance received by ODECA from the Council of Ministers of Labor:

- 1) Completion of the Social Cost Study
 - a) January 1971 - conduct a one week training course in each country for national technicians scheduled to perform surveys of industrial establishments.
 - b) January or February - review progress of the surveys in all countries.
 - c) April-June - analysis of data by labor economists.
 - d) July-December - publication and distribution of study;
- 2) Serve as secretariat to the Council of Labor and Social Welfare and to the Technical Commission on Labor Affairs;

- 3) Provision of technical assistance to the Council and Commission named above and, upon request, to the individual Ministries of Labor. Such assistance would include consultative services for the preparation of the manpower development policies and plans described in C. 4;
- 4) Publication of a monograph in CY 1971 summarizing existing vocational and technical training institutions in the CA/P region;
- 5) Publication of a regional quarterly manpower and labor bulletin; and
- 6) Conducting Regional Human Resources Seminars with the cooperation of the OAS.

Cost contemplated for:

FY 1971 \$80,000 (coordination costs \$45,000 and ODECA Support \$35,000).

FY 1972 \$95,000 (coordination cost \$45,000 and ODECA support \$50,000).

DAVIS

Enclosure: Annex A (Noncapital Project Funding Table)

ANNEX A

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

2

Table 1
Page 1 of 2
ROCAP/Regional

Project Title: Regional Manpower Development

PROP DATE: _____
Original 9/21/67
Rev. No. 1 11/24/70
Project No. 596-11-460-004.1

ANNEX A

1

UNCLASSIFIED

ROCAP/G CAPTO CIRC. A- 125

UNCLASSIFIED

Fiscal Years	Ap	L/G	TOTAL	Cont ^{1/}	Personnel Serv.			Participants		Commodities		Other Costs	
					AID	PASA	CONT	U.S. Agencies	CONT	Dir US Ag.	CONT	Dir & US Ag	CONT
Prior through Act. FY 70	AG	G	912	(552)	168	35	536	14	-	-	-	143	16
Oper. FY 71	AG	G	80	-	20	25	-	-	-	-	-	-	35
Budg. FY 72	AG	G	95	-	-	45	-	-	-	-	-	-	50
B + 1 FY													
B+ 2 FY													
B + 3 FY													
All Subs.													
Total Life			1,097	(552)	188	105	536	14	-	-	-	143	101

^{1/} Memorandum (nonadd) column

ANNEX A

Table 1
Page 2 of 2

Project No. 596-11-460-004.1

Fiscal Years	AID-Controlled Local Currency		Other Cash Contribution Cooperating Country (Est)	Other Donor Funds (\$ Equiv.) (Est)	Food for Freedom Commodities		
	U.S. owned	Country owned			Metric Tons (000)	CCC Value & Freight (\$000)	World Market Price (\$000)
Prior through Act. FY 70	-	-	160	118	-	-	-
Oper. FY 71	-	-	55	3	-	-	-
Budget FY 72	-	-	75	5	-	-	-
B + 1 FY _____							
B + 2 FY _____							
B + 3 FY _____							
All Subs.							
Total Life	-	-	290	126	-	-	-

ANNEX A

UNCLASSIFIED

ROCAP/G CAPTO CIRC. A-105

UNCLASSIFIED



Department of State

TELEGRAM

UNCLASSIFIED 147

Draper

PAGE 01 STATE 209248

81
ORIGIN AID-40

INFO OCT-01 /041 R

66636
DRAFTED BY: LA/DP: PAT SCHRAUD
APPROVED BY: LA/DP: JACK HELLER
LA/OPNS: WREN (DRAFT)
LA/CEN: JOCKARD
LA/DP: JOHNSON (DRAFT)
DIST: 2D ACTION: LA INFO: IS OA AAPC TAB 40P

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FM SECSTATE WASHDC
TO AMEMBASSY GUATEMALA

UNCLAS STATE 209248

AIDAC

FOR ROCAP

SUBJECT: 004.1, REGIONAL MANPOWER DEV., PROJ

REF: (A) GUAT 4727 (C) STATE 193778
(B) GUAT 4585 (D) GUAT 3918
(E) STATE 045135

1. PROJ APPROVED 12/9/70 FOR LIFE OF PROJECT (THROUGH FY 1972) SUBJECT TO FOLLOWING COMMENTS:
2. SPECIFIC FUNDING LEVELS WILL CONTINUE DEPEND ON OVERALL A.I.D. POLICY RE: SUPPORT TO ODECA PROJECTS AS DISCUSSED REF. (C)
3. WE NOTE COST INCREASE PROJECTED IN PROJ FUNDING TABLE OVER LEVEL STATED IN REF. (D) AND REQUEST JUSTIFICATION PRIOR TO IAD APPROVAL PER REF. (E). ROGERS:

UNCLASSIFIED

RS/RS
3750

596-004.2

A.I.D.
Reference Center
Room 1556 NS

ROCAP-PD
011.2 (71)

4 FEB 1971

NONCAPITAL PROJECT PAPER (PROP) REVISION

ROCAP/Regional Submission Date: January 29, 1971

Project Title: Labor Training (AIFLD) Revision No. 2

Project Number: 596-11-460-004.2

Note: Original PROP and Revision No. 1 submitted 7-25-67 and 5-14-69, respectively, with the following project title:

"Manpower and Labor Affairs Development"

U.S. Obligation Span: FY 1963 through FY 1972

Physical Implementation Span: FY 1963 through FY 1973

Gross life-of-project financial requirements:

U.S. Dollars.....	\$1,815,000
Cooperating Country Cash Contribution..	-
Other Donor Contribution.....	-
TOTAL	\$1,815,000

A. Summary Description

This ROCAP project, begun in FY 1963 and being carried out under a contract with the American Institute of Free Labor Development (AIFLD) and the Central American Institute for Labor Studies (IESCA), is directed toward regional integration and meeting regional manpower requirements through the improvement and strengthening of organized trade unionism. U.S. assistance has and will continue to aim at establishing IESCA as a primary training facility for the democratic elements

of organized labor, and at strengthening the Confederation of Workers of Central America (CTCA) to become by the close of this project a representative regional force fully prepared to participate militantly in the Central American economic integration process.

Continuing efforts will be made to reorient trade unionism here away from its traditional but largely ineffective and unstable role as a political force to become primarily an instrument designed to improve the economic lot of the area's laboring population. Federation-level union leaders, through a series of seminars and conferences, will be exposed to advanced collective bargaining, administrative and organizational techniques to improve their capacity to negotiate with highly organized, well-prepared employer groups. Such training will also focus on labor's legitimate role in the Common Market process, on the goals, theory, structure and organization of regional economic integration.

In strengthening the CTCA, strenuous effort will be made to train selected Central American leaders of that organization to assume, by project's end, direction over IESCA's educational activities.

CTCA and its six national affiliates will be encouraged to broaden their participation in the economic and social integration bodies. CTCA leaders will be urged, through the formulation and adoption of various "position papers" and other means, to forge common policies toward common regional problems and to defend common positions toward public and private national economic entities and those regional agencies responsible for advancing integration.

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

Table 1
Page 1
ROCAP/Regional

Project Title: Labor Training (AIFLD)
Project Number: 596-11-460-004.2

Revision # 2
Submission Date: January 29, 1971

Fiscal Years	Ap	L/G	Total	Cont ¹ / ₁	Personnel Serv.			Participants		Commodities		Other Costs	
					AID	PASA	CONT	U.S. Agencies	CONT	Dir US Ag.	CONT	Dir & US Ag	CONT
Prior through Act. FY 70	AG	G	1340	(1340)	-	-	1336	-	4	-	-	-	-
Oper. FY 71	AG	G	200	(200)	-	-	101	-	-	-	-	-	99
Budg. FY 72	AG	G	275	(275)	-	-	101	-	-	-	-	-	174
B + 1 FY													
B + 2 FY													
B + 3 FY													
All Subs.													
Total Life			1815	(1815)	-	-	1538	-	4	-	-	-	273

¹/ Memorandum (nonadd) column

Table II omitted

B. The Setting

The setting described in Revision No. 1 to this PROP remains valid and should be reviewed in conjunction with this present revision.

The five countries of Central America have a population of over 15 million, out of which approximately 5.1 million are economically active. The AIFLD-IESCA Program also embraces Panama, although this country is not a Common Market partner. Panama has a population in excess of 1.5 million. This CA/P region of six countries is one of the poorest and least developed in the Western Hemisphere, seriously lacking in both natural and human resources. The area is socially backward, politically unstable, and suffers a painfully slow economic development which is encumbered by a persistently high rate of population growth.

The Central American Common Market (CACM), begun in 1960 in the midst of these myriad problems and perhaps because of them, has achieved outstanding success in promoting economic development through industrialization, diversification of economic activity and increased intra-regional trade. Despite what are hopefully temporary difficulties engendered by the El Salvador-Honduras war in mid-1969, the CACM has made substantial progress towards its economic goals. Steps toward political stability and social development, which could normally have been expected as ancillary benefits of economic development, have been few (and far between). Organized labor and its representatives, despite their important contributions to CACM successes, have been largely ignored in the formulation and implementation of CACM policies, both by governments and the Central American regional agencies overseeing the integration process. Generally speaking, labor, whether organized or not, feels that it has not received its rightful share of the benefits derived from economic integration.

Due largely to the lack of trained leadership, the unstable political environment and the refusal to recognize labor's essential role in a developing society, attempts to forge the working masses into viable organizations capable of obtaining and protecting economic and political rights

have failed more often than not. Union growth has proceeded fitfully. Hard-won gains have been suddenly and at times ruthlessly eliminated as a result of political change. The vacuum created in the developing society of Central America by the frequent absence of a militant, strong democratic labor movement has permitted political extremists to use worker discontent to advance subversion and chaos.

Accurate data on trade union membership in this area do not exist or are not available. Information on members who pay dues is based largely on estimates. Claims unfailingly overstate the reality. For example, the six national confederations of the CA/P area affiliated with the CTCA, usually recognized as the most democratic, strongest and most progressive in this corner of the world, are believed to claim a joint membership of about 350,000. The validity of this claim is diluted, however, when it is applied against one universally-recognized definition of an authentic trade union, viz, 1) it has a dues paying membership; 2) there is a formal relationship between it and the employers; and 3) the opportunity exists to renew the leadership of the organization. Judged in this light, the authentic unions belonging to the six affiliated national confederations of CTCA probably have no more than 120,000 members collectively. Yet even this reduced number represents progress over past years and is substantially higher than can be claimed by the Communist-led and other non-CTCA-affiliated unions in the CA/P region.

The strength of the national confederations and the regional CTCA and the role they can play in economic, social and civic development depend absolutely on the financial support given them by local unions and federations. The ability of the latter to lend such support depends, in turn, on their membership size and financial health. In the Central American milieu, the strong, local union base for this logical progression does not yet exist. This situation has made exceedingly difficult the rapid development of an effective regional workers' confederation and has allowed governments, employer groups and the regional integration agencies to refuse to deal responsibly with organized labor. This negative attitude, in turn, has produced resentment from labor union leaders against the failure to recognize their legitimate status.

Dues collection by the unions is generally regarded as a sine qua non of their support to the national federations and to CTCA. It is obvious that on a basis of a dues-paying membership of 120,000, neither the CTCA nor the national federations themselves can function with maximum effectiveness. It has been estimated that a dues-paying membership of 1,000,000 would be required to bring this ideal situation about. Thus, it follows that until the long-range goal of an adequate membership base is reached, both the national trade union organizations and CTCA will require financial assistance from outside the local trade unions. The alternative for these organizations is to close down.

In the midst of this pronounced inadequacy of human and financial resources, the AIFLD-IESCA Regional Program, serving as a complement to the AIFLD national programs, has fixed as its principal goal assistance to democratic labor elements to create the basis for a free, permanent and independent union movement. The main thrust of the Regional Program, at least since FY 1969, has been: 1) to make organized labor aware, through training seminars, of the advantages of a regional integrated economy; 2) to encourage trade union participation in the integration process; and 3) to assist the regional trade union organization (CTCA) to broaden its institutional linkages and actively seek representation in the deliberations of the various Councils of Ministers and the regional agencies (ODECA, SIECA, etc.).

The 1969 AIFLD-IESCA Work Plan was only partially implemented due to the war between El Salvador and Honduras and the fact that the office of the Regional Coordinator was located in El Salvador and the IESCA Institute in Honduras. Only three regional courses, one specialized conference and the Third CTCA Congress were held during this period.

The 1970 Work Plan was completed satisfactorily. Nine regional activities including training seminars, specialized courses, and labor-management conferences were held during the year and were attended by 173 trainee participants; the Interamerican Regional Organization of Workers (ORIT) and the International Trade Secretariats (ITSS) were assisted financially in conducting their regional educational programs,

and CTCA leaders were given the means to travel throughout the region, to participate in significant meetings connected with the Central American Common Market and to develop the CTCA organizational effort.

Also in 1970, AIFLD-IESCA reorganized its staff, transferred the school and the office of the Regional Coordinator to Guatemala City, established a library and research unit, provided technical and financial assistance to regional and national trade union organizations, and assisted the various national offices of AIFLD on all regional and integration matters. A follow-up system for graduates was established and the Regional Office began publication of a bi-monthly bulletin.

C. Targets (Conditions Expected at End of Project)

1. The general recognition by CA/P governments, Central American regional integration agencies, and international labor and economic development organizations of CTCA as a principal regional trade union organization, functioning mainly to coordinate the views, and to present and protect the legitimate demands, of the working population of the CA/P area.
2. Selected CTCA leaders will have received specialized training as Program Coordinators within the AIFLD-IESCA Regional Program, which will have equipped them to assume direction over IESCA educational activities and thus replace the present AIFLD staff in mid-1973.
3. A fully functioning CTCA headquarters office, led by a full-time Secretary General and having an adequate clerical staff, wholly supported by dues, estimated at \$10,000 per annum, from the six national CTCA affiliates and from contributions from ORIT.
4. Full representation of labor by CTCA in the deliberations of the regional integration bodies. Full representation of the six CTCA affiliates in the national ministries and agencies involved with the regional integration process.
5. A dues-paying membership in the six CTCA national affiliates of 240,000.

It is obvious, that Targets 1 and 4 are mutually dependent as are, but to a lesser degree, Targets 3 and 5.

D. Strategy (Kinds of Output)

The following strategy will be pursued by AIFLD-IESCA to the end of the project to achieve the above Targets:

1. Top and intermediate-level labor leadership will continue to be trained in regional seminars with new emphasis on organizational methods. Selected CTCA leaders will be recruited and given specialized training as Project Coordinators for the ongoing training programs and as counterparts to the present AIFLD Staff.

2. An increase of financial assistance to the CTCA leadership and to that of the national CTCA affiliates to ensure their attendance at, and effective participation in, significant meetings of national economic and social development agencies and regional integration bodies.

3. The continuation of assistance to the International Trade Secretariats (ITS) and ORIT for their own regional educational activities in this area.

4. The continuation of discussions with the Secretariat of ORIT to persuade the latter to maintain its financial assistance to CTCA, begun in 1970, of approximately \$6,000 to help cover the expenses of the CTCA headquarters office established in Guatemala City in 1970.

E. 1971 Activities (Magnitude of Outputs)

The following specific activities will be carried out in 1971 (April 1, 1971-March 31, 1972) in conformity with the Targets and Strategy above. (A similar plan of action will be carried out during the final year of the project - April 1, 1972 - March 31, 1973, barring unforeseen circumstances.)

1. IESCA will complete five five-week Regional Courses for 125 labor leaders from the six countries of the region.

2. IESCA will conduct two two-week courses on specialized

subjects for labor representatives in Workers Banks, Offices of Economic Planning, Social Security Systems, etc., with approximately 15 participants in each course.

3. IESCA will conduct one three-week course for IESCA graduates, with approximately 12-15 participants, to upgrade their training in a highly specialized course and in new methods of adult education. After graduation these participants will be teaching within the AIFLD national programs.

4. IESCA will sponsor a CTCA-ORIT high-level course at the ORIT Training Center in Mexico for 20 top labor leaders from the CA/P region.

5. IESCA will co-sponsor a Labor-Management Conference of one-week duration for approximately 15 labor leaders and the same number of employers to discuss labor-management relations and their respective roles in the economic and social development of the region.

6. IESCA will conduct the Fifth Labor Conference of the national confederations and CTCA/ORIT.

In addition, AIFLD-IESCA will, in 1971-1972, continue:

7. Expanding its Library and Research Unit, and making special studies to provide technical assistance to the national confederations, the regional confederation (CTCA), and the AIFLD national programs on all regional integration and labor matters.

8. Improving the follow-up system through the data-gathering process. IESCA staff will conduct an end-of-year tour to the six countries and meet with IESCA graduates for follow-up and evaluation purposes.

9. Publishing a bi-monthly bulletin for graduate information and continuing education.

10. Using the services of a graduate of the Labor Economist Course offered at Georgetown University, Washington, D. C. in the Research Unit.

F. Course of Action (Inputs)

A. The U.S. will, through ROCAP:

1. Provide an AIFLD technical assistance group through FY 1972 to assist IESCA and CTCA meet the Targets described in C above. This team will continue to consist of one Regional Coordinator, one Director of the IESCA Institute and one Deputy Director of the IESCA Institute. (FY 71: \$200,000, also utilizing estimated \$80,000 prior year pipeline; FY 72: \$275,000).

Pfz

Drafted by: Paul F. Canney, DADDP

Cleared by: George T. McCloskey, PROGRAM

Approved by: Oliver L. Sause, Director

Proj. 5460004.2
DNL

ROCAP
011.3 (71) Reference Center
Room 1656 NS

NONCAPITAL PROJECT PAPER (PROP) REVISION

ROCAP/Regional Submission Date: February 23, 1971

Project Title: Labor Training (AIFLD) Revision No. 3

Project Number: 596-11-460-004.2

Note: Original PROP and Revision No. 1 submitted 7-25-67 and 5-14-69, respectively, with the following project title:

"Manpower and Labor Affairs Development." Revision No. 2 submitted 1-29-71 under current project title.

U.S. Obligation Span: FY 1963 through FY 1972

Physical Implementation Span: FY 1963 through FY 1973

Gross life-of-project financial requirements:

U.S. Dollars.....	\$1,815,000
Cooperating Country Cash Contribution.....	-
Other Donor Contribution.....	-
TOTAL	\$1,815,000

A. Summary Description

This ROCAP Labor Training Project began in FY 1963 under a contract with the American Institute for Free Labor Development (AIFLD) and the Central American Institute for Labor Studies (IESCA). From 1963 to April 1969, the project's purpose was to provide basic trade union education to student participants selected by national trade

unions and campesino organizations in the CA/P area. The courses of the AIFLD-IESCA Regional Program, therefore, were largely supplemental to courses offered by the national AIFLD programs. As a result of discussions among officials of ROCAP, AID/W and AIFLD/W in 1968, it was agreed that the IESCA courses should henceforth focus on regional issues, including mainly an understanding of the regional integration process, the Central American Common Market, regional manpower requirements and labor's legitimate and necessary role in the process. In effect, IESCA was to offer an exposure to integration matters not available through the national AIFLD programs. This re-orientation of course material was completed in April 1969 by the newly-arrived AIFLD staff and this date represents a dividing line in the history of the project. For that reason, and after consultation with an outside evaluation team, officials of the AIFLD Regional Program and ROCAP management, this PROP covers only the period from April 1969, with emphasis on the April 1971-March 1973 period.

U.S. assistance since April 1969 has been and, under present project planning, will continue to be, focused on establishing IFSCA as a primary training facility for the democratic elements of organized labor in the CA/P area, and to helping strengthen the Central American Confederation of Workers (CTCA) - mainly through technical, not financial, assistance - to become by the close of this project a representative regional force fully prepared to participate militantly in the Central American regional integration process.

ROCAP believes that the AIFLD-IESCA Contractor, in the period since April 1969, has faithfully carried out its assignment of providing educational training to Central American trade unionists. For the future, we believe that AID has two options which, briefly are:

1. A continuation of the project through FY 1973 (Terminal FY 1972 funding) with no change in the AIFLD-IESCA training function.
2. A continuation of the present AIFLD-IESCA training function for a period of five years beyond the originally projected termination in

FY 1973 accompanied by a more intensive effort on the part of the national AIFLD programs in the CA/P area to develop, through direct union organizational work, strong national confederations which in turn will ensure increased support of CTCA by the close of this period.

Selection of the first option will ensure the production of several hundred additional trained trade unionists through the IESCA facility. It is improbable that implementation of Option 1, will produce a permanent and self-sufficient IESCA or CTCA institution.

Implementation of Option 2 requires Washington authorization permitting direct trade union organizational work to be carried on by the AIFLD national and regional programs in CA/P on behalf of the national confederations and CTCA. Consultations with local AIFLD program coordinators suggest that the implementation of Option 2 is consistent with the long-range labor goals in CA/P.

These options are discussed further below in the section on Strategy. ROCAP has been informed by State 025765 that funding for AIFLD activities in FY 1971 has been approved as a result of the LA Bureau Review Panel of Revision No. 2 to this PROP. A subsequent decision on one of the above options will affect activity in the FY1972 and future periods. For FY 1971, however, top-and-intermediate-level trade union leaders, through a series of seminars and conferences, will again be exposed to advanced collective bargaining, administrative and organizational techniques to improve their capacity to negotiate with highly organized, well-prepared employer groups. Such training will also focus on labor's legitimate role in the Common Market process, on the goals, theory, structure and organization of regional integration.

In attempting to strengthen CTCA in 1971, effort will be made to select, recruit and train Central American leaders of that organization to acquire a capability to assume direction over IESCA's educational activities. Additionally, CTCA and its six national affiliates will be encouraged to broaden their participation in the economic and social integration bodies. CTCA leaders

will be urged, through the formulation and adoption of various "position papers" and other means to forge policies toward common regional problems and to defend common positions toward public and private national economic entities and those regional agencies responsible for advancing integration. (See chart on page 4a.)

B. The Setting

The five countries of Central America have a population of over 15 million, out of which approximately 5.1 million are economically active. The AIFLD-IESCA Program also embraces Panama, although this country is not a Common Market partner. Panama has a population in excess of 1.5 million. This CA/P region of six countries is one of the poorest and least developed in the Western Hemisphere, seriously lacking in both natural and human resources. The area is socially backward, politically unstable, and suffers a painfully slow economic development which is encumbered by a persistently high rate of population growth.

The Central American Common Market (CACM), begun in 1960 in the midst of these myriad problems and perhaps because of them, has achieved outstanding success in promoting economic development through industrialization, diversification of economic activity and increased intra-regional trade. Despite difficulties engendered by the El Salvador-Honduras war in mid-1969, the CACM has made substantial progress towards its economic goals. Steps toward political stability and social development, which could normally have been expected as ancillary benefits of economic development, have been few. Organized labor and its representatives, despite their important contributions to CACM successes, have been largely ignored in the formulation and implementation of CACM policies, both by governments and the Central American regional agencies overseeing the integration process. Generally speaking, labor, whether organized or not, feels that it has not received its rightful share of the benefits derived from economic integration.

Due largely to the lack of trained leadership, the unstable political environment and the refusal to recognize labor's essential role in a developing society, attempts to forge the working masses into viable organizations capable of obtaining and protect-

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

Table 1

Page 1

ROCAP/Regional

Project Title: Labor Training (AIFLD)

Revision # 3

Project Number: 596-11-460-004.2

Submission Date: Feb. 23, 1971

Fiscal Years	Ap	L/G	Total	Cont ^{1/}	Personnel Serv.		Participants		Commodities		Other Costs		
					AID	PASA	CONT	U.S.	CONT	Dir	CONT	Dir & CONT	
Prior through Act. FY 70	AG	G	1340	(1340)	-	-	1336	-	4	-	-	-	
Oper. FY 71	AG	G	200	(200)	-	-	101	-	-	-	-	99	
Budg. FY 72	AG	G	275	(275)	-	-	101	-	-	-	-	174	
B + 1 FY													
B + 2 FY													
B + 3 FY													
All Subs.													
Total Life			1815	(1815)	-	-	1538	-	4	-	-	0	273

^{1/}Memorandum (nonadd) column

Table II omitted

ing economic and political rights remain in a formative stage. Trade union gains have been suddenly and at times ruthlessly eliminated as a result of political change. The vacuum created in the developing society of Central America by the frequent absence of a militant, strong democratic labor movement has permitted political extremists to use worker discontent to advance subversion and chaos.

Accurate data on trade union membership in this area is limited. Information on members who pay dues is based largely on estimates. For example, the six national Confederations of the CA/P area affiliated with CTCA, usually recognized as the most democratic, strongest and progressive in this region, are believed to claim a joint membership of about 350,000. The validity of this claim is diluted, however, when it is applied against one universally-recognized definition of an authentic trade union, viz., 1) it has a dues-paying membership; 2) there is a formal relationship between it and the employers; and 3) the opportunity exists to renew the leadership of the organization. Judged in this light, the authentic unions belonging to the six national affiliates of CTCA do not exceed 120,000 members. This, however, represents progress over past years and is substantially higher than can be claimed by the Communist-led and other non-CTCA-affiliated unions in this area.

Dues collection by affiliated unions can generally be regarded as a sine qua non of their support to their national federations and to CTCA. Whereas some strong, financially stable local unions do exist, there is no enforceable obligation to pay dues as a condition of union membership. Additionally, existing practices are such that dues paid at the local level are not passed on to the national federations or national confederations. The resultant upward flow of financial support is negligible. It is obvious that on a basis of a dues-paying membership of 120,000, neither the CTCA nor the national confederations themselves can function with maximum effectiveness. It has been estimated that a dues-paying membership of 1 million would be required to bring this ideal situation about. It follows that until the long-range goal of an adequate membership base is reached, both the national trade union organizations and CTCA will require financial assistance from outside the local trade unions. The alternative for

these organizations is to go out of existence.

It is contemplated that the complete absence of a democratic, independent alternative, as represented by CTCA, could lead to: 1) the assumption by Communist-oriented and/or other radical leftist groups of the regional trade union leadership; 2) a continued resilience on the part of employers, governments and the regional agencies in refusing to deal responsibly with organized labor; 3) the reduced hope within labor for a just redistribution of wealth; and 4) a dilution of labor's expectations regarding its rightful role in society which, in turn, would make it exceedingly difficult to reorient trade unionism here from a mainly political to a mainly economic force.

In the midst of such political instability and pronounced inadequacy of human and financial resources, the AIFLD-IESCA Regional Program has fixed as its principal goal assistance to democratic labor elements to create the basis for a free, permanent and independent regional union movement. The main thrust of the Regional Program, at least since FY 1969, has been: 1) to make organized labor aware, through training seminars, of the advantages of a regional integrated economy; 2) to encourage trade union participation in the integration process; and 3) to assist the regional trade union organization (CTCA) to broaden its institutional linkages and actively seek representation in the deliberations of the various Councils of Ministers and the regional agencies (ODECA, ISECA, etc.).

The 1969 AIFLD-IESCA Work Plan was only partially implemented due to the war between El Salvador and Honduras and the fact that the office of the Regional Coordinator was located in El Salvador and the IESCA Institute in Honduras. Only three regional courses, one specialized conference and the Third CTCA Congress were held during this period.

The 1970 Work Plan was completed satisfactorily. Nine regional activities including training seminars, specialized courses, and labor-management conferences were held during the year and were attended by 173 trainee participants; the Inter-american Regional Organization of Workers (ORIT) and the Inter-

national Trade Secretariats (ITSS) were assisted financially in conducting their regional educational programs, and CTCA leaders were given the means to travel throughout the region, to participate in significant meetings connected with the Central American Common Market and to develop the CTCA organizational effort.

Also in 1970, AIFLD-IESCA reorganized its staff, transferred the school and the office of the Regional Coordinator to Guatemala City, established a library and research unit, provided technical and financial assistance to regional and national trade union organizations, and assisted the various national offices of AIFLD on all regional and integration matters. A follow-up system for graduates was established and the Regional Office began publication of a bi-monthly bulletin.

C. End of (Present) Project Status (Targets)

1. The transfer of the IESCA educational program responsibility to CTCA by mid-1973. The major assumption here is that either AID or another source of financial assistance will continue to provide for the operation of the Institute. CTCA itself will not be in a position to fund such activities.

2. IESCA functioning under CTCA direction and staffing. Again, the assumption is that non-CTCA, non-Central American funds will cover IESCA activities.

3. Fifty percent of IESCA graduates holding labor leadership positions for at least one year following the completion of training.

4. Regular invitations to CTCA to participate in labor-related ministerial level conferences.

5. CTCA ability to develop regionally coordinated labor policies.

D. Strategy

Based on the options described in the Summary section, ROCAP

sees two alternative courses of action:

1. The continuation of the present IESCA educational program through FY 1972. Under this option, the following outputs will be produced.
 - a. Trained CTCA personnel for all levels of the CA/P labor movement.
 - b. Trained CTCA personnel to (i) teach at the IESCA Institute; and (ii) provide technical assistance to the six national confederations.
 - c. A series of labor policy position papers on regional integration issues.
 - d. CTCA participation at major regional integration meetings.
 - e. The completion of curriculum and course content for all courses offered by the IESCA Institute.
 - f. The provision of technical assistance and dollar support to the International Trade Secretariats (ITS) and ORIT for their own regional education activities.
2. The continuation of the present IESCA educational program for a five-year period beyond FY 1972 with an emphasis on organizational as well as educational training activities, as discussed on Page 3. The implementation of this option would produce the outputs described under Option No. 1 and, in addition, an effective, partially self-sufficient CTCA with a dues-paying membership projected at 240,000 capable of representing labor on national and regional levels. This option is based on the following assumptions over the five-year period:
 - a. Trained CTCA personnel will contribute to:
 - (i) local unions; (ii) federations of local unions; (iii) national confederations; and (iv) the regional confederation.

- b. A functioning CTCA headquarters office with a full-time Secretary General and staff provided by CTCA and ORIT.
- c. Changes in attitudes and practices in facilitating the upward flow of funds from the local unions to the regional CTCA level.

E. 1971-1973 activities

1. Under present project planning, the following will be carried out in the period April 1971-March 1973:

- a. Four hundred top-and intermediate-level Central American trade unionists trained.
- b. Twelve top-level CTCA leaders selected, recruited and trained to become teachers and administrators at IESCA. Thirty CTCA leaders selected, recruited and trained to provide technical assistance to the six national CTCA affiliates.
- c. A series of labor policy position papers on regional integration and labor-important issues completed.
- d. CTCA represented at all meetings of the Councils of Ministers of Labor and Economy.
- e. The curriculum and course content for the six types of courses offered at IESCA prepared and implemented.
- f. AIFLD-IESCA technical and financial support provided to five IT6 or ORIT educational activities per year for three years.
- g. The Fifth (1971) and Sixth (1972) CTCA Congresses carried out.

2. The following program activities will be carried out in the April 1, 1971 - March 31, 1972 segment of the 1971-1973 period:

- a. IESCA will complete five five-week Regional Courses for 125 labor leaders from the six countries of the region.
- b. IESCA will conduct two two-week courses on specialized subjects for labor representatives in Workers Banks, Offices of Economic Planning, Social Security Systems, etc., with approximately 15 participants in each course.
- c. IESCA will conduct one three-week course for IESCA graduates, with approximately 12-15 participants, to upgrade their training in a highly specialized course and in new methods of adult education. After graduation these participants will be teaching within the AIFLD national programs.
- d. IESCA will sponsor a CTCA-ORIT high-level course at the ORIT Training Center in Mexico for 20 top labor leaders from the CA/P region.
- e. IESCA will co-sponsor two one-week Labor-Management Conferences for approximately 30 labor leaders and the same number of employers to discuss labor-management relations and their respective roles in the economic and social development of the region.

In addition, AIFLD-IESCA will, in 1971 continue:

- f. Expanding its Library and Research Unit, and making special studies to provide technical assistance to the national confederations, the regional confederation (CTCA), and the AIFLD national programs on all regional integration and labor matters.
- g. Improving the follow-up system through the data-gathering process. IESCA staff will conduct an end-of-year tour to the six countries and meet with IESCA graduates for follow-up and evaluation purposes.

- h. Publishing a bi-monthly bulletin for graduate information and continuing education.
- i. Using the services of a graduate of the Labor Economist Course offered at Georgetown University, Washington, D.C. in the Research Unit.

F. Course of Action (Inputs)

Under present project planning, the following inputs will be made over the 1971-1973 period:

1. The U.S., through ROCAP will provide dollar, liaison and logistics support to the AIFLD Regional Program contract at the annual level of \$275,000.
2. ORIT will provide financial support to the CTCA administrative structure in the amount of \$6,000 annually.
3. The six national CTCA affiliates will provide a minimum of \$500 per year for CTCA support.
4. Technical assistance and training will be provided the Regional Program by the six AID-supported national AIFLD programs.
5. Technical assistance will be provided the Regional Program by the Central American regional agencies and various national government offices.

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