

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

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ORIGINAL

SEP 27 1978

Mr. Filipe Herrera
Coordinator General
Estudios Conjuntos Sobre
Integracion Economica
Latinoamericana (ECIEL)
Caixa Postal 740
Rio de Janeiro, GB, Brazil

Subject: Grant No. AID/lac-G-1302

Dear Mr. Herrera

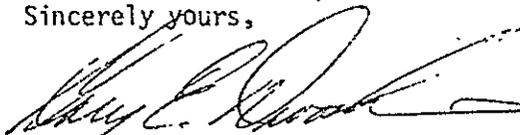
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Estudios Conjuntos Sobre Integracion Economica Latinoamericana (hereinafter referred to as "ECIEL" or "Grantee") the sum of \$284,500 in support of the Grantee's program to conduct studies on the role of economic and social factors in determining labor supply in four less developed countries in Latin America as more fully described in the attachment to this Grant entitled "Program Description." It is understood that the total estimated cost of the Grantee's program is \$1,000,500. However, no commitment is made with respect to A.I.D. support support of the program in excess of \$284,500.

This Grant is made to the Grantee, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 entitled "Program Description", and Attachment 2 entitled "Standard Provisions" which have been agreed to by your organization.

This Grant is effective and obligation is made as of September 30, 1978 and shall apply to commitments made by the Grantee in furtherance of program objectives during the period September 30, 1978 through September 30, 1981.

Please sign the Statement of Assurance of Compliance, enclosed herein, and seven (7) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted. Please return the Statement of Assurance of Compliance and six (6) copies of this Grant to the Office of Contract Management.

Sincerely yours,



Gary E. Dvoskin
Grant Officer
Regional Operations Division - LAC
Office of Contract Management

Attachments:

1. Program Description
2. Standard Provisions and Attachment 2 (Supplement)

FUNDS OBLIGATED	
Approp. No.	72-1121021-6
Allot. No.	846-30-099-02-30-21
Obl. No.	3087047 - 3. CI 4192
Amount	284,500.00
Proj. No.	930-0074
By	RM/CSD
Date	9/30/78

ACKNOWLEDGED:

Estudios Conjuntos Sobre Integracion Economica Latinoamericana (ECIEL)

FELIPE HERRERA

By 

Title General Coordinator

Date 31/10/78

PROGRAM DESCRIPTION

A. Purpose of Grant

The purpose of this Grant is to provide partial support to the Grantee's program to conduct studies on the role of economic and social factors in determining labor supply in four less developed countries (LDCs) in Latin America.

B. Specific Objectives

The specific objectives of this Grant are (a) to contribute to institutional development for carrying out policy relevant economic studies in Latin America; (b) to develop better empirical estimates of labor supplies and manpower availabilities in four specific Latin American LDCs; and (c) to develop better methodologies for labor economics and manpower analysis, which are transferable to other LDCs (including those not in Latin America).

C. Implementation

The Grantee, working through a Project Coordinator supported by technical and administrative staffs, will have overall technical and financial responsibility for four studies to be conducted at prominent Latin American economic research institutes under the supervision of an economist, demographer, or sociologist and with, whenever possible, the collaboration of other professional disciplines.

The participating institutes will be:

BEST AVAILABLE

- 1) Instituto de Estudios Sociologicos (Paraguay)
- 2) Universidad Catolica (Peru)
- 3) Informaciones y Estudios (Uruguay)
- 4) Investigaciones Economicas Latinoamericanas

The studies focus on the implications for long run development of changes in labor supply and income distribution determined by population growth and specific labor market structures. The studies examine which variables have significant effects upon the size of urban labor supply as participation rates and the number of persons working, as well as the direction and relative importance of these effects, and the overall implication for labor force composition.

The studies will analyze the existence of systematic demographic, cultural and regional differences among persons working or wishing to work in the formal and informal labor market, in the informal urban labor market and those not in the labor force. In consonance with the findings of previous studies, the interaction between demographic variables, the interaction between demographic variables and non-demographic variables in the determination of participation rates will be examined.

To determine differential effects between population subgroups and to assess the market opportunities open to the subgroups, the studies will seek to establish: a) how the formal and informal labor markets are linked and how the informal

labor market allocates labor; b) the extent of mobility between the two segments of the urban labor market and the channels of access open to individuals belonging to specific population subsets; c) the existence of occupational paths having, for example, recent urban immigrants starting in specific low-skill, low income jobs to gradually move to higher-income higher-skill positions in occupations (the existence of different occupational paths by population subgroups would be examined); d) "typical" length of unemployment period in the formal labor market for demographic subgroups; and e) "discouragement effects" and job-search practices among population subgroups.

The Grantee will monitor and evaluate the work of the participating institutes by means of technical dialogue with the participating institutes. The dialogue will occur through seminars, corespondence, visits and comments on papers. Institutes will present progress reports semi-annually. The Grantee will act as clearing house for the circulation of papers between institutes, the circulation of pertinent technical literature, and the purchase of books and reprints from U.S. sources, and will be responsible for preparing a comparative analysis of the studies.

The comparative analysis is scheduled to be presented soon after the last individual study is finished. Most of the comparative work will be done with the working papers of the research rather than with the final versions, so as to insure minimum delay in

in th's final presentation.

Effective coordination will require that the project coordinator visit the participating institutions frequently and that the researchers from the participating institutions assemble periodically to compare results. It is anticipated that the project coordinator will visit each institute at least once every six months. The frequency of visits and length of the stay will vary depending on the progress achieved and/or difficulties encountered in each study. Meetings of the principal researchers will also be held semi-annually. In this way, each participating institute will have several opportunities each year to share results and to coordinate efforts with other participating institutions. Interim communications through reports and letters will also occur.

The Grantee will also sponsor a seminar to discuss the results and implications of the studies with Latin American and other government decision-makers.

D. Reports

1. A financial report shall be submitted at least annually. These reports shall indicate the sources and uses of funds related to the four studies to which this Grant is applied. The financial contribution of each participating research institution and each donor, including A.I.D. shall be shown.

2. Progress reports shall be submitted by the ECIEL Project Coordinator within two months following the conclusion of each coordination seminar. These reports will include a comparison of actual with planned progress in accordance with the implementation timetable made available to A.I.D., will call attention to actual or anticipated failures to meet critical performance requirements and will indicate corrective measures being taken, will describe any unforeseen changes in project staffing or methodology, and will provide an accounting of the financial situation.

3. A final report of each study, as well as a study comparing the results of the studies, shall be published in English, Spanish and Portuguese.

4. Two copies of each report shall be submitted to the A.I.D. Project Manager, LAC/DR/EEAD, U.S. Agency for International Development, Washington, D.C. 20523 and one copy to the Grant Officer, CM/ROD/LAC, U.S. Agency for International Development, Washington, D.C. 20523. Ten copies of each publication shall be submitted to the A.I.D. Project Manager.

E. Budget

The funds provided herein shall be used to finance the following items:

1. Professional Salaries	\$30,000
2. Consultants	8,000
3. Secretarial Services	10,000
4. Travel and Communications	12,000
5. Reproduction and Publications	10,000
6. Computer Services	15,000
7. Participating Institutes (4)	<u>199,500</u>
Total	\$284,500

The Grantee may not exceed the total amount of the Budget, Adjustments among the line items are unrestricted.

F. Alterations in Standard Provisions

1. Delete Standard Provision No. 5.
2. Delete Standard Provisions Nos. 7B and 7C.
3. Delete Standard Provisions Nos. 12A and 12C.