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MAF-779-E1

MISER 519-0256

AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT DATA SHEET</b>		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input checked="" type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number <u>1</u>	DOCUMENT CODE <u>004202</u> 3
2. COUNTRY/ENTITY <u>EL SALVADOR</u>		3. PROJECT NUMBER <u>519-0256</u>		
4. BUREAU/OFFICE <u>LAC</u>		5. PROJECT TITLE (maximum 40 characters) <u>Public Sector Employment Program</u>		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) <u>03/05/82</u>		7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4) A. Initial FY <u>80</u> B. Quarter <u>2</u> C. Final FY <u>81</u>		

8. COSTS (\$000 OR EQUIVALENT \$1 = Q2.50)

A. FUNDING SOURCE	FIRST FY <u>80</u>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total		14,125	14,125		23,055	23,055
(Grant) SDA	( )	( 125 )	( 125 )	( )	( 125 )	( 125 )
(Loan) ARDN/SDA	( )	( 14,000 )	( 14,000 )	( )	( 22,930 )	( 22,930 )
Other U.S.						
1.						
2.						
Host Country		2,320	2,320		7,800	7,800
Other Donor(s)						
<b>TOTALS</b>		16,445	16,445		30,855	30,855

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
1) ARDN	260	-	060		7,700				7,000
2) SDA	710	-	820	125	8,000		7,930	125	15,930
3)									
4)									
<b>TOTALS</b>				125	15,000		7,930	125	22,930

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) <u>120</u> <u>890</u> <u>067</u> <u>069</u>	11. SECONDARY PURPOSE CODE <u>890</u>
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)	
A. Code	<u>BL</u> <u>BU</u> <u>LAB</u>
B. Amount	<u>11,265</u> <u>11,265</u> <u>23,530</u>

13. PROJECT PURPOSE (maximum 480 characters)

The primary purpose is to increase employment and income opportunities for un- and underemployed laborers and to institutionalize the optimal use of labor-intensive Public Works projects to absorb surplus labor and increase incomes.

14. SCHEDULED EVALUATIONS	15. SOURCE/ORIGIN OF GOODS AND SERVICES
Interim <u>1/2/80</u> <u>1/2/81</u> Final <u>1/2/81</u>	<input checked="" type="checkbox"/> 000 <input checked="" type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input checked="" type="checkbox"/> Other (Specify) <u>CACM</u>

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 20 page PP Amendment.)

The purpose of this Amendment is to increase the LOP funding by \$7.93 million. No other changes are envisaged for the Project.

17. APPROVED BY	Signature <i>Peter W. Askin</i>	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION <u>MM DD YY</u>
	Title Peter W. Askin Mission Director	

PUBLIC SECTOR EMPLOYMENT PROGRAM, PROJECT 519-0256

SECOND TRANCHE

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Face sheet

List of Abbreviations

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NOTE: The Balance of Annexes to the original Project Paper remain valid in form and content with the exception of portions of the Log Frame, the items included on annexes to this document and the amounts contained in the Project Authorization.

LIST OF ABBREVIATIONS

1. ANDA National Water and Sewer Administration
2. CAMINOS Directorate of Roads
3. DGRNR Directorate of Renewable Natural Resources
4. DGG Livestock Directorate of the MAG
5. DUA Directorate of Urbanization and Architecture
6. OPOR Project Office for Irrigation Works
7. MAG Ministry of Agriculture and Livestock
8. MPW Ministry of Public Works
9. SRO Special Resource Office

## SUMMARY AND RECOMMENDATIONS

### A. Recommendations

1. USAID/El Salvador recommends approval and authorization of a \$7.93 million increase in the Loan Component of the Public Sector Employment Program to fund a second tranche of the Program. The allotment for the second tranche has been sent to the Mission and will be obligated upon notification of approval of this document.

2. In order to proceed quickly with authorization of the second tranche of this Project, USAID/El Salvador is recommending continued use of standard loan terms for which El Salvador is now eligible -- i.e., that the Loan be repaid to A.I.D. in United States Dollars within twenty-five years from the date of first loan disbursement, including a grace period of not to exceed ten years, and that the rate of interest be 2% during the grace period and 3% thereafter. Over the longer term, the Mission will request AID/W to review and determine whether El Salvador is eligible for AID's most concessional lending terms -- i.e., 40 years repayment period.

### B. Borrower/Grantee

The Ministry of Public Works (MPW) of El Salvador will continue to be the Borrower/Grantee. The MPW will disburse funds directly to the major implementing agencies within the MPW and the Ministry of Agriculture (MAG).

### C. Project Summary

The project is designed to respond to an immediate need to stimulate economic activity and restore public confidence and order. Its primary purpose is to increase employment and income opportunities for un- and underemployed laborers throughout El Salvador. Its secondary, although longer-term, purpose is to institutionalize a system through which the Government of El Salvador (GOES) can make optimal use of labor-intensive public works projects to absorb surplus labor and increase incomes of the poor. In order to achieve these purposes, the Project will continue to provide funds to an Emergency Employment Fund established under the first tranche to finance a variety of small-scale public works sub-projects which meet specific selection criteria. Since the major objective is to create jobs as quickly as possible, the most important criteria are labor content and readiness for implementation. Other criteria include development priority, non-duplications of other donor or AID programs, socio-economic benefits, environmental benefits, and revenue producing and/or maintenance saving potential.

The bulk of Project funds will be used to finance a variety of labor-intensive public works, including water supply and sewerage, street improvements, drainage structures, rural access roads, food storage facilities, reforestation, soil conservation, and rural water catchments. Almost all urban infrastructure sub-projects will take place in marginal communities -- both because they have the greatest needs and because they have a ready supply of un- and underemployed laborers.

The remaining Project funds will be used to finance (1) local engineering consultants who will help a special project office within the Ministry of Public Works to implement the program; (2) spare parts to restore to operation a number of Ministry of Public Works and Ministry of Agriculture vehicles; and (3) special consultants and training to help the GOES define the role of an expanded public works program in its long-term employment strategy and to evaluate Project Implementation.

The total costs over the life of the Project are shown in detail in Table N° 9 in the text of this Paper.

#### D. Summary Findings

Although designed to respond in the short-term to urgent and immediate socio-economic and political problems in El Salvador, the Project is consistent with an overall USAID strategy to increase employment and income opportunities for the country's poor majority. All relevant analyses have been done, and the Project Committee has found the Project to be technically, financially, economically, and socially sound, and to be ready for implementation. All statutory requirements and Conditions Precedent have been met.

## Project Paper Supplement: Public Sector Employment Program Second Stage

### I. Background, Status of First Stage of the Project

The Public Sector Employment program began its life in what can only be described as a turbulent period in Salvadoran history: Gathering political and social pressures and economic decline brought down a military government in October, 1979, and brought in a civilian/military government to defeat takeover by left and right extremes and simultaneously carry out a major set of reforms. The Revolutionary Government has managed to stay in power despite tremendous pressures but the economy has continued its decline. By the time the Agreement for the first stage of the Project had been signed, in February, 1980, the general economic situation was rapidly deteriorating, as was evidenced in a number of ways: In 1979 the GDP dropped 1.6%; by the end of 1980 it had dropped another 8.7%. The balance of payments situation also took a drastic turn for the worse with the International Reserves Account falling from a positive balance of \$126.3 million in 1979 to a negative number of \$70 million at the end of 1980. While reliable statistics on unemployment are hard to come by, the unemployment rate at the end of 1979 was estimated to be 10%; by late 1980 that figure had increased (as a conservative estimate) to at least 16%.

One result of the economic pressures confronting the country and more specifically, the government was (and still is) a serious shortage in basic infrastructure in both urban and rural areas. Streets and access roads in and around marginal communities and small towns throughout El Salvador, need paving and drainage structures; sewerage systems are almost nonexistent in those same communities; almost half of all urban households lack access to running water; rural areas lack adequate roads and the areas to be covered by the Agrarian Reform Program lack adequate irrigation systems.

The Public Sector Employment Program was designed to deal directly with the unemployment and infrastructure problems to help offset a severely depressed private sector and through that action, at least partially prevent further economic deterioration. Although short-term in nature, the Project's strategy was (and is) considered to be foundation upon which to build the country's longer term development. Two Project purposes were established for dealing with those problems: to increase employment and the availability of employment opportunities through an expanded and accelerated rural and urban works Program; and to develop a system through which the GOES could make the best use of labor intensive public works projects to absorb surplus labor and increase the income of the poor. Those purposes and the outputs which were to achieve them were to be accomplished within two years from the signature of the Project Agreement. The following table presents targets set (specifically, the points mentioned are objectively verifiable indicators taken from the Project Log Frame), and results obtained during the 11 months which the Project has been in existence:

TABLE 1

Public Sector Employment Program

First Tranche - Results to Date (Feb. 25, 1981)

<u>EOPS - Planned</u>	<u>EOPS - Actual</u>
1. At least \$10 million of incomes generated by end of project.	1. The Project has generated \$9.9 million worth of incomes for laborers.
2. At least 80,000 person months of new employment opportunities created by public works sub-projects.	2. (Estimated) 78,000 person months of work generated by public works sub-projects.
3. Ministry of Public Works has special office designed and managing labor-intensive public works programs.	3. Done.
4. An increased proportion of the MPW budget is being used for sub-projects with a labor content of at least 40%.	4. Project results to date labor content is approximately 83%.* (Average of all Projects).

<u>Outputs - Planned</u>	<u>Outputs - Actual</u>	
1. <u>Number of expected sub-projects</u>	1. <u>Sub-projects Completed</u>	<u>In Progress</u>
a. Urban Street Improvement and Drainage - 115	a. 47	39 <u>1/</u>
b. Urban Water - 137	b. 24	5
c. Urban Sewer - 71	c. 4	1
d. Bridge - 8	d. 0	0
e. Rural Roads and Drainage - 258	e. 54	148 <u>1/</u>
f. Food Storage Facilities - 178	f. 0	155 <u>2/</u>
g. Reforestation - 5	g. 10	0 <u>1/</u>
h. Soil Conservation - 7	h. 7	0
i. Water Tanks (500 has.) - 10	i. 0	12
<u>789</u>	<u>146</u>	<u>360</u>
2. Special Resource Office within MPW created by 3/1/80.	2. Done.	
3. Trained engineers in labor intensive technology	3. Five hired. One resigned; the rest are in place.	

\* Source: Special Resources Office

1/ Does not include Projects (78 in total) which were terminated due to political violence.

2/ Includes 146 food storage facilities which are to begin construction in the near future.

TABLE I.A.

FIRST TRANCHE COSTS BY AGENCY AND TYPE OF  
SUB-PROJECT (\$000)

*- Less Funds 0114 -*

	N° of Sub-Projects	Expended Total of First Tranche Sub-Projects (As of February 25, 1981)		Unexpended: Balance of First Tranche Sub-Projects	
		AID	GOES	AID	GOES
a. Urban Street Improvement and Drainage (DUA)	86*	4,613	1,390	THE UNSPENT FUNDS WILL BE ALLOCATED ON A "FIRST COME, FIRST SERVE" BASIS WHICH PROBABLY WILL FOLLOW THE ALLOCATION PATTERN THAT HAS EMERGED SINCE THE PROJECT'S COMMENCEMENT.	
b. Urban Water (ANDA)	29	196	132		
c. Urban Sewerage (ANDA)	5				
d. Irrigation Systems (OPOR)	0	0	0		
e. Rural Roads and Drainage (CAMINOS)	202*	2,965	821		
f. Food Storage Facilities (DUA)	155	0	0		
g. Reforestation ( RNR) (1447 Has.)	10*	3,021	670		
h. Soil Conservation ( RNR) (586 Has.)	7				
i. Water Tanks (DGC)	12	14	0		
j. Spare Parts (ORE)	-	0	0		
k. Administration (ORE)	-	50	166		
	506	10,859	3,179		4,141

AID TOTAL: \$15,000,000

GOES TOTAL: \$ 5,150,000

AID-GOES TOTAL: \$20,150,000

\* Excludes 78 sub-projects suspended due to political violence. Caminos suspended 76, while DUA and RNR suspended one each.

*or terminated*

TABLE I.B.

PUBLIC SECTOR EMPLOYMENT PROGRAM  
SUMMARY COST ESTIMATE AND FINANCIAL PLAN  
In US \$000  
First Tranche

	AID			GOES	TOTAL
	Loan	Grant	Total	Counterpart	
<u>Emergency Employment Fund</u>					
Urban Infrastructure Subprojects	6,570	-	6,570	1,522	8,092
Rural Infrastructure Subprojects	3,942	-	3,942	821	4,763
Land and Conservation Subprojects	4,088	-	4,088	670	4,758
SUB-TOTAL	14,600	-	14,600	3,013	17,613
<u>Design and Mgmt. Improvement</u>					
Min. of P.W. Special Resources Office	200	-	200*	650*	850
Spare Parts	200	-	200*	-	200
Implementing Agency Management	-	-	-	1,487	1,487
SUB-TOTAL	400	-	400	2,137	2,537
<u>Strengthening of Public Works</u>					
<u>Sector</u>					
Project Evaluation	-	25	25*	-	25
Tech.Assistance and Training	-	100	100*	-	100
SUB-TOTAL	-	125	125	-	125
GRAND-TOTAL	15,000	125	15,125	5,150	20,275

\* These funds may be expended until the projects termination in March , 1982,  
The expenditure of all other funds is expected by April, 1981,

TABLE I.C.

LOAN FINANCIAL STATUS

OBLIGATION	\$ 15,000,000.00
REIMBURSEMENTS	10,509,510.96
BALANCE	4,490,489.04
UNLIQUIDATED ADVANCE	4,010,380.00
BALANCE	480,109.04

As can be seen from the table above, Project progress to date has been exceptional. With some minor exceptions, purposes and outputs have been achieved or surpassed in less than half of the planned Project life. The remaining outputs should be achieved by late March or April except completion of the water tanks and the food storage facilities, which should take a bit longer. Problems in those areas have been due to internal management and planning problems in the line agencies responsible for basic planning and implementation of a given subproject. What the results to date mean are that the Project has met and very successfully dealt with part of the extremely high priority needs identified by the GOES. In working with A.I.D. to meet the need for employment, the GOES has shown that given adequate financial resources, it is ready, willing and quite capable of working to achieve its long term aims of increased national production, employment and income.

To address critical employment balance needs, Project work was distributed among four zones, by urban and rural areas, as follows:

TABLE 2  
Geographic Distribution of Sub-Projects

ZONE	URBAN	RURAL	TOTAL	%
E A S T	32	71	103	23.7
C E N T R A L	11	120	131	30.1
M E T R O P O L I T A N	72	-	72	16.6
W E S T	15	114	129	29.6
T O T A L	130	305	435*	100.0%
	30%	70%	100%	

Source: Special Resources Office, Ministry of Public Works (MPW).

\* Includes 78 sub-projects suspended due to attacks on field workers.

West = Ahuachapán, Santa Ana and Sonsonate.

Central = Chalatenango, La Libertad, San Salvador, Cuscatlán, La Paz, Cabañas, San Vicente.

Metropolitan = The City of San Salvador and environs.

East = Usulután, San Miguel, Morazán and La Unión.

It should be pointed out here that original plans had called for 53% of the sub-projects to be carried out in urban areas and 47% in the rural parts of the country. The GOES determined, over the course of the Project, that the un- and under-employment problems in the rural areas were more critical, particularly during the non-planting and harvesting period; the geographic emphasis was changed accordingly.

Given the nature and intent of the Project, the Project Paper naturally placed emphasis on the use of manual labor in carrying out the sub-projects; in fact, a minimum labor/cost ratio of 40% was required for a sub-project to be eligible for Project financing. The table below shows actual labor/cost ratios achieved to date under the Project:

TABLE 3

Estimated Labor/Cost Ratios (\$000)\*

	<u>Total Cost</u>	<u>Cost of Labor</u>	<u>%</u>
1. Urban Street	6,000	4,760	79
2. Urban Water	328	201	61
3. Rural Roads	3,786	3,318	87
4. Reforestation/Soil	3,691	3,200	86
5. Reservoirs	<u>14</u>	<u>13</u>	<u>93</u>
Overall Ratio	13,819	11,492	83.0

Source: Special Resources Office, MPW.

\* As of Feb. 25, 1981; includes A.I.D. and GOES costs.

As can be seen, the target of 40% was surpassed in all areas by an impressive margin; in so doing the Project implementation increased the number of direct beneficiaries of the Project by a sizable number. Direct Project beneficiaries (over the life of the Project) will number about 112,000. The number of indirect beneficiaries under the Project is expected to be considerable: 672,000 (assuming six members to one employee's family). Moreover, since between \$1.2 and \$1.5 million have been paid out monthly (with the bulk of the funds going to laborers) the amount of business generated for the private sector and its employees, through the purchase of equipment tools and building materials is thought to be considerable. Also, as noted in the original project paper, it is in the area of consumer demand creation and subsistence level small-farm investment that the project's secondary effects will be generated. The widespread

disbursement of the additional funds provided in this amendment will continue to maintain cash flows to laborers, which are presently being reduced by economic depression. For some, it is likely to be the only source of cash with which to purchase needed seed and fertilizer inputs for small farm plots.

Finally, with respect to institutional development, the GOES established a Special Resources Office (ORE) within the Ministry of Public Works to serve as the primary administrative and management unit for the Project to coordinate the work of participating agencies including the Ministry of Agriculture (MAG) the National Water and Sewer Administration (ANDA), the Directorate General of Renewable Natural Resources (RNR), the Directorate of Urbanization and Architecture (DUA), the Directorate General of Livestock (DGG), and the Directorate of Caminos (CAMINOS). All required staff are on board and are working effectively and efficiently.

## II. Rationale for the Second Stage of the Project

While the Project purposes and outputs will be achieved (or surpassed) by the time the first tranche monies run out, the problems that were to be addressed by that tranche still exist. Indeed, conditions have worsened in the face of the political situation. The economic situation has deteriorated in almost all areas; levels of unemployment have risen and the need for infrastructure works remains high. Political violence continues to plague the country; private investment decreased over 1980 and is expected to do so again in 1981. The GOES is having a progressively more difficult time dealing with its financial resource constraints. At the same time, while the Project purpose has for all intents been achieved (at least within the context of the original Project Paper) the problem which was designed to be addressed has in fact becomes worse.

While the GOES has become somewhat stronger, and has begun to implement various reform policies, violence worsened during 1980. This in turn added impetus to a downward spiral of the economy (and a consequent loss in jobs) which in its turn, threatened (and threatens) further unrest and political instability. Current figures provided by the Ministry of Planning indicate that the GDP for 1980 dropped by 8.7%; projections for 1981 show a slight improvement in that the GDP is expected to decrease by only 2.5% or possibly remain the same. In contrast to 1979, where coffee production was high and so were prices, 1980 saw a significant drop in production caused by escalating violence and in prices caused by overproduction worldwide and greed. As in 1979, the private sector areas - industrial, construction and commercial - were most severely affected with a slow recovery seen for them in 1981.

The foreign exchange situation accompanied the GDP on the way down in 1980. Once again, the Net International Reserves Account went down from \$126 million at the end of 1979 a minus \$69 million at the end of 1980. A conservative estimate for 1981, which assumes no new external financing or assistance, shows reserves falling to a minus \$260 million. Apart from

a severe capital flight problem, the story is no different from that of the GDP - politically and economically, the situation deteriorated in 1980 - and it shows in the foregoing numbers.

True to predictions in the Project Paper, the domestic resource situation (i.e., the current accounts and the surplus/deficit situation) worsened in 1980. The current account went from \$132 million in 1979 to a negative \$94 million in 1980, with a projected negative balance of \$341 million in 1981. The trend for the deficit is the same, going from a negative \$25 million in 1979 to a negative \$185 million (estimated) in 1980, to a negative \$300 million in 1981 (estimated).

Unemployment data for El Salvador are generally unreliable so it is difficult to estimate the increase in unemployment that has occurred since the economy began to turn downward in 1979. A recent A.I.D. economic analysis\* estimates that open unemployment from 1971 to 1981 (projected) changed as follows:

TABLE 4

Employment and Unemployment Data 1971-1981

	(1)	(2)	(3)	(4)
	Labor Force	Adjusted Employment	Number of Persons	Unemployment Rate %
1971	1,116	1,028	87	7.8
1972	1,153	1,077	76	6.6
1973	1,191	1,125	66	5.5
1974	1,230	1,172	58	4.7
1975	1,270	1,220	50	3.9
1976	1,313	1,263	50	3.8
1977	1,357	1,308	49	3.6
1978	1,403	1,352	51	3.6
1979	1,451	1,340	111	7.6
1980	1,500	1,256	244	16.3
1981	1,550	1,256	294	19.0

Sources:

- (1) IDB, Economic and Social Progress in Latin America, 1977 Report, Chapter 5.
- (2) 1971-77: These numbers include considerations of underemployed people, i.e., people capable of working full time who are working less than full work week. This column allows for seasonal fluctuations in employment.
- (3) Column (1) minus (3).
- (4) Column (4) divided by Column (1).

\* Clark Joel/Clarence Zubekas, February, 1981.

As can be seen, the employment situation has not improved. There are essentially two reasons for this: the population growth rate which adds about 50,000 workers annually to the work force; and the politico-economic situation which has conspired to throw large numbers of people out of work over the past year due to strikes, factory closings, and ordinary violence.

The high percentage of the Salvadoran labor force un- or underemployed represents a volatile force that must be defused in the immediate future, especially during the traditional period of high unemployment between February and August and particularly in this second year of the country's politico-economic crisis. As was mentioned earlier, first tranche funds (including counterpart) will be almost all exhausted by late March; this means that second tranche funds will have to come on line about the same time if the GOES is to increase present employment levels on public works projects. The GOES has learned and recognizes the need for immediate action, but given its deteriorating resource situation, is not able to continue such a large-scale program without external assistance. No other donors are prepared or able to respond to these pressing Salvadoran needs in a timely fashion. Therefore, we feel that A.I.D. can and should move quickly to finance a second stage effort under the Public Sector Employment Project that can continue to finance jobs beginning in March.

With respect to infrastructure needs, the situation still remains critical. In point of fact, the GOES recently sent the Mission a list of 342 new proposed public sub-projects similar to the types covered under the first tranche of the Project. The total cost of the sub-projects is estimated at about \$26.7 million and calls for about 180,000 person/months of work. Sub-projects to be included for financing under the second tranche will be drawn from the GOES's list. A preliminary examination of the list indicates that the GOES has a large number of sub-projects ready for execution. A sample of those sub-project listings is included as Annex A to this paper.

The short-term employment strategy used in the first stage of the Program still applies for three reasons. First, the GOES recognizes that a program of "work for work's sake" would provide only a temporary and artificial solution to the country's growing unemployment problem. Therefore, it has determined that employment should be generated through investment which is directed at important bottlenecks to future economic and social progress. In El Salvador, these areas include: (a) access roads, streets, and related drainage improvements which will improve transportation and communication essential to the development of small industry, tourism, and commerce; (b) extensions to local water supply and sewerage systems which respond to basic health needs and are essential to labor productivity; and (c) reforestation, soil conservation and irrigation measures which develop environmentally sound bases for improved land use. Secondly, the GOES is prepared to move quickly with a public works-type employment program. Sub-project plans exist; large numbers of adequately trained, but un- or under-employed workers are available

As can be

due to the near standstill in economic activity; and there is a demand for the kinds of public works and infrastructure sub-projects anticipated. Thirdly, the original strategy envisaged a two year Program which would serve to provide the aforementioned temporary solution to an immediate problem while longer term solutions are sought. In fact, first tranche resources have run out almost completely in a little less than a year. This second tranche (which will also provide desperately needed foreign exchange to El Salvador), will provide additional resources in the short run, while the GOES works to develop long term, fundamental employment policies and solutions.

Since this amendment contemplates short-term disbursement, it is anticipated that alternative measures will be adopted to assure continuing infrastructure financing over the succeeding fiscal year while longer term national employment policies are developed. These national employment policies would address stimulation of private sector job creation and include provisions for improving labor intensive practices and added employment through industry reactivation. Use of colones generated from the foreign exchange private sector support program later in the year (a separate telegram dealing with this should arrive shortly) would provide credit and other capital support for these measures as well as assisting the GOES to shift from predominantly force account construction of public infrastructure to private industry participation. In the event that colon generations are not forthcoming from the foreign exchange private sector support effort as quickly as is hoped, Project implementation would be rescheduled in such a way as to provide continuous financing of the Program until such time as the colones generations could be brought into play. The intent here is to avoid any sudden or severe dislocations in the employment situation, or interruptions in the GOES's continuing efforts in construction of infrastructure. In the meantime, the A.I.D. financed Reform and Policy Planning Project (519-0260) will be used to help the Government better understand the employment implications of its current economic and investment policies as well as formulate an employment strategy appropriate to the Mission's strategy of supporting the private sector in the future.

### III. PROBLEMS AND IMPROVEMENTS

Political Violence: The political violence which has beset El Salvador over the past year also affected the Public Sector Employment Program and its personnel. As mentioned earlier, seventy-eight sub-projects were suspended because of attacks on field crews and even the Special Resources Office was the target of an attack. To its credit, and despite the fact that four GOES employees have died as a result of terrorist attacks, the GOES was able to maintain the accelerated pace of the Project and will complete it ahead of schedule. In response to unemployment generated by the violence, the second tranche of the Project will increase Project resources allocated to provide temporary employment to persons displaced by that violence.

Spare Parts for GOES Vehicles and Equipment. The Project Agreement allocated \$200,000 of Loan Funds for the purchase of spare parts to restore GOES vehicles and equipment for project use subject to A.I.D. source and origin requirements. Despite many Mission initiatives, the MPW has not reported any expenditures from this fund, in part, because the majority of GOES vehicles are of Japanese origin. While there are American vehicles deadlined because of a lack of spare parts, the GOES is reluctant to repair them because of the higher gasoline and maintenance costs which they incur. GOES currently plans to purchase on the Salvadoran market eligible spare parts which meet its actual needs and later will request A.I.D.'s approval of the transfer of the remaining Loan Funds to other project activities.

Labor-Intensive Criterion. The Project Agreement requires that all project activities must contain no less than a "40% labor/total cost ratio." The project has achieved a labor-intensive ratio which averages well over 70%, and the GOES has proposed for the next tranche a ratio which would average well over 60%.

At the Mission's instigation, GOES has agreed to increase the labor/ total cost ratio minimum from 40% to 50%. This modification will ensure the maintenance of a higher labor ratio in all project activities, will guarantee higher employment levels, and will continue to offer greater income-earning opportunities for poor laborers.

#### IV. Public Sector Employment - The Second Stage

The second stage of the Project is simple and straightforward. The Goals of the Project will remain the same as will the nature of the purposes and (in large part) the outputs; only the quantities will change. The GOES is proposing 186 new sub-projects for financing under the second stage to be disbursed over a three-four month period. The new sub-projects have been selected from the existing, larger list of infrastructure public works sub-projects mentioned earlier in this paper; as such, they are ready for immediate implementation under the continuing management of the SRO. The high disbursement rate of the first tranche has been accelerated at the specific request of the Minister of Planning, since the employment problem in his view is expected to worsen in the near future. The accelerated rate of the second tranche should produce a monthly average for some 14,725 jobs to deal with the problem. The Ministry of Public Works and other agencies involved in the Project have indicated in their turn, that an accelerated execution rate will not present special implementation difficulties; accordingly all funds should be disbursed by the end of July. The type, number, cost and geographic distribution of the new projects are shown in the three tables below.

TABLE 5

SECOND TRANCHE COSTS BY AGENCY, AND TYPE OF SUBPROJECTS (\$000)

	No. of Sub- Projects	C O S T		
		A I D	G O E S	TOTAL
a. Urban Street Improvement and Drainage (DUA)	57	2,961.2	571.8	3533.0
b. Urban Water (ANDA)	2	318.0	63.9	381.9
c. Urban Sewerage (ANDA)	6			
d. Irrigation Systems (OPOR)	15	709.5	149.9	859.4
e. Rural Roads and Drainage (Caminos)	89	2,239.8	483.4	2,723.2
f. Food Storage Facilities (BODEGAS) (DUA)	1*	254.5	44.3	298.8
g. Reforestation (RNR)	7 (840 ha.)	1,447.0	305.3	1,752.3
h. Soil Conservation (RNR)	10 (429 ha.)			
i. Water Tanks (DGG)	-0-	-0-	-0-	-0-
Sub-Total	187	7,930.0	1,618.6	9,548.6
<u>Administration</u>				
Special Resources Office			100.0	100.0
Executing Units			931.4	931.4
Sub-Total			1,031.4	1,031.4
T O T A L		7,930.0	2,650.0	10,580.0

\* The construction of 80 Food Storage Facilities has been considered as one sub-project.

TABLE 5 A

PUBLIC SECTOR EMPLOYMENT PROGRAM

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

SECOND TRANCHE

	A. I. D.			GOES	TOTAL
	LOAN	GRANT	TOTAL	COUNTERPART	
<u>EMERGENCY EMPLOYMENT FUND</u>					
Urban Infrastructure Sub-projects	3,533.7	-	3,533.7	680.0	4,213.7
Rural Infrastructure Sub-projects	2,239.8	-	2,239.8	483.4	2,723.2
Land and Conservation Sub-projects	2,156.5	-	2,156.5	455.2	2,611.7
SUB-TOTAL	7,930.0	-	7,930.0	1,618.6	9,548.6
<u>DESIGN AND MANAGEMENT IMPROVEMENT</u>					
Ministry of Public Works Special Resources Office	-	-	-	100.0	100.0
Spare Parts	-	-	-	-	-
Implementing Agency Management	-	-	-	931.4	931.4
SUB-TOTAL	-	-	-	1,031.4	1,031.4
<b>GRAND TOTAL</b>	<b>7,930.0</b>	<b>-</b>	<b>7,930.0</b>	<b>2,650.0</b>	<b>10,580.0</b>

12  
- 146 = 146

TABLE 6

GEOGRAPHIC DISTRIBUTION BY AGENCY AND AREA - SECOND TRANCHE

EXECUTING AGENCY	ZONES				TYPE	
	WEST	CENTRAL	METROPOLITAN	EAST	URBAN	RURAL
ANDA	-	1	5	2	8	-
DUA	12	12	22	12	58*	-
CAMINOS	18	46	-	25	-	89
RNR	10	4	-	3	-	17
OPOR	5	5	-	5	-	15
<b>T O T A L</b>	<b>45</b>	<b>68</b>	<b>27</b>	<b>47</b>	<b>66*</b>	<b>121*</b>

\* The construction of 80 Food Storage Facilities has been considered as one sub-project.

- 15 -

In general, the new sub-projects are similar in nature to those carried out under the first tranche of the Program, with the exception of irrigation Projects, which are discussed elsewhere. As can be seen from the tables above, the distribution and nature of the sub-projects remain pretty much the same; the GOES has agreed however, that, in view of the excellent performance to date regarding use of manual labor, it will raise the minimum requirement for manual labor to 50%.

The administration of the Project will continue along the same lines: The Office of Special Resources will coordinate execution of the sub-Projects and generally carry out the functions outlined in the original Project Paper.

Net effect of Second Tranche - End of Project Status/Financial Plan

The following two tables (Tables 7 and 8) represent End of Project status and output targets based on a combination of the first and second tranches.

Tables 7 and 8

Project Title & Number: Public Sector Employm

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose:</p> <p><u>PURPOSES:</u></p> <p>The primary purpose is in the short-run to increase employment and income opportunities for un- and underemployed laborers. The longer-term, although secondary, purpose is to institutionalize a system through which the GOES can make optimal use of labor-intensive public works projects to absorb surplus labor and increase incomes.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <p><u>EOPs</u></p> <ol style="list-style-type: none"> <li>1. At least \$15 million of incomes generated by, end of Project.</li> <li>2. At least <u>160,000</u> person months of new employment opportunities created by public works sub-projects.</li> <li>3. MPW has special office designing and managing labor-intensive public works program.</li> <li>4. An increased proportion of the MPW budget is being used for sub-projects with a labor content of at least 50%.</li> </ol>	<ol style="list-style-type: none"> <li>1. SRO monthly reports and MPW, ANDA, and MAG records.</li> <li>2. " " "</li> <li>3. Observation</li> <li>4. SRO Monthly Reports</li> </ol>	<p>Assumptions for achieving purpose:</p> <ol style="list-style-type: none"> <li>1. GOES remains committed to labor-intensive public works as part of employment strategy.</li> <li>2. Demand for appropriate sub-projects remains high.</li> <li>3. Labor and political unrest do not impede GOES from contracting laborers.</li> </ol>

(22)

TABLE 8  
PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

AID 1970-20 (7-71)  
SUPPLEMENT 1

Life of Project: 80 to FY 82  
From FY 80 to FY 82  
Total U.S. Funding: \$23,055,000  
Date Prepared: 2/25/81

Project Title & Number: Public Sector Employment Program

PAGE 3

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Outputs:	Magnitude of Outputs:		Assumptions for achieving outputs:
<p>1. <u>Sub-Projects</u></p> <p>a. Urban Street Improvement and Drainage</p> <p>b. Urban Water</p> <p>c. Urban Sewer</p> <p>d. Irrigation Systems</p> <p>e. Rural Roads &amp; Drainage</p> <p>f. Food Storage Facilities</p> <p>g. Reforestation</p> <p>h. Soil Conservation</p> <p>i. Water Tanks</p> <p>2. SRO within MPW</p> <p>3. Trained engineers in labor intensive technology choices</p>	<p>1. Number of expected sub-projects</p> <p>a. 143</p> <p>b. 31</p> <p>c. 11</p> <p>d. 15</p> <p>e. 291</p> <p>f. 156*</p> <p>g. 17</p> <p>h. 17</p> <p>i. <u>12</u> 693</p>	<p>1. SRO monthly reports and evaluations</p> <p>2. Observation</p> <p>3. SRO and loan reports</p>	<p>1. Labor and materials continue available to meet demand</p>
<p>* The Food Storage Facility element has been considered as one sub-Project for the second tranche even though DUA will construct 80 facilities.</p>			

The following tables represents the consolidations of the budgets fo both tranches of the Project.

Insert Table 9

TABLE 9

PUBLIC SECTOR EMPLOYMENT PROGRAM  
SUMMARY COST ESTIMATE AND FINANCIAL PLAN

In US \$000

CONSOLIDATED - FIRST AND SECOND  
TRANCHES  
AID

	<u>Loan</u>	<u>Grant</u>	<u>Total</u>	<u>GOES Counterpart</u>	<u>TOTAL</u>
<u>Emergency Employment Fund</u>					
Urban Infrastructure Subprojects	10,103.7	-	10,103.7	2,202.0	12,305.7
Rural Infrastructure Subproject	6,181.8	-	6,181.8	1,304.4	7,486.2
Land and Conservation Subprojects	6,244.5	-	6,244.5	1,125.2	7,369.7
SUB TOTAL	22,530.0	-	22,530.0	4,631.6	27,161.6
<u>Design and Mgmt. Improvement</u>					
Min. of P.W. Special Resources Office	200	-	200	750	950
Spare Parts	200	-	200	-	200
Implementing Agency Management	-	-	-	2,418.4	2,418.4
SUB TOTAL	400	-	400	3,168.4	3,568.4
<u>Strengthening of Public Works Sector</u>					
Project Evaluation	-	25	25	-	25
Tech. Assistance and Training	-	100	100	-	100
SUB TOTAL	-	125	125	-	125
GRAND TOTAL	22,930.0	125	23,055.0	7,800.0	30,855.0

RESUMEN GENERAL

ANNEX A

UNIDAD EJECUTORA	Nº DE SUB-PROY.	JORNALES ¢	MATERIALES ¢	OTROS ¢	TOTAL ¢	EMPLEOS mes - hombre
DUA	131	15.490.000	7.886,000	3.624,000	27.000.000	37.800
RNR	39	18.255,979	1.340.004	404.017	20.000.000	34,730
DGC	162	11.502,027	3.719,524	2.278,449	17.500,000	22,640
ANDA	10	892,630	380,350	227,020	1.500,000	1.785
ORE	Admón	400.000	100.000	166.000	666.000	
<b>TOTALES</b>	<b>342</b>	<b>46.540.636</b>	<b>13.425.878</b>	<b>6.699.486</b>	<b>66.666.000</b>	<b>96.955</b>

NOTA: Se proyecta la duración del Programa en 18 meses con un flujo de gastos mensuales promedio de ¢ 3.703,666 (US: \$ 1.481,466 )

El nivel de empleo promedio se considera que será del orden de 10,000 trabajadores con un máximo de 13,000 durante el período apropiado para la reforestación.

PROYECTOS NUEVOS  
PLAN DE EMERGENCIA  
D. U. A. - A. I. D.

MINISTERIO DE OBRAS-PUBLICAS  
 OFICINA DE RECURSOS ESPECIALES (GOES - AID)  
 SAN SALVADOR, EL SALVADOR, C. A.

CUADRO RESUMEN

€ 27,000.000.00

- AREA METROPOLITANA.

€8,959.000.00

Mano de Obra	€5,122.000.00
Materiales	2,630.000.00
Servicios no Personales	885.000.00
Repuestos Equipo Aut. motriz	322.000.00

-ZONA CENTRAL.

€ 10,067.200.00

Mano de Obra	€ 5,811.000.00
Materiales	2,910.000.00
Servicios no Personales	9,630.000.00
Repuestos Equipo Automotriz	3,832.000.00

-ZONA OCCIDENTAL

€ 4,804.800

Mano de Obra	€ 2,772.000.00
Materiales	1,386.000.00
Servicios no Personales	462.000.00
Repuestos Equipo Automotriz	184.800.00

-ZONA ORIENTAL

€ 3,169.000.00

Mano de Obra	€ 1,785.000.00
Materiales	960.000.00
Servicios no Personales	275.000.00
Repuestos Equipo Automotriz	149.000.00

PROYECCION DE GENERACION DE EMPLEO

€15,490.000.00 = aproximadamente 37,800 meses/hombre  
 + € 408.00 m/h.

DIRECCION GENERAL DE RECURSOS NATURALES RENOVABLES

CUADRO RESUMEN DE SUB-PROYECTOS

	<u>MANO DE OBRA</u>	<u>MATERIALES</u>	<u>OTROS</u>	<u>TOTAL</u>
Reforestación	9.495,412	813.320	113,699	10.422,431
Conservación de Suelos	8.760,567	526.684	290,318	9.577,569
<b>TOTALES</b>	<b>18.255,979</b>	<b>1.340.004</b>	<b>04.017</b>	<b>20.000.000</b>

OBRA FÍSICA & MANO DE OBRA

	<u>Nº DE SUB-PROYECTOS</u>	<u>AREA (Ha)</u>	<u>EMPLEOS (mes-hombre)</u>
Reforestación	23	2.441	18.080
Conservación de Suelos	16	1.670.6	16.650
<b>TOTALES</b>	<b>39</b>	<b>4.111.6</b>	<b>34.730</b>

DIRECCION GENERAL DE CAMINOS

CUADRO RESUMEN DE SUB-PROYECTOS

	<u>JORNALES</u> <sup>1/</sup>	<u>MATERIALES</u>	<u>OTROS</u>	<u>TOTAL</u>
Caminos vecinal	7.877.505	1.946.424	1.470.502	11.294.431
Obras de Arte	3.624.522	1.773.100	807.947	6.205,569
<hr/>				
T O T A L E S	11.502.027	3.719.524	2.278.449	17.500.000

OBRA FISICA & MANO DE OBRA

	<u>Nº DE SUB-PROYECTOS</u>	<u>EMPLEOS</u>
Caminos	117	15,450 M/1
Obras de Arte	45	7,190 "
TOTAL	162	22.640 M/1

NOTAS = 1/ Estos totales incluyen prestaciones sociales

2/ Meses-hombre

SUBPROYECTOS DE ACUEDUCTO Y ALCANTARILLADO SANITARIO  
ADMINISTRACION NACIONAL DE ACUEDUCTOS Y ALCANTARILLADOS  
( ANDA )

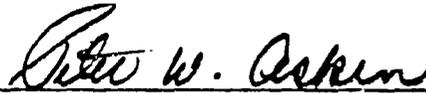
N O M B R E	UBICACION	COSTO MATERIALES	COSTO JORNALES	OTROS	TOTAL
Alcantarillado sanitario en Pje.Salvador Henríquez, Cantón Zacamil	Mejicanos,S.S.	2,161.77	5,548.47	1,574.76	9,285.00
Acueducto en Col.San Martín	San Martín, Sn.Salv.	29,260.57	40,399.28	12,639.15	82,299.00
Alcantarillado sanitario en Colonia San Antonio	San Marcos, San Salvador	43,389.06	174,636.41	37,064.53	255,090.00
Acueducto en Colonia 15 de Septiembre	San Miguel	169,645.11	226,393.36	65,309.53	461,348.00
Acueducto en Col.Sta. Isabel	Plan del Pino,Cd.Delg.	7,895.20	10,510.31	4,625.49	23,031.00
Alcantarillado Sanitario en Colonia Kury	San Miguel	20,406.56	77,654.99	21,130.45	119,192.00
Alcantarillado Sanitario en Cols. Boquín,Sta.Gertrudiz	Mejicanos, S.Salv.	84,604.90	273,689.09	61,365.01	419,659.00
Alcantarillado sanitario en Pje.Honduras,Bo.Candelaria	San Salvador	3,605.38	10,385.93	2,392.69	16,384.00
Alcantarillado sanitario en 13a. Av.Sur y Pje. Valdez	San Vicente	4,921.89	17,123.90	3,973.21	26,019.00
Alcantarillado sanitario en Col.Sta.Carlota,Bo.Sn.Jacinto	San Salvador	14,459.72	56,288.04	16,945.24	87,693.00
T O T A L E S . . . .		380,350.16	892,629.78	227,020.06	1,500,000.00

## ANNEX B

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

I, Peter W. Askin, as Director of the Agency for International Development Mission to El Salvador, having taken into account, among other things, the maintenance and utilization of projects previously financed by U.S.A.I.D./El Salvador, do hereby certify that in my judgement the Government of El Salvador and the implementing agencies in particular have the financial capacity and human resources capability to effectively utilize and maintain the proposed second stage of the Public Sector Employment Program Loan and Grant. In order to ensure this, the Loan and Grant provide funding for consultants and technical assistance to help implement the Project, as needed.

This judgement is based upon the implementation record of AID-financed projects in El Salvador and the degree of planning and analysis which have been done in designing and preparing this second stage of the project.



Peter W. Askin  
Peter W. Askin  
Director, USAID/El Salvador

February 27, 1981

CRDO

DEPARTMENT OF STATE

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ANNEX C.1

ACTION:

AID-5

# TELEGRAM *PS/CRDO*

INFO:  
AMB  
DCM  
ECON.  
POL  
CRO  
USICA  
DAO  
ADMIN  
PER  
BFO  
GSO  
AGR  
COMAT  
PC  
CONS  
AID  
MILGP  
NSD  
CHRON  
RF

INCOMING SAN SALVADOR  
URGENT

JAN 13 CONTROL

324

P 130052Z JAN 81  
FM SECSTATE WASHDC  
TO AMEMBASSY SAN SALVADOR PRIORITY 1008  
BT  
UNCLAS STATE 003127

*CRDO*  
*ADTS*

AIDAC

E.O. 12065:7/A

TAGS:

SUBJECT: PP SUPPLEMENT FOR PUBLIC SECTOR EMPLOYMENT PROGRAM (519-0226)

REF: (A) TEL COM PEASLEY/OKR/MLASSEN 1/6/81; (B) 79 STATE 333887; (C) SAN SALVADOR 9005

*PR*

1. PER TEL COM SUBJECT PP SUPPLEMENT INCREASING LCP FUNDING BY DOLS 7.93 MILLION SHOULD BE SUBMITTED IN MARCH FOR OBLIGATION OF DOLS 8.93 MILLION IN LATE MARCH OR EARLY APRIL. WE UNDERSTAND THAT RATIONALE FOR PP AMENDMENT IS (A) MORE RAPID THAN ORIGINALLY PLANNED DISBURSEMENT RATE, (B) INCREASED ESTIMATE OF DEMAND FOR SUBPROJECTS, AND (C) DESIRE OF MISSION TO PUT GREATER EMPHASIS ON INSTITUTIONALIZATION OF PUBLIC SECTOR EMPLOYMENT PROGRAM.

2. PP SUPPLEMENT SHOULD COVER THE FOLLOWING:

A. STATUS OF PROJECT IMPLEMENTATION. THE PP SHOULD DESCRIBE NUMBER, TYPE AND VALUE OF SUBPROJECTS ALREADY APPROVED, INCLUDING THE STATUS OF SUBPROJECTS; AM DISBURSEMENTS WITH ADVANCES DISTINGUISHED FROM REIMBURSEMENTS; COUNTERPART EXPENDITURES; PRELIMINARY EVALUATION

OF THE FUNCTIONING OF THE ADMINISTRATIVE ARRANGEMENTS; AND IDENTIFICATION OF PROBLEMS.

B. PP UPDATE. THE SUPPLEMENT SHOULD ALSO PROVIDE REVISIONS OF THE FOLLOWING PARTS OF THE PP: END OF PROJECT STATUS AND OUTPUTS; BUDGETS AND DISBURSEMENT SCHEDULES; ILLUSTRATIVE LIST OF SUBPROJECTS EVIDENCING DEMAND FOR HIGHER FUNDING LEVEL; AND DESCRIPTION OF ANY PROPOSED CHANGES IN STAFFING REQUIREMENTS, ADMINISTRATIVE ARRANGEMENTS, TECHNICAL ASSISTANCE OR TRAINING.

*Handwritten signature*

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CLASSIFICATION

3. FOLLOW UP CABLE WILL ADVISE ON POSSIBILITY OF PROVIDING TOM MCKEE, LAC/DR, CLAUDE SALEM, NSSA OR ALTERNATE TO ASSIST IN PREPARATION OF PORTIONS OF EVALUATION CONTAINED IN PARAS 4, 5, 6 AND 7 OF REF. (C), WHICH WOULD PROVIDE MATERIAL FOR PP SUPPLEMENT. EXPECT THAT MCKEE WILL BE AVAILABLE 7 - 10 DAYS STARTING O/A FEB. 23, AND THAT SALEM WOULD BE AVAILABLE O/A MARCH 2.

4. IF DISBURSEMENT RATES REQUIRE THAT DOLS 1.0 MILLION INCREMENT ALREADY AUTHORIZED BE OBLIGATED EARLIER THAN MARCH, MISSION SHOULD SUBMIT MATERIAL FOR A SINGLE CONGRESSIONAL NOTIFICATION FOR THE ENTIRE DOLS 8.95 MILLION ASAP. MUSKIE

BT

#8127

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MINISTERIO DE PLANIFICACION  
Y COORDINACION DEL DESARROLLO  
ECONOMICO Y SOCIAL

DECS/DSP/46

CON ANEXO

ANNEX D-1  
000010

San Salvador, 26 de febrero de 1981

ASUNTO: Solicitase ampliación de  
Préstamo No.519-0256

Señor Peter W. Askin  
Director de la Agencia para el  
Desarrollo Internacional (AID)  
Embajada Americana  
Presente

Estimado señor Askin:

Como es de su digno conocimiento, el Proyecto Generación de Empleo del Sector Público, Préstamo AID-GOES No.519-0256, ha realizado en menor tiempo del previsto sus actividades programadas y con 435 subproyectos generó 14,808 empleos con lo que se superaron los objetivos primordiales del proyecto.

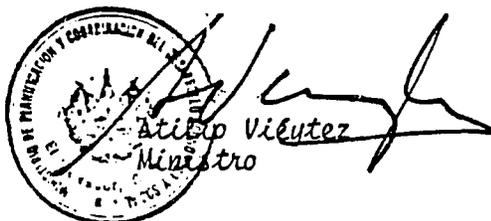
Existiendo la necesidad del GOES de continuar con el proyecto que es uno de los prioritarios por su filosofía de generar empleo, se solicita de no existir inconveniente, ampliar su financiamiento en \$7.93 millones; comprometiéndose el GOES aportar el 25% del total del proyecto como contrapartida nacional.

La distribución de fondos para la ampliación del proyecto sería en la forma siguiente:

	ETAPA ANTERIOR U.S. \$	AMPLIACION U.S.\$	T O T A L
Aporte USAID	15.125	7.93	23.055
Contrapartida GOES	5.150	2.65	7.800
<b>\$ U. S. T O T A L E S</b>	<b>20.275</b>	<b>10.58</b>	<b>30.855</b>

El resumen estimado de costos con su respectiva fuente de financiamiento para la ampliación, así como el empleo a generar con número de proyectos se presenta en el cuadro anexo.

No dudando de que la presente solicitud será aprobada, aprovecho la oportunidad para reiterar al Señor Director, las muestras de mi alta consideración y estima,



Atilio Viéitez  
Ministro

## FUENTE DE FINANCIAMIENTO

(En miles de dólares)

DESTINO	AID	GOES	TOTAL	No. PROYECTOS	EMPLEOS
Subproyectos Urbanos	3,533.7	680.0	4,213.7	66	3,000
Subproyectos Rurales	2,239.8	483.4	2,723.2	89	1,000
Subproyectos Agrícolas	2,156.5	455.2	2,611.7	26	6,000
Subtotales	7,930.0	1,618.6	9,548.6	-	-
Administración ORE	-	100.0	100.0	-	-
Administración Ejecutoras	-	931.4	931.4	-	-
Subtotales	-	1,031.4	1,031.4	-	-
TOTALES	7,930.0	2,650.0	10,580.0	181	10,000