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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

EL SALVADOR

PROJECT PAPER

TECHNICAL SUPPORT
POLICY ANALYSIS AND TRAINING

AID/LAC/P-459

Project Number 519-0349

UNCLASSIFIED

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE

3

COUNTRY/ENTITY
EL SALVADOR

3. PROJECT NUMBER
519-0349

4. BUREAU/OFFICE
LAC/DR

5. PROJECT TITLE (maximum 40 characters)
TECH. SUPPORT, POLICY ANALYSIS AND TRNG.

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
MM DD YY
07 31 91

7. ESTIMATED DATE OF OBLIGATION
(Under "B:" below, enter 1, 2, 3, or 4)

A. Initial FY 88

B. Quarter 3

C. Final FY 90

8. COSTS / \$000 OR EQUIVALENT \$1 =

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AD Appropriated Total						
(Grant) ESF	1,900	100	2,000	13,839	3,161	17,000
(Loan)						
Other U.S.						
Host Country					4,750	4,750
Other Donor(s)						
TOTALS	1,900	100	2,000	13,839	7,911	21,750

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) ESF	792	710				\$2,000		\$17,000	
(2)									
(3)									
(4)									
TOTALS						\$2,000		\$17,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
720 760 TRNG.

11. SECONDARY PURPOSE CODE
992

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	RGEN	TRGN
B. Amount	\$3,000	\$7,000

13. PROJECT PURPOSE (maximum 400 characters)

The Project purpose is to enhance Salvadoran capabilities to identify and more expeditiously address priority development problems, undertake policy and strategy reform and improve development program and project implementation.

14. SCHEDULED EVALUATIONS

Interim MM YY Final MM YY
06 93

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify) CACM

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

Payment Verification Procedures Approved:

Franklin D. Latham
Franklin D. Latham, CONT

17. APPROVED BY

Signature
Henry H. Bassford
Title
DIRECTOR
USAID/EL SALVADOR

Date Signed
08 25 91

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

MM DD YY

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I. SUMMARY AND RECOMMENDATIONS

A. Recommendations

The Project Development Committee recommends authorization of the Technical Support, Policy Analysis, and Training Project (519-0349), involving planned obligations of \$17,000,000 in grant funds from the Economic Support Fund. It is further recommended that the Project be implemented over a five-year period.

B. Grantee

The Grantee will be the Government of El Salvador; the principal implementing entity will be the Ministry of Planning and Coordination for Social and Economic Development (MIPLAN).

C. Project Summary

1. Problem and Rationale

Over the past decade, civil conflict, global recession, and earthquake devastation have battered the economic and social fabric of El Salvador, threatening the still infant democratic political system of this tiny nation. Yet, the democratically elected government, with sustained levels of U.S. Government support, has been able to make limited, but noteworthy, progress in reducing the number of armed combatants, meeting basic human needs, implementing economic reforms to promote growth and reduce inflation, and building confidence in the democratic system of government. El Salvador still faces serious economic and social problems, however, which must be dealt with in the short and medium term for the survival of the country's new democracy. The recent landslide victory of the major opposition party in legislative and municipal elections, openly acknowledged as a "negative" vote, demonstrates only too clearly the urgent need for government policies and programs to address the economic and social problems facing the majority of Salvadorans. The lack of a sound analytical base and a competent cadre of mid- and senior-level managers in the public sector is also a serious constraint to resolving these problems.

Guided by recommendations of the NECCA, the Government of the United States, through A.I.D., has responded to the economic and political crisis in El Salvador with significant increases in its level of economic assistance. Total U.S. economic assistance rose from \$34.4 million in FY 79 to nearly \$500 million in FY 87. The Government of El Salvador (GOES) and the Salvadoran private sector have used these funds to expand programs to rebuild and improve the country's infrastructure, stimulate industrial and agricultural production, and ensure access of the majority of Salvadorans to basic social services (i.e., education, housing, and medical care).

Existing A.I.D. programs have assisted the GOES in improving its macro-economic planning and in implementing reforms to government policies and regulations to facilitate growth in the productive sector. The range of human resource skills needed to undertake the the full range of studies and analyze and implement reforms to promote broad-based growth, however, far exceeds the present stock in El Salvador, and the policy and analytical environment for development programs is inadequate to the task of programming annual donor contributions in excess of \$500 million. For example, the 1980 banking reform, which nationalized all commercial banks, has prevented the formation and development of the necessary financial structures to support the recovery effort. As a result of prolonged policy dialogue efforts, the GOES has agreed to entertain a proposal to establish private financial institutions in El Salvador; to move ahead, technical assistance to analyze the laws, regulations and policies that impact the development of private financial institutions in El Salvador, identify necessary reforms, and then to subsequently assist in the development of implementing regulations permitting private sector banking will be needed. Funding for these efforts is not, however, currently available, and the GOES is, therefore, unable to systematically undertake studies and develop programs to address deficiencies in the present GOES policy and planning structure related to the growth of the productive sector and increased public sector efficiency; this Project responds to this need.

2. Project Description

The project goal is to assist in reconstructing the economy to provide for a sustained and broad-based pattern of long-term economic growth and to spread the benefits of social and economic development to encompass a majority of Salvadorans, including the poor. The project purpose is to enhance Salvadoran capabilities to identify and more expeditiously address priority development problems, undertake strategy reform, and improve development program and project implementation.

This Project will provide the technical support and training needed to improve strategy formulation, policy development, and program implementation, including accounting and auditing skills. Over the short term, a cadre of technical advisors will be used to supplement GOES staff resources to improve program implementation and planning. Training and technical assistance provided under the Project will also serve to build GOES capability to conduct policy analysis, prepare strategy documents, and administer development programs over the long term, without technical advisors.

The Project consists of four components: 1) GOES Program Development, involving technical support and long and short-term training programs to strengthen the GOES data collection, analysis and planning capabilities through such activities as census-taking, administering social and economic surveys, review of tax laws and export and custom regulations, and improving information systems; 2) GOES Program Implementation, providing technical support and training to establish and implement programs to resolve development problems and to enhance GOES administrative, technical and managerial skills; 3) GOES Program Monitoring and Control, providing technical support and training to improve the financial management and control systems of institutions having responsibility for monitoring and auditing the use of GOES and donor resources. This component also includes funding to strengthen the financial management and audit systems of GOES entities as deficiencies are identified; and 4) Project Administration.

D. Funding Level and Sources

The cost of the Project is \$17 million over a five-year period. The total funding amount will be from the Economic Support Fund (ESF) Section 531 of FAA. An initial obligation of \$2.0 million will be made in FY88; the balance of funds will be obligated in FY 89 (\$6.0 million) and in FY 90 (\$9.0 million). Although a counterpart contribution from the GOES is not required by law, the GOES will contribute to Project costs through the provision of financial support for in-country costs of carrying out surveys and administrative support for the technical assistance and training activities to be carried out under Component III.

E. Summary Findings

The Project Development Committee has reviewed all aspects of the proposed Technical Support, Policy Analysis and Training Project and concluded that the Project is institutionally, financially, economically, technically and socially sound, and consistent with the development objectives of the GOES and with USAID's strategy and objectives.

II. BACKGROUND/RATIONALE

A. Country Setting

- 1) Economic Overview. El Salvador has the distinction of being the smallest nation (roughly 20,000 Km²) and the most densely populated (540 inhabitants/Km²) on the hemispheric mainland. The 1987 estimate is that 44.9% of the population of 5.26 million is under 14 years of age. Although ranked among the three or four poorest countries of

Latin America in terms of per capita income averages, the situation of the poor is often not fully understood due to the impact of the skewed distribution of wealth. In actuality, the 70 percent of the population who can be classified as "lower class" receive incomes well below the present national average of \$670 per year. In fact, the last available data (1978) indicated that 20% of the urban and 32% of the rural populations were living below the absolute poverty level.

The 1960's and early 1970's were relatively prosperous times, with an average annual rate of economic expansion at 5.4%. However, over the past decade, the human, social, and economic fabric of El Salvador has been torn by war, economic depression, a disastrous earthquake in 1986, and internal conflict. A global recession beginning in 1980 reduced international prices for some of El Salvador's primary agricultural products and dampened demand for Salvadoran manufactured exports with a resulting fall in GDP by 25% from 1980-1985; overall, exports dropped off by 35%. In 1985, real GDP growth had recovered to 2.1%, but this dropped to 0.5% in 1986, due, in part, to the effects of the devastating 1985 earthquake. Inflation reached 22.3% in 1985, and 32% in 1986.

While the workforce is plentiful, it is underutilized and undereducated. Unemployment, under-employment, and declining real wages are considered among the most pressing economic problems in both the rural and urban sectors of the country. These economic problems are derived from a combination of factors including an annual natural population growth rate of 2.6%, declining productivity of the land, a poorly educated and untrained population, an oversized public sector workforce, and a trade deficit of \$180 million in 1986.

Against this dismal backdrop, however, there are signs that the Salvadoran economy is beginning to turn around. In 1987, the GOES framed an economic plan which was targeted to achieve a real growth rate of 2.2% while holding inflation to 25 to 27% and provide stimuli for the productive sector. Although the GOES achieved considerable success in the fiscal and monetary arena in 1987 and in boosting real GDP (to 2.6%) and reducing inflation (to approximately 25%), a number of the sector specific actions proposed by the GOES (e.g., expansion of credit to the private sector and passage of the investment law) are only now being taken. Continued policy dialogue and technical assistance to improve macro-economic planning and implement policies favorable to economic growth, particularly related to export and investment, are, therefore, needed.

2) Social Overview

- a) Health. Over the past two decades, the health status of the Salvadoran population has gradually improved. Diarrhea, which was the leading cause of mortality in 1972, had dropped from the list of

the top ten causes of death by 1982. A similar decline could be seen in the crude death rate, which dropped from 9.9/1000 in 1970 to an estimated 6.1/1000 in 1984, and infant mortality, which went from 58.2 deaths per 1000 live births to an estimated 51.3/1000 over the same time period.

Despite these, and other, fairly positive gross indicators, however, many problems remain in the health sector. For example, there is still a distinct rural/urban bias in the availability of health services in favor of the urban areas, the health care system continues to focus on curative rather than preventive medicine, and there are virtually no cost-recovery systems in place. Further, the major underlying causes of illness in El Salvador remain the same as a decade ago: lack of sufficient access to potable water (now estimated at 13.5%, a decline over the 26% figure reported for 1975), a 2.6% annual rate of natural population growth, malnutrition and poor dietary habits, and a health system oriented to curative rather than preventative care.

Since 1978, the pattern of a gradual improvement in the population's health status that had been evident in the 1960's and 1970's has also slowed, due to the civil violence, which has caused a deteriorating economic situation, reductions in the health budget, and the formation of a large displaced population. Unfortunately, these conditions were made even worse by the earthquake, which put further stress on the government's ability to respond to the health needs of its population.

- b) Education. Prior to the outbreak of civil unrest and armed conflict in 1978, the Salvadoran education system was progressing. In 1975, the year of the last available data, 66% of males and 59% of females were classified as literate. Primary school enrollment was expanding at an annual average rate of about 4.3%, an increase that was approximately half again as rapid as the 2.8% annual rate of increase in the school-age population. The numbers of new classrooms and trained teachers were also increasing, and more students were remaining in school longer. At the same time, the Ministry of Education regularly obtained between 20 and 25% of the public budget in the years just preceding the outbreak of the civil war.

The available information suggests, however, that from 1978 to the early 1980's the education sector suffered a great deal because of the war: some 600 schools were abandoned and approximately 450,000 children in grades 1-6 lacked access to educational facilities. A declining budget, now 15% of the National budget as compared to 28.6% in 1978, has further limited the availability and quality of basic education, leading to a drop of nearly 15% in the number of

full-time primary school teachers and a serious decline in the amount of funds available for such purposes as textbooks, teaching materials and equipment, and the repair and maintenance of schools. The 1986 earthquake, of course, further exacerbated these problems, particularly, but not exclusively, in San Salvador.

The quality of training offered by both private and public Salvadoran vocational and technical training institutions has also deteriorated since the 70's due to a shortage of qualified instructors and the lack of financing to upgrade facilities and purchase materials and equipment. It is not surprising that, in the face of these problems and GOES policies freezing private school tuition rates, Salvadoran vocational and technical institutions have been unable to respond to the changing needs of the economy, which now faces a serious deficiency of mid-level managers, engineers, construction workers, electricians, and other skilled tradesmen due to the foregoing problem as well as a significant outmigration of trained individuals for higher paying jobs elsewhere.

- c) Housing and Infrastructure. As in many LDCs, the past several decades have seen a sustained growth in the migration from rural to urban areas in El Salvador due to declining agricultural productivity and the lure of potential economic, health and educational opportunities offered by the urban centers. In El Salvador, however, this urbanization process has been fueled by the civil conflict that has been waged primarily in the rural areas, resulting in the displacement of vast numbers of the rural population.

One of the very causes of increased urbanization is at the same time the major impediment to meeting the housing and other infrastructure needs of the poor urban populations, namely the financial burden associated with the continued conflict. The indirect costs of the war, including, for example, repairs to restore vital public services such as electricity and water and repairs to bridges and roads, when combined with losses sustained by the productive sector due to interruptions in electrical, water, and transportation services, are substantial, with current estimates exceeding \$1.0 billion. While A.I.D. funds have been used to partially meet the costs of restoring public services, the GOES has had to reprogram resources to meet the lion's share of these indirect costs, in addition to meeting the financial burden of maintaining a much larger military force.

The October 1986 earthquake added to the already overwhelming infrastructure problems of this tiny nation, with an estimated \$1.1 billion in damages to infrastructure in the metropolitan San Salvador area, including some 60,000 dwellings (largely in urban

slums), 185 kilometers of water and sewage pipes, and 2,500 hospital rooms. Unfortunately, as with most natural disasters and conflictive situations, the poor are the ones who suffer the most, and it is now estimated that the majority of the some 200,000 families living in San Salvador live in substandard housing consisting of one room without basic sanitary facilities or running water.

Continuing high levels of guerilla destruction to the electrical grid and national road system in 1988 and 1989 will leave few, if any, discretionary funds for improving housing or upgrading infrastructure to respond to increased service demands resulting from population shifts. A.I.D. and other donors have, of course, responded to these pressing problems, but the emphasis has, of necessity, been on re-building what has been damaged or lost. Meanwhile, urban migration, slum construction, and pressures on social services continue to expand.

3) Political Overview

The Salvadoran people have demonstrated an unwavering commitment to building a strong democratic nation, despite the armed rebellion that has threatened each and every Salvadoran with economic or personal losses. Rising levels of U.S. economic assistance since 1978 have provided an important support for the country, particularly during the height of the guerilla conflict in the early 80s. And, with the conflict slowly winding down, the country's democratic system is beginning to show signs of maturity that add to the credibility of the system and promise further achievements in democratic initiatives. For example, national assembly and municipal elections have been held twice in the last four years, with over 70% of all eligible voters participating despite threats by the armed insurgents against those who participated. In the most recent election of these officials and representatives, the opposition party won a majority of seats in the National Assembly and over 70% of the mayoral races. Overcoming the initial rejection by the major political parties of some election results in one department, a peaceful transition in control of the Assembly and local governments has been effected, demonstrating the ability of political parties to peacefully negotiate and resolve conflicts.

El Salvador, however, remains a divided society in which there exists little objective interchange of ideas on political, social and economic issues -- and what interchange does exist tends to be strident and uncompromising. In the final analysis, the ability of the GOES and of USAID to direct their human and financial resources to the immense task of social and economic reconstruction will depend on the degree to which political stabilization will and can be reflected in working

agreements by political opponents to argue their differences in the democratic political arena while leaving partisanship out of the social and economic sectors. The experience of the 1988 Assembly and municipal elections is one indicator of a maturing democracy; it is, however, but an initial step in an evolutionary process that will take many years to complete.

B. Project Setting - A Crucial Juncture in Salvadoran Development

1. Policy and Analytical Environment

Over the past two years, the GOES has demonstrated a greater awareness of the magnitude of its economic and social problems and a concomitant willingness to implement policy and strategy reform to overcome these difficulties. For example, negotiations between the USAID and the GOES on the 1987 Economic Program resulted in agreement on a number of policy measures, previously considered unfeasible by the GOES, to regain fiscal and monetary control and provide needed incentives to export and investment. Establishment of special dollar accounts for nontraditional exporters, increases in utility rates, and controls on capital expenditures to reduce the public sector deficit are among the many actions agreed to and carried out by the GOES in 1987. And, the resultant reversal in economic trends, notably a reduction in inflation and an increase in the growth of GDP from 0.6% in 1986 to 2.6% in 1987, have encouraged the GOES to set more ambitious targets for 1988, such as further reductions in the inflation rate (to 18-20%) and a rate of growth in GDP of 2.5-3%. Commitments to measures to stimulate export growth and to spur the production of goods and services in the Salvadoran economy have also been forthcoming, such as passage of the foreign investment law, implementation of free zone regulations, and liberalization of imports.

Progress, albeit modest, has also been achieved in the decentralization of education and health services, with regional offices now open and overseeing the distribution of resources and supervision of staff. And, measures to complete the Land Reform program, such as the transfer and parceling of abandoned cooperatives, approval of beneficiary rights, and completion of titling activities related to Phase I and III, will also be implemented in 1988. Daily monitoring, technical assistance, and financial support, through project assistance and the local currency program, have been essential to achieving these policy measures.

Despite these positive initial steps, there are still very serious gaps in efforts to implement an overall sound economic growth and development program. In agriculture, for example, credit lines need to be established to finance land purchases by small farmers and the

GOES must remove itself from agricultural input distribution and product marketing of basic grains. The banking system, nationalized in 1980, also needs to be opened up to permit private commercial banking and the government needs to divest itself of its holdings in productive enterprises such as a hotel and industrial firms. On the macro-economic front, a major tax reform is necessary, as are periodic exchange rate adjustments and other policy measures to provide incentives for increasing productivity.

The present Country Development Strategy Document, "Road to Peace," is hardly more than a statement of precepts and good intentions, and statistical information on which to base plans and programs are either woefully out-of-date or non-existent. Within the technical ministries and the Ministry of Planning, planning units have become marginalized as budget constraints have resulted in most technical ministries choosing to maintain pre-war employment levels, leaving few if any discretionary resources to carry out studies or implement ongoing, let alone new, program initiatives. The one exception is the Technical Secretariat for External Finance (SETEFE), the unit within the Ministry of Planning responsible for external financing, which has performed a planning and strategy formulation role with donor agencies. This unit, created to oversee the administration of donor funds, is, however, already stretched beyond its means and lacks the experienced economists and social scientists required for the task of national planning.

A new GOES Administration will be in place in mid 1989, and it will need to have a sound analytical foundation and a more skilled workforce to formulate development strategies and carry out programs which will generate self-sustaining and equitable growth. Reforms must also be implemented to streamline the now needlessly cumbersome audit and accounting procedures to avoid bottlenecks in project implementation while also providing for greater accountability for financial resources.

2. Increased Donor Financing

Guided by recommendations of the National Bipartisan Commission on Central America (NBCCA), the Government of the United States, through A.I.D., has responded to the economic and political crisis in El Salvador through significant increases in its level of economic assistance, from \$34.4 million in FY 79 to almost \$500 million in FY 87. These funds have been used to expand programs to rebuild and improve the country's infrastructure, stimulate industrial and agricultural production, and ensure access of the majority of Salvadorans to basic social services (i.e., education, housing, and medical care). Resource flows from other donors have

also grown, with donations from the World Bank, Italy, France, Japan, the Federal Republic of Germany, and the IDB totaling in excess of \$200 million. Much of the growth in donor funding is, however, targeted to meeting the urgent reconstruction needs stemming from the earthquake, and the GOES needs to embark on a program to attract donor funding for other sectors, such as health and education, in anticipation of an inevitable decline in the levels of U.S. economic assistance.

With programs in place for rebuilding much of the country's infrastructure damaged in the earthquake, slowing the deterioration of the infrastructure in areas outside of the capital, and maintaining a safety net of basic social services for the truly needy, the GOES has begun to reassess the country's development strategy to identify the most effective use of A.I.D. and other donor resources. Financing for the full range of studies, planning documents and technical assistance necessary to reassess and implement a sound development strategy giving appropriate emphasis to growth, as well as for the development of a continuing capability within the GOES to carry out such planning and programming activities over the long term, are not currently available.

A.I.D. programs, with the exception of the Policy Reform and Planning Project scheduled to end in late CY 1988, and those of other donors in El Salvador, have provided assistance to the GOES in macro-economic planning and the development of programs and policies to revitalize the productive sector. The level of resources made available through these programs, however, is not sufficient to meet the full range of the GOES' planning and program implementation needs. Given the continuing high levels of U.S. and other donor financing projected over the next three to five years and the deficiencies in the present GOES policy and planning structure, it is imperative that efforts be targeted on rectifying major gaps in GOES planning, strategy formulation, and program implementation such as are identified in Section B.1 and the following sections.

III. PROGRAM FACTORS

A. Relationship to A.I.D. Policies and Country Strategy

1) USAID Policy and Country Strategy Goals

The goals of the USG economic assistance program to El Salvador remain consistent with the recommendations of the National Bipartisan Commission on Central America (NECCA). The program seeks to: (1) stabilize both a deteriorating economy and a fragile social situation; (2) facilitate structural adjustments to achieve recovery and

sustained economic growth; (3) broaden the benefits of growth; and (4) strengthen those institutions that underpin the democratic process. To achieve these goals, the Mission is employing a strategy that addresses both short and long-term concerns. The short-term emphasis is to arrest the economic downslide, curtail further deterioration of essential social services, and help GOES meet the basic human needs of Salvadorans displaced by the war. The long-term strategy focusses on bringing about sustainable economic growth.

2) USAID Goals and the Proposed Project

This project will contribute to all four Mission goals. The first goal, that of stabilization of the economy and the fragile social system, will be addressed through technical support for such GOES activities as: a) diagnosing and improving the administrative and planning capabilities of key public and private sector entities; and, b) supporting the GOES National Plan which assists in the restoration of public services by providing funding to municipalities for restoration and development projects.

Through in-depth studies, assessments and surveys, project funds will provide a realistic and accurate data base that will permit the examination and reformulation of existing policies and strategies concerning social and economic stabilization and development. Of major interest are policies and strategies affecting the increase of agriculture production, the streamlining of bureaucratic impediments to exportation, and the promotion of non-traditional exports; objectives identified as contributions to the second goal, long-term growth.

The third USAID Mission goal, spreading the benefits of growth, will be advanced through the provision of long and short-term training in the vital areas of agriculture, private enterprise, education, and housing -- all areas that impinge on the social and economic well being of large numbers of Salvadorans, especially the poor.

Illustrations of the activities funded by this project that support the fourth Mission goal, strengthening democratic institutions are: assisting the Human Rights Commission to collect, store and retrieve data; studying the feasibility of privatization of municipal government services; and providing training to strengthen local communities' capabilities to plan and implement projects.

B. Relationship to USAID Projects and Activities

This Project will continue and build upon the accomplishments of the Policy Reform and Planning Project that will end in late 1988. It also complements ongoing USAID projects which address sector-specific

programs by providing training and technical assistance focussed on broader economic and social development issues impinging on the effectiveness and impact of these sectoral projects. For example, economic and legislative reforms resulting from this Project which improve the viability and profitability of export ventures will, at the same time, increase the impact of the AID financing for activities focussed on export development. The range of assessments and strategy documents will also provide a fuller analytical base for the GOES' use in discussions with donor agencies on development programming.

USAID will continue to have access to Program Development and Support (PD and S) funds, which can be utilized to finance new project development, CSDD-related studies and sector assessments, a limited range of program support activities, and evaluations and audits, items geared more to satisfying USAID than host country needs. These funds cannot be used for long-term or recurring technical support, for activities that exceed \$500,000, or for activities whose life will exceed twelve months: in short, they cannot be utilized to respond to the needs of El Salvador identified in this Project Paper.

C. Relationship to Host Country Strategy/Programs

The new GOES Administration which will be elected in March 1989 and the recently-elected Legislative Assembly will require a significant number of technical studies and analyses to formulate strategic plans and policies to promote equitable and self-sustaining growth. Given the dearth of well-trained mid- and senior level managers and technicians, long-term advisors in key sectors and training programs to strengthen administrative, technical, and financial management skills to implement development programs and adequately account for donor resources are also needed. Regardless of the outcome of the March 1989 elections, all candidates are committed to the concept of long-term social and economic development and democracy. The assistance provided under this Project will enable this new Administration, as well as the private sector, to move forward in an expeditious manner.

D. Relationship to Other Donor Activities

While other donors have active portfolios in El Salvador, their support is concentrated almost exclusively on earthquake reconstruction. Donations from the World Bank, Italy, France, Japan, the Federal Republic of Germany, and the IDB and UNDP total over \$200 million. The studies, technical assistance, and training provided under this Project will assist the GOES in developing projects for other donor funding and improving the coordination of donor resources to achieve greater impact.

IV. PROBLEM STATEMENT AND CONSTRAINTS ANALYSIS

A. Problem Statement

An inadequate policy and analytical environment, coupled with a dearth of skilled technicians and professionals to carry out development programs, threatens the stabilization and growth of El Salvador. Basic survey documents, sectoral assessments and strategies, and a comprehensive development plan for the nation are non-existent or out-dated, and the public sector lacks skilled managers and technicians to remedy these planning and programming deficiencies. As a result, the GOES' use of donor resources has not been as effective as it should be and, in some cases, the achievements of development programs have fallen short of potential accomplishments due to an inadequate policy, procedural or financial framework. For example, an IDB loan for textbooks was not utilized for a period of several years due to the inability of the Ministry of Education to prepare an adequate plan for the utilization of funds; similarly, the IDB has been interested in providing financing for a municipal development fund for several years, but delays in GOES action on needed legislative proposals have precluded the culmination of negotiations on this important program initiative. And, until recently, the GOES' inability to focus on needed reforms to attract investment and expand exports was having a negative impact on the potential accomplishments under A.I.D. projects to increase foreign exchange earnings and investment.

Financial, policy, institutional, and political constraints have impeded GOES efforts to rectify this largely human resource problem, as follows.

B. Constraints Analysis

1) Financial

One of the most significant constraints inhibiting the GOES from increasing the number of skilled technicians and professionals involved in development planning and programming is that the GOES has few discretionary funds to direct to the problem. All technical ministries, with the exception of the Ministry of Defense, have experienced a decline in real terms in their budgets, with the Ministries of Education, Agriculture, and Health hardest hit. Moreover, the low pay scale for public sector personnel inhibits government entities from hiring and keeping skilled professionals and technical personnel, and efforts to upgrade existing personnel skills are usually thwarted, since the government does not practice the use of bonding arrangements.

USAID has been attempting to address the problem of the shortage of qualified individuals through its use of regional (e.g., Regional Training Initiatives and the Regional Administration of Justice Program) and bilateral project funding. These projects, however, address only a narrow range of problems, and not macro-level issues, such as economic and regional planning, strategic planning, and financial management and auditing skills. Moreover, they do not provide ample resources for the wide-range of technical needs presented in the management of the substantial development program being carried out by the GOES.

- 2) Policy. In an effort to regain control over public sector spending and improve the macro-economic outlook of the country, the President, in 1984, imposed a series of austerity measures to control public sector spending. One such policy, Presidential Decree No. 11, specifically prohibited all government institutions, with the exception of the Ministry of Finance, from making funds available to their personnel for study purposes in a foreign country. It also banned all officials or government employees from participating in workshops, seminars, observation tours, or other activities in a foreign country when such activity requires economic support in the form of per diem, plane fares, travel costs, and registration fees, except in individual cases authorized by the President of the Republic. The effect of this Decree has been to eliminate all training for government personnel, except for that financed by donor agencies. Given the nature of donor programs, key Ministries, such as the Ministries of Planning and Finance and the government auditing agency (the Court of Accounts) have had only minimal access to training funds, and their employees' skills are notably deficient. The recent abolishment of this Decree, however, in March 1988, opens up the possibility for increased training programs, provided GOES' resources are made available for these purposes.

Another policy, adopted in 1986 to control expanded public sector expenditures, prohibits the establishment of new positions, whether funded by the regular budget or donor resources, unless specifically approved by the President. Thus, when skill deficiencies are identified, for example, maintenance technicians for biomedical equipment purchased for hospitals, the Ministry can hire individuals on a short-term basis at a higher cost (if other donor resources are available), attempt to upgrade existing employee skills (but only through in-country training), or ignore the need. Unfortunately, the latter option is the most frequently chosen. These austerity measures have recently been relaxed, however, and it is now possible for the GOES to create new positions.

3) Political A seemingly simple solution to the present deficiencies in the policy and analytical environment and skills base of El Salvador, at least for the public sector, is to devote resources to these areas by reducing recurrent costs and reallocating these resources to carry out studies or contract technical expertise to supplement GOES staff. However, given that the bulk of public sector expenditures finance salaries, the consequences of such a decision would be to lay off large numbers of public sector employees -- a politically untenable option given present unemployment and underemployment figures. By promoting growth in the productive sector, however, options to public sector employment will become available and as the private sector absorbs an increasing percentage of the workforce, the public sector may be able to reduce the size of its workforce and increase wages to attract and maintain qualified personnel.

4) Institutional

The deficiencies in the Salvadoran skills base stems from a basic problem with the Salvadoran educational system -- it is not producing the type of graduates needed to support economic and social development. The principal agricultural school, for example, lacks a program in irrigation management; and there are no graduate level programs in such key fields as Agriculture, Business Management, and Economics. Skills and technical training programs are equally deficient and ill-matched with current Salvadoran needs. For example, there is a large unmet demand of the private sector for skilled construction workers, electricians, mechanical engineers, and other specialized trades. A.I.D. projects, such as Water Management and the Training for Productivity and Competitiveness, are attempting to deal with these deficiencies as they relate to export development and revitalization of the private sector. The more general need for mid- and senior-levels managers and analysts is, however, not currently addressed.

V. DETAILED PROJECT DESCRIPTION

A. Project Strategy

As discussed above, this Project is designed to address the problem of an inadequate human resource base trained to plan and develop policies, and administer strategy reform in the public and private sectors to achieve recovery and facilitate sustained economic growth. Cognizant of the constraints, a two-pronged strategy has been developed to address the problem in both the short and medium term. First, as a short-term response, the Project will finance technical advisors to work with GOES counterparts on key program areas to upgrade project implementation capability, such as in the National Plan program, or in

the conduct of special studies or assessments. An example of the latter would be an assessment and follow on technical assistance to the Ministry of Finance in the area of tax laws or export policies. Training efforts and technical assistance focussed on the development and improvement of GOES and private sector skills essential to policy analysis, strategy development, and program implementation and monitoring will be undertaken concurrently with the short-term efforts to build an indigenous capability to carry out such activities over the medium term without technical advisors. A series of possible studies have been identified for the full five-year life of the Project; frequent program reviews with the GOES, particularly after the change in the Administration, will serve to reaffirm the priority of identified studies or redirect resources to areas of greater need.

B. Project Goal

The project goal is to assist in reconstructing the economy to provide for a sustained and broad-based pattern of long-term economic growth and to spread the benefits of social and economic development to encompass a majority of Salvadorans, including the poor. Evidence of attainment of this goal can be verified through the reduced role of government in productive activities, an improved allocation of public sector resources to priority development/growth problems, and greater monetary and fiscal discipline.

C. Project Purpose

The project purpose is to enhance Salvadoran capabilities to identify and more expeditiously address priority development problems, undertake policy and strategy reform, and improve development program and project implementation. At the end of the Project, technical assistance, training, and limited operational support for key GOES and Salvadoran private sector entities will have resulted in the increased availability and use of statistical and analytical materials and methods by the GOES in policy and planning; an increased rate and efficiency of disbursement of A.I.D. and other donor funds for development programs; and improvements in the monitoring and auditing capabilities of GOES entities, including the Technical Secretariat for External Financing, the governmental auditing agency (the Court of Accounts), the Central Reserve Bank, and the Ministry of Finance.

D. Project Components

The project has four interrelated components, GOES Program Development, GOES Program Implementation, GOES Program Monitoring and Control, and Project Administration. A.I.D. funding will support studies, short-term technical assistance, both long and short term training, long term

technical support, a limited amount of operational costs (including commodities) associated with strengthening the GOES' policy analysis, planning, and program development and monitoring capabilities, and finally, the Project management costs consisting of a senior Training Advisor to advise the GOES and other institutions on the development of training programs, and participant selection procedures, and to monitor the progress of all participants. The purchase of a personal computer for use by the Training Advisor may be financed with Project funds; at the end of the Project, title to this equipment as well as other commodities purchased under the Project will be vested in the Government of El Salvador. All activities to be financed under the Project are legitimate program functions, as described below:

1. Component 1: GOES Program Development.

Sectoral studies, assessments and surveys, training for public and private sector employees, and technical assistance financed under this Component will be utilized to resolve one of the most serious problems constraining GOES planning and programming: the lack of a solid data base and strong public sector analytical capabilities. A series of sectoral studies, assessments and feasibility studies relevant to macro-economic planning and key development problems will be financed under this Component, as will technical assistance and training activities in these areas for the public and private sector. Consistent with the focus on Program Development, training will emphasize the development of analytical and planning skills, such as survey design, development and use of statistical material, design and use of management information systems, and economic analysis.

Discussions with high-level representatives throughout the public and private sectors have identified a number of areas of developmental concern for which serious analysis and extended strategy formulation are necessary to lay the groundwork for policy dialogue and program development. Frequently, GOES counterparts suggested areas where studies or assessments, accompanied by follow-on training, could provide the stimulus to program reorganization or improved resource allocation.

An illustrative listing of these studies, assessments, technical assistance, and training activities follows:

a. Macro-economic planning and analysis

Three areas have been identified for priority use of Project and counterpart funding: annual multi-purpose household surveys; macro-economic planning and analysis; and administrative reform of the public sector. Under the Policy Reform and Planning Project (519-0260), which terminates September 30, 1988, A.I.D. has provided funding to support the establishment of the Economic Advisory Group (GAE) within the Ministry of Planning and to carry out annual multi-purpose household surveys. The GAE, which is composed of some seven economists and support staff, has filled a gap in the GOES' present planning hierarchy, carrying out special studies and examining policy alternatives in the areas of foreign exchange, commercial and fiscal policies, the trade deficit, and other areas

relevant to the formulation of a sound economic policy. The results of these studies and data on economic indicators gathered by the GAE have been used extensively in the formulation of the policy dialogue agenda with the GOES on the 1987 and 1988 Economic Program. The annual multi-purpose household surveys have also provided relatively good information on key economic indicators, such as employment and income, which is used by the GOES and A.I.D. for planning and monitoring purposes. Continued support for the GAE and for the annual household surveys will be provided under the Technical Support, Policy Analysis and Training Project.

Other studies financed under this Component will assist the GOES in framing its annual economic plan; for example, studies might examine policy alternatives to attain (i) a trade balance surplus position in the medium term and (ii) tax policy. The selection of studies will be made by the GAE, working in consultation with the Project Consultative Committee and USAID's Office of the Economist. On the job and formal academic training for key Ministries (e.g., the Ministries of Planning and Finance) and leading private sector economists in policy development, macro-economic planning, and statistics and survey design will be financed, as will training for government and private organizations in data collection and analysis systems to improve the quantity and quality of available data.

b. Promote Exports and Strengthen the Private Sector

Given the present A.I.D. country development strategy, which supports an export-led growth strategy, and the lack of an adequate policy framework for this strategy, there is a pressing need for analytical work on which to base GOES strategy and policy reform. A series of studies, carried out early in the Project life, will focus on the policy environment for nontraditional exports. Three such studies, on price and nonprice barriers to exports, the level and incidence of taxation on agricultural assets and production, and agricultural diversification policies, will be initiated following signing of the Grant Agreement with the GOES. Another series of studies to be initiated later in the Project life will examine the GOES role in agricultural input distribution and product marketing and the potential benefits of privatization of various services now provided by the public sector (e.g., waste collection and banking services).

c. Agricultural development

With the agrarian reform being brought to a successful conclusion, the Ministry of Agriculture (MAG) must begin to focus on activities to improve agricultural productivity. Implicit in this reorientation is a need for improved resource allocation as the

Ministry currently utilizes over 90% of its budget for salary costs. Studies and training designed to improve GOES resource allocation decisions and to establish priorities and programs (for example, analyze the role of MAG in increasing livestock production or the adequacy of present policies and programs related to national resource conservation) must, therefore, be undertaken.

d. Health, Education and Housing

As noted earlier, rural/urban migration has become a major factor in Salvadoran development, and when combined with present rates of population growth, has placed enormous pressures on the GOES to formulate appropriate strategies to address the problems encountered in the cities, particularly, but also in rural areas, to ensure that not only are basic social services available, but that the changing demographics of the country are addressed so as to realize maximum benefits to national economic and social development. Currently, the development of strategy documents and programs is hampered by the lack of basic information (such as would be gathered through a national population census) and analytical work on service options, such as placing increased responsibilities for education and other public services with municipalities, and the effectiveness and efficiency of present housing programs. For example, there is a lack of consensus on the geographic limits and population of San Salvador. These and other questions of fundamental importance to promoting equitable growth will be addressed through this Project.

Total A.I.D. funding budgeted for this Component is \$4.5 million, including funding for 108 person months of technical assistance (\$1,560,000) to the GOES, 867 person months of training (\$1,833,000), and \$1.0 Million for operational support (including funding for an annual research program) for the GAE. The GOES will provide approximately \$3.0 million equivalent in local currency resources for in-country costs associated with carrying out surveys.

2. Component 2 - GOES Program Implementation

This Project Component will target short- and medium- term technical assistance to selected areas to significantly enhance ongoing development programs, improve the prospects of policy reform and analysis, and provide support to the GOES and the Salvadoran private sector in carrying out the comprehensive development program financed by A.I.D. and other donors. Short term technical assistance and long-term advisors (e.g., for two years) will play a key role in bridging gaps in present GOES project implementation capabilities, thereby facilitating the accomplishment of specific project objectives. Given the range and magnitude of local currency financed activities, for example, the \$34 million equivalent

National Plan program, the \$25 million equivalent Housing program, and the over \$100 million equivalent in credit lines, over 50% of the resources programmed for this Component will be used to contract technicians to provide daily implementation assistance to the institutions implementing these programs. Illustrative scopes of work for the long-term technical advisors are contained in Annex G.

In addition, technical advisors will be hired to assist the GOES in other priority areas requiring skills not presently found or available in sufficient quantities. For example, technical assistance to the Agricultural Development Bank and the Federation of Credit Agencies, the two financial institutions having the largest rural outreach and specializing in agricultural and small business credit, to fully institutionalize administrative reforms (e.g., improvements to the BFA's management information system and FEDECCREDITO's credit procedures) and prepare these institutions for potential roles in future projects utilizing A.I.D. funds or local currency generations is urgently needed yet not available through existing project activities. And, with Presidential elections scheduled in early 1989 and the recent changes in the legislative branch of government, the GOES and USAID have projected the need for specialized advisory assistance in democratic institution building throughout 1989 and 1990. Short-term technical assistance such as could be provided with PD&S funding would not provide the continuity required in this delicate arena.

Finally, training to increase project implementation capabilities of GOES and private sector implementing entities of both a technical and administrative nature will also be financed. The majority of this training will be provided through the sponsorship of individuals to attend short courses offered by U.S. institutions, although both in-country (e.g., the A.I.D. Project Implementation Course) and some technical training in other countries of Latin America is also contemplated. Subject areas already identified by USAID and the GOES include decision-making and other management skills for mid-level managers throughout the public sector, business organization management for private sector business association leaders, data collection and information management for customs officials to improve the efficiency of the customs service, training for mayors in revenue administration, labor management and collective bargaining to build Ministry of Labor capability in this field, and computer modeling for Salvadoran builders. Funding will also be reserved to support Salvadoran participants in specialized seminars financed by A.I.D. or other development agencies in priority areas, such as the ongoing labor department seminars on labor-management relations and the S&T centrally funded technical symposiums.

A.I.D. funding for this Component is estimated at \$7.127 million, to finance 54.3 person years of long-term technical support, 48 person months of short/medium-term technical assistance, \$30,000 of operational support for the capital market development, and 391 person months of training.

3. Component 3 - GOES Program Monitoring and Control

This Component will provide a combination of technical assistance and training to: (i) improve financial management and control systems of GOES institutions involved in the oversight, monitoring, and auditing of A.I.D. bilateral and local currency generated resources; (ii) strengthen the financial management and control systems of implementing institutions for A.I.D. programs when weaknesses are identified (e.g., CONARA) to bring financial control systems up to an acceptable level to receive A.I.D. support; and (iii) assist the Central Reserve Bank to improve its systems for determining the eligibility of, and verifying amounts disbursed for import transactions financed under the Balance of Payments Program.

Total funding budgeted for this Component is \$4.4 million, which includes technical assistance and training to modernize the Court of Accounts and the Ministry of Finance budget and control systems (\$2.5 million), \$500,000 to improve the program planning and oversight functions carried out by SETEFE, \$500,000 for training and short-term technical assistance to improve financial monitoring systems of other public or private sector entities utilizing A.I.D. funding, \$700,000 for a contract with a CPA firm to assist the Central Reserve Bank in improving its eligibility and price checking systems for import transactions financed under the dollar accounts established through the Balance of Payments Program, and \$175,000 for long-term training for personnel in these institutions. The GOES will provide counterpart funding equivalent to \$1.5 million for the local support costs associated with technical assistance and training programs. Brief descriptions of the types of technical assistance and training planned for each of these agencies are provided below, with more detail contained in the administrative analysis section.

a. Technical Secretariat for External Financing (SETEFE)

The Technical Secretariat for External Financing (SETEFE) was created in May 1983 as a unit for the coordination and management of external financing, especially from A.I.D. Its creation was based on the concern that the normal procedures of the National Budget resulted in delays in the disbursements of funds for the implementation of projects or programs. Unfortunately, SETEFE's staff and capabilities have not kept pace with the growth in the size of the A.I.D. budget and other donor resource flows. Recognizing this deficiency, in February 1987, the Ministry of

Planning initiated a process to restructure SETEFE's management; A.I.D. also agreed to finance an analytical study of SETEFE, focussing on this institution's role in the development, coordination and monitoring of donor financed development programs and the capability of SETEFE to discharge these functions. This assessment, now being finalized, includes a series of recommendations for improving the ability of SETEFE to discharge its coordination and oversight responsibilities. These recommendations will be discussed with A.I.D., and an institutional development program will be developed and financed with Project funds.

b. The Court of Accounts (or Government Auditing Agency) and the Ministry of Finance

In 1986, a diagnostic study of the Court of Accounts (CC) of El Salvador was carried out to identify measures to modernize auditing procedures and improve the efficiency of this organization. As a result, in June 1987 the USAID contracted Price Waterhouse to establish and carry out a comprehensive auditing training program for the Court of Account's employees and assist the Court in preparing a new organic law which would replace the now-cumbersome pre-audit requirement for all contracts with an internal control and post-audit function and develop audit manuals and standards for the Court (and possibly all the public sector). Although the new organic law for the Court has not been approved by the Assembly, the training programs have resulted in a significant improvement in the Court's functioning, with the Court having completed its first audit ever and with an additional audits scheduled for completion by July 15, 1988. While these accomplishments are commendable, the most fundamental change recommended in the diagnostic study, i.e., the establishment of an integrated financial management and audit system, was postponed pending further study by the Ministry of Finance and the Court of Accounts.

Although it has been two years since the initial study, the need for administrative reforms to improve the financial monitoring and control systems of the government has not been addressed due, in part, to financial constraints of the GOES. Thus, in 1983, when the USAID received a request from the Ministry of Finance for technical assistance to prepare a strategy for the establishment of such an integrated financial management and audit system, which would include improvements to the Court of Accounts as well as the Ministry of Finance, we responded positively and this study is now underway.

Given the magnitude of reforms envisioned necessary, it is unlikely that the GOES will be able to undertake them without A.I.D. financing. Funding has, therefore, been budgeted under the Project to assist the Ministry of Finance and the Court of Accounts to implement the Integrated Financial Management and Audit System, consisting of a uniform system of accounting standards and practices for the public sector, standard formats for financial reports, and the implementation of a system of annual audits of financial position and results of operations government wide.

Independent Verification of Balance of Payments Dollar Transactions

The U.S. Government, through A.I.D., provides substantial balance of payments support for the government of El Salvador. In FY 88, the total amount of support provided will be \$125 million, with an equal or higher amount programmed for FY 89. Funds provided under the Balance of Payments program are used to finance the import of raw materials and intermediate capital goods essential for the functioning of the Salvador economy. The Central Reserve Bank (BCR) manages the use of these resources, and in accordance with the terms of each year's Grant Agreement, receives, reviews, and approves applications from importers for dollars to finance imports meeting the following eligibility criteria:

- that the imports be raw materials, intermediate goods, spare parts, agricultural imports, and capital goods from the U.S., CBI-designated CACM countries, Panama, and petroleum from other Code 941 countries; and
- that the imports be for the use primarily of the private sector in the manufacturing, agricultural, agroindustrial, commercial, construction, transportation, services and energy subsectors of the economy.

As a result of the growth in the Balance of Payments program, A.I.D. determined that improvements to the BCR systems and procedures for the review, approval and auditing of transactions were needed to prevent capital flight. As documented in a March 1987 report by International Finance Consultants, Ltd. (IFC), BCR price verification is increasingly effective and broader in scope and has undoubtedly made the export of capital through under- or overinvoicing much more difficult than previously. Additionally, the exchange rate unification has reduced incentives to under- or overinvoice. Nonetheless, USAID considers the continuation of technical assistance to the BCR to further improve the effectiveness of the BCR's price checking unit essential, given the continuing high levels of balance of payments support. Therefore, financing for this activity is included herein.

4. Component 4 - Project Administration

Counterpart funding will be used to support the establishment of an administrative support unit housed within the Ministry of Planning to assist the Consultative Committee in carrying out its responsibilities for Project coordination and oversight. In addition, Project funding will be utilized to contract a Training Coordinator/Advisor to assist the Consultative Committee, other public sector entities, and the private sector to establish training priorities, develop training plans, develop and oversee the selection of private sector candidates for training, prepare training costs analyses to identify appropriate training sites, and provide backstopping support to all training consultants in El Salvador and to participants while in the U.S. or third countries. The estimated cost of this technical assistance is \$1,000,000 over the five year period, including the individual's salary and the purchase of a personal computer for monitoring the participants; \$250,000 in counterpart funds is budgeted for the administrative support unit, and includes salaries and operating expenses.

Annexes E, F, G, and H contain descriptions of illustrative activities considered eligible for financing under the Project. While FY 89 activities have been agreed upon with counterpart institutions, these activities as well as those to be financed in the outyears will probably differ from the illustrative descriptions contained herein to reflect revised GOES or A.I.D. priorities and needs or new opportunities.

E. Project Beneficiaries

The direct beneficiaries of the Project will be those public and private sector individuals who will undertake the long or short-term training programs or who will benefit from on-site training by those providing the technical support expertise. Secondary beneficiaries will include all those Salvadorans affected by having a much stronger public and private human resource base in place and actively involved in policy reformulation and strategy design in the areas of social and economic reconstruction.

VI. FINANCIAL ANALYSES

A. Background: The USAID/EL Salvador portfolio currently includes project funding totaling \$312,474,000, a dramatic increase over the levels of 1979, when all U.S. economic assistance totaled \$34.4 million. The human resources employed by the GOES responsible for management of such portfolio, however, have not increased in the same proportion. The GOES has had serious budgetary limitations and neither the quantity nor the

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

APPLICATION-INPUT	SOURCE		AID		HC		TOTAL		GRAND
	FX	LC	FX	LC	FX	LC	FX	LC	TOTAL
I. PROGRAM DEVELOPMENT	3,253.8	1,239.2	0.0	3,000.0	3,253.8	4,239.2	7,493.0		
a) TECHNICAL ASSISTANCE	1,560.0	0.0	0.0	0.0	1,560.0	0.0	1,560.0		
b) OPERATIONAL SUPPORT	0.0	1,000.0	0.0	3,000.0	0.0	4,000.0	4,000.0		
c) TRAINING	1,593.8	239.2	0.0	0.0	1,593.8	239.2	1,833.0		
d) COMMODITIES	100.0	0.0	0.0	0.0	100.0	0.0	100.0		
II. PROGRAM IMPLEMENTATION	5,915.0	1,212.0	0.0	0.0	5,915.0	1,212.0	7,127.0		
a) TECHNICAL SUPPORT	5,235.0	740.0	0.0	0.0	5,235.0	740.0	5,975.0		
b) OPERATIONAL SUPPORT	0.0	80.0	0.0	0.0	0.0	80.0	80.0		
c) TRAINING	680.0	392.0	0.0	0.0	680.0	392.0	1,072.0		
d) COMMODITIES	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
III. PROGRAM MONITORING & CONTROL	3,669.0	711.0	0.0	1,500.0	3,669.0	2,211.0	5,880.0		
a) TECHNICAL ASSISTANCE	3,200.0	0.0	0.0	0.0	3,200.0	0.0	3,200.0		
b) OPERATIONAL SUPPORT	0.0	0.0	0.0	1,500.0	0.0	1,500.0	1,500.0		
c) TRAINING	250.0	711.0	0.0	0.0	250.0	711.0	961.0		
d) COMMODITIES	219.0	0.0	0.0	0.0	219.0	0.0	219.0		
IV. PROGRAM ADMINISTRATION	1,000.0	0.0	0.0	250.0	1,000.0	250.0	1,250.0		
a) TECHNICAL SUPPORT	950.0	0.0	0.0	0.0	950.0	0.0	950.0		
b) OPERATIONAL SUPPORT	0.0	0.0	0.0	250.0	0.0	250.0	250.0		
c) TRAINING	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
d) COMMODITIES	50.0	0.0	0.0	0.0	50.0	0.0	50.0		
TOTAL :	13,837.8	3,162.2	0.0	4,750.0	13,837.8	7,912.2	21,750.0		

TABLE I I
PROJECT FINANCIAL PLAN
(US\$000)

PROJECT ELEMENTS	A.I.D.	GOES	TOTAL
I. PROGRAM DEVELOPMENT:	4,493	3,000	7,493
A. TECHNICAL ASSISTANCE (108 P/M)	1,560	0	1,560
B. OPERATIONAL SUPPORT	1,000	3,000	4,000
C. TRAINING (867 P/M)	1,833	0	1,833
D. COMMODITIES	100	0	100
II. PROGRAM IMPLEMENTATION:	7,127	0	7,127
A. TECHNICAL SUPPORT (700 P/M)	5,975	0	5,975
B. OPERATIONAL SUPPORT	80	0	80
C. TRAINING (391 P/M)	1,072	0	1,072
D. COMMODITIES	0	0	0
III. PROGRAM MONITORING & CONTROL:	4,380	1,500	5,880
A. TECHNICAL ASSISTANCE (212.3 P/M)	3,200	0	3,200
B. OPERATIONAL SUPPORT	0	1,500	1,500
C. TRAINING (509 P/M)	961	0	961
D. COMMODITIES	219	0	219
IV. PROGRAM ADMINISTRATION:	1,000	250	1,250
A. TECHNICAL SUPPORT (60 P/M)	950	0	950
B. OPERATIONAL SUPPORT	0	250	250
C. TRAINING	0	0	0
D. COMMODITIES	50	0	50
TOTAL :	17,000	4,750	21,750

TABLE: III
PROJECTION OF EXPENDITURES BY FISCAL YEAR
(US\$000)

PROJECT COMPONENT	1989	1990	1991	1992	1993	TOTAL
I. PROGRAM DEVELOPMENT:	1,372.5	1,286.9	916.7	661.9	255.0	4,493.0
II. PROGRAM IMPLEMENTATION:	2,636.1	2,333.2	1,246.7	596.0	315.0	7,127.0
III. PROGRAM MONITORING & CONTROL:	1,287.5	2,068.2	574.3	225.0	225.0	4,380.0
IV. PROGRAM ADMINISTRATION:	250.0	262.5	162.5	162.5	162.5	1,000.0
TOTAL:	5,546.1	5,950.8	2,900.2	1,645.4	957.5	17,000.0

PROJECTED EXPENDITURES BY FISCAL YEAR PROJECT 519-0349

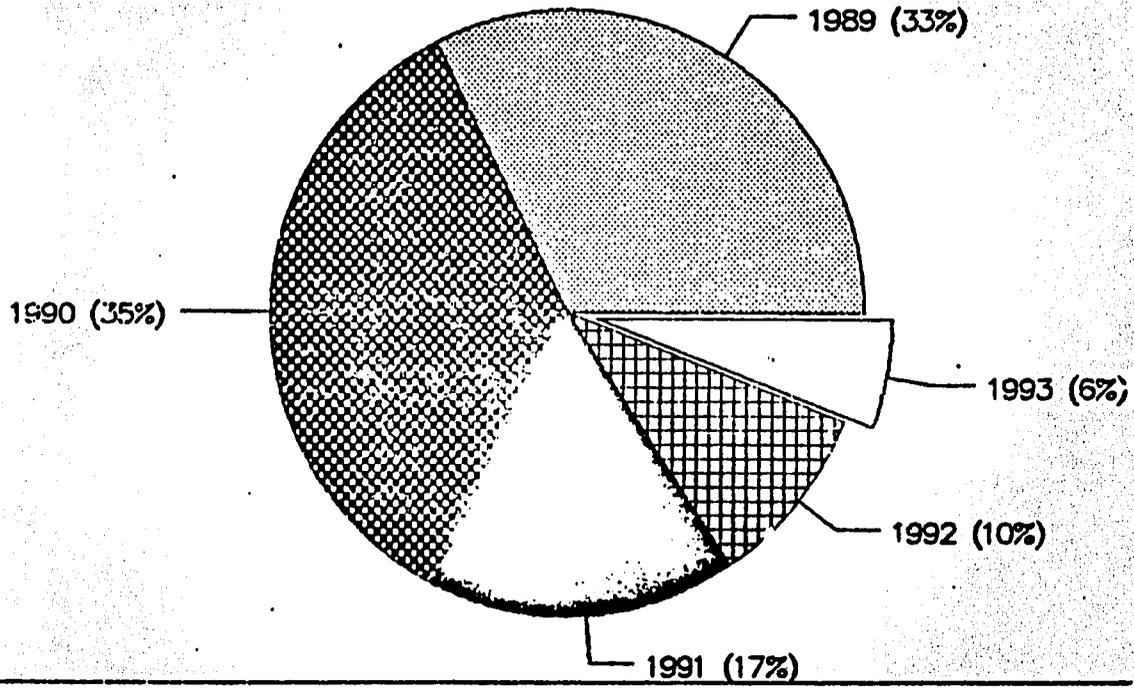


TABLE IV
 PROJECTION OF EXPENDITURES BY FISCAL YEAR
 PROGRAM DEVELOPMENT
 (US\$000)

ACTIVITY	1989	1990	1991	1992	1993	TOTAL
1. TECHNICAL ASSISTANCE:	885.0	480.0	195.0	0.0	0.0	1,560.0
1.1. IMPROVING DATA BASE	360.0	90.0	0.0	0.0	0.0	450.0
1.2. INFRASTRUC. SECTOR ASSESMENT:	180.0	45.0	0.0	0.0	0.0	225.0
1.3. AGRICULTURAL SECTOR ASSESMENT:	0.0	195.0	195.0	0.0	0.0	390.0
1.4. MACROECONOMIC TECH. ASSIST.	150.0	150.0	0.0	0.0	0.0	300.0
1.5. PRIM. ED. POLICY ALTERNATIVES:	195.0	0.0	0.0	0.0	0.0	195.0
2. OPERATIONAL SUPPORT:	120.0	220.0	220.0	220.0	220.0	1,000.0
2.1. G.A.E.	120.0	220.0	220.0	220.0	220.0	1,000.0
3. TRAINING:	367.5	561.9	476.7	416.9	10.0	1,833.0
3.1. SHORT-TERM IN-COUNTRY	215.0	6.9	10.4	6.9	0.0	239.2
3.2. SHORT-TERM INTERNATIONAL	35.0	20.0	10.0	10.0	10.0	85.0
3.3. LONG TERM	117.5	535.0	456.3	400.0	0.0	1,508.8
4. COMMODITIES:	0.0	25.0	25.0	25.0	25.0	100.0
TOTAL :	1,372.5	1,286.9	916.7	661.9	255.0	4,493.0

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TABLE V
PROJECTION OF EXPENDITURES BY FISCAL YEAR
PROGRAM IMPLEMENTATION
(US\$000)

ACTIVITY	1989	1990	1991	1992	1993	TOTAL
1. TECHNICAL SUPPORT:	2,300.0	1,840.0	950.0	570.0	315.0	5,975.0
1.01. DEMOCRATIC INIT. ADVISOR	150.0	150.0	0.0	0.0	0.0	300.0
1.02. PROGRAM SPECIALIST	30.0	30.0	30.0	30.0	30.0	150.0
1.03. TECH. SUPPORT/ASSIST. (S/T)	100.0	180.0	180.0	180.0	105.0	825.0
1.04. PROJECT MANAGER	50.0	50.0	50.0	50.0	50.0	250.0
1.05. TECH. SUPPORT/ASSIST. (S/T)	180.0	45.0	0.0	0.0	0.0	225.0
1.06. PROGRAM SPECIALIST	20.0	20.0	0.0	0.0	0.0	40.0
1.07. PROGRAM SPECIALIST	100.0	0.0	0.0	0.0	0.0	100.0
1.08. REG. FIELD OPER. SPECIALIST	30.0	30.0	0.0	0.0	0.0	60.0
1.09. REG. FIELD OPER. SPECIALIST	25.0	25.0	0.0	0.0	0.0	50.0
1.10. REGIONAL PROGRAM SPECIALIST	90.0	90.0	0.0	0.0	0.0	180.0
1.11. REGIONAL PROGRAM SPECIALIST	145.0	145.0	0.0	0.0	0.0	290.0
1.12. REG. FIELD OPER. SPECIALIST	30.0	30.0	0.0	0.0	0.0	60.0
1.13. PROGRAM ASSISTANT	15.0	15.0	0.0	0.0	0.0	30.0
1.14. SECRETARY	10.0	10.0	0.0	0.0	0.0	20.0
1.15. NPD ASSISTANT COORDINATOR	40.0	40.0	0.0	0.0	0.0	80.0
1.16. ED. POL. PLAN & RES. ADVISOR	150.0	150.0	0.0	0.0	0.0	300.0
1.17. PROGRAM ECONOMIST	130.0	130.0	130.0	130.0	130.0	650.0
1.18. PROGRAM SPECIALIST	60.0	60.0	0.0	0.0	0.0	120.0
1.19. PROGRAM SPECIALIST	150.0	0.0	0.0	0.0	0.0	150.0
1.20. HOUSING & URBAN DEV. ADVISOR	150.0	75.0	0.0	0.0	0.0	225.0
1.21. TECH. SUPPORT/ASSIST. (L/T)	385.0	385.0	380.0	0.0	0.0	1,150.0
1.22. TECH. SUPPORT/ASSIST. (S/T)	180.0	180.0	180.0	180.0	0.0	720.0
2. OPERATIONAL SUPPORT:	0.0	40.0	40.0	0.0	0.0	80.0
2.1. CAPITAL MARKET DEVELOPMENT	0.0	40.0	40.0	0.0	0.0	80.0
3. TRAINING:	336.1	453.2	256.7	26.0	0.0	1,072.0
3.1. SHORT-TERM IN-COUNTRY	91.1	253.2	21.7	26.0	0.0	392.0
3.2. SHORT-TERM INTERNATIONAL	195.0	150.0	235.0	0.0	0.0	580.0
3.3. LONG-TERM	50.0	50.0	0.0	0.0	0.0	100.0
TOTAL:	2,636.1	2,333.2	1,246.7	596.0	315.0	7,127.0

TABLE VI
 PROJECTION OF EXPENDITURES BY FISCAL YEAR
 PROGRAM MONITORING & CONTROL
 (US\$000)

ACTIVITY	1989	1990	1991	1992	1993	TOTAL
1. TECHNICAL ASSISTANCE:	857.0	1,558.7	444.3	170.0	170.0	3,200.0
1.1. COURT OF ACCOUNTS & M.O.F.	457.2	1,097.2	274.3	0.0	0.0	1,828.7
1.2. FINANCIAL MGMT. TRNG.	79.8	79.8	79.8	79.8	79.8	399.0
1.3. SETEFE	50.0	57.3	55.0	55.0	55.0	272.3
1.4. BALANCE OF PAYMENTS	270.0	224.4	35.2	35.2	35.2	700.0
2. TRAINING:	430.5	455.5	75.0	0.0	0.0	961.0
2.1. SHORT-TERM IN-COUNTRY	355.5	355.5	0.0	0.0	0.0	711.0
2.2. SHORT-TERM INTERNATIONAL	75.0	0.0	0.0	0.0	0.0	75.0
2.3. LONG-TERM	0.0	100.0	75.0	0.0	0.0	175.0
3. COMMODITIES:	0.0	54.0	55.0	55.0	55.0	219.0
TOTAL	1,287.5	2,068.2	574.3	225.0	225.0	4,380.0

DESCRIPTION	TECH. ASSIST	TRNG	EQUIP.	TOTAL
COURT OF ACCOUNTS & M.O.F.	1,828.7	676.3	0.0	2,505.0
FINANCIAL MGMT. TRNG.	399.0	101.0	0.0	500.0
SETEFE	272.3	183.7	219.0	675.0
BALANCE OF PAYMENTS	700.0	0.0	0.0	700.0
TOTAL	3,200.0	961.0	219.0	4,380.0

TABLE: VII
 PROJECTION OF EXPENDITURES BY FISCAL YEAR
 PROGRAM ADMINISTRATION
 (US\$000)

ACTIVITY	1989	1990	1991	1992	1993	TOTAL
1. TECHNICAL SUPPORT:	250.0	250.0	150.0	150.0	150.0	950.0
1.1. SUPERVISORY TRAINING ADVISOR	250.0	250.0	150.0	150.0	150.0	950.0
2. COMMODITIES:	0.0	12.5	12.5	12.5	12.5	50.0
TOTAL:	250.0	262.5	162.5	162.5	162.5	1,000.0

TABLE VIII
 TECHNICAL ASSISTANCE
 (US\$000)

CONCEPT	PERSON MONTHS	ESTIMATED COST
I. PROGRAM DEVELOPMENT:	108	1,560
IMPROVING THE DATA BASE AND DATA COLLECTION EFFORTS	30	450
INFRASTRUCTURE SECTOR ASSESSMENT	15	225
AGRICULTURAL SECTOR ASSESSMENT	26	390
MACROECONOMIC TECHNICAL ASSISTANCE AND SUPPORT	24	300
PRIMARY EDUCATION POLICY ALTERNATIVES	13	195
TOTAL:	108	1,560

TABLE IX
ILLUSTRATIVE TECHNICAL SUPPORT
(US\$000)

NEED (INPUT)	COUNTERPART OFFICE	US FSN	TIME FRAME PERS/YEARS	BASE COST ESTIMATE	TOTAL
II. PROGRAM IMPLEMENTATION:					
DEMOCRATIC INITIATIVE ADVISOR	ASSEM/CCE	US	2.0	150	300.0
PROGRAM SPECIALIST	BCR	FSN	5.0	30	150.0
TECHNICAL SUPPORT/ASSISTANCE (S/T)	BCR	US	4.6	180	825.0
PROJECT MANAGER	BCR	FSN	5.0	50	250.0
TECHNICAL SUPPORT/ASSISTANCE (S/T)	BOLSA	US	1.3	180	225.0
PROGRAM SPECIALIST	CONARA	FSN	2.0	20	40.0
PROGRAM SPECIALIST	CONARA	US	1.0	100	100.0
REGIONAL FIELD OPER. SPECIALIST	CONARA	FSN	2.0	30	60.0
REGIONAL FIELD OPER. SPECIALIST	CONARA	FSN	2.0	25	50.0
REGIONAL PROGRAM SPECIALIST	CONARA	US	2.0	90	180.0
REGIONAL PROGRAM SPECIALIST	CONARA	US	2.0	145	290.0
REGIONAL FIELD OPER. SPECIALIST	CONARA	FSN	2.0	30	60.0
PROGRAM ASSISTANT	CONARA	FSN	2.0	15	30.0
SECRETARY	CONARA	FSN	2.0	10	20.0
NPD ASSISTANT COORDINATOR	CONARA	FSN	2.0	40	80.0
ED. POLICY PLAN & RESEARCH ADVISOR	MOE	US	2.0	150	300.0
PROGRAM ECONOMIST	MOF/BCR	US	5.0	130	650.0
PROGRAM SPECIALIST	MULTIPLE	US	2.0	60	120.0
PROGRAM SPECIALIST	MULTIPLE	US	1.0	150	150.0
HOUSING & URBAN DEVL P ADVISOR	VMDVU	US	1.5	150	225.0
TECHNICAL SUPPORT/ASSISTANCE (L/T)		US	6.0	192	1,150.0
TECHNICAL SUPPORT/ASSISTANCE (S/T)		US	4.0	180	720.0
SUB-TOTAL:			58.3		5,975.0
IV. PROJECT MANAGEMENT:					
SUPERVISORY TRAINING ADVISOR	OET	US	2.0	250	500.0
SUPERVISORY TRAINING ADVISOR	OET	US	3.0	150	450.0
SUB-TOTAL:			5.0		950.0
GRAND TOTAL:			63.3 P/YRS		6,925.0
			760 P/MOS		
TOTAL US (FX):			472 P/MOS		6,185.0
TOTAL FSN (LC):			288 P/MOS		740.0

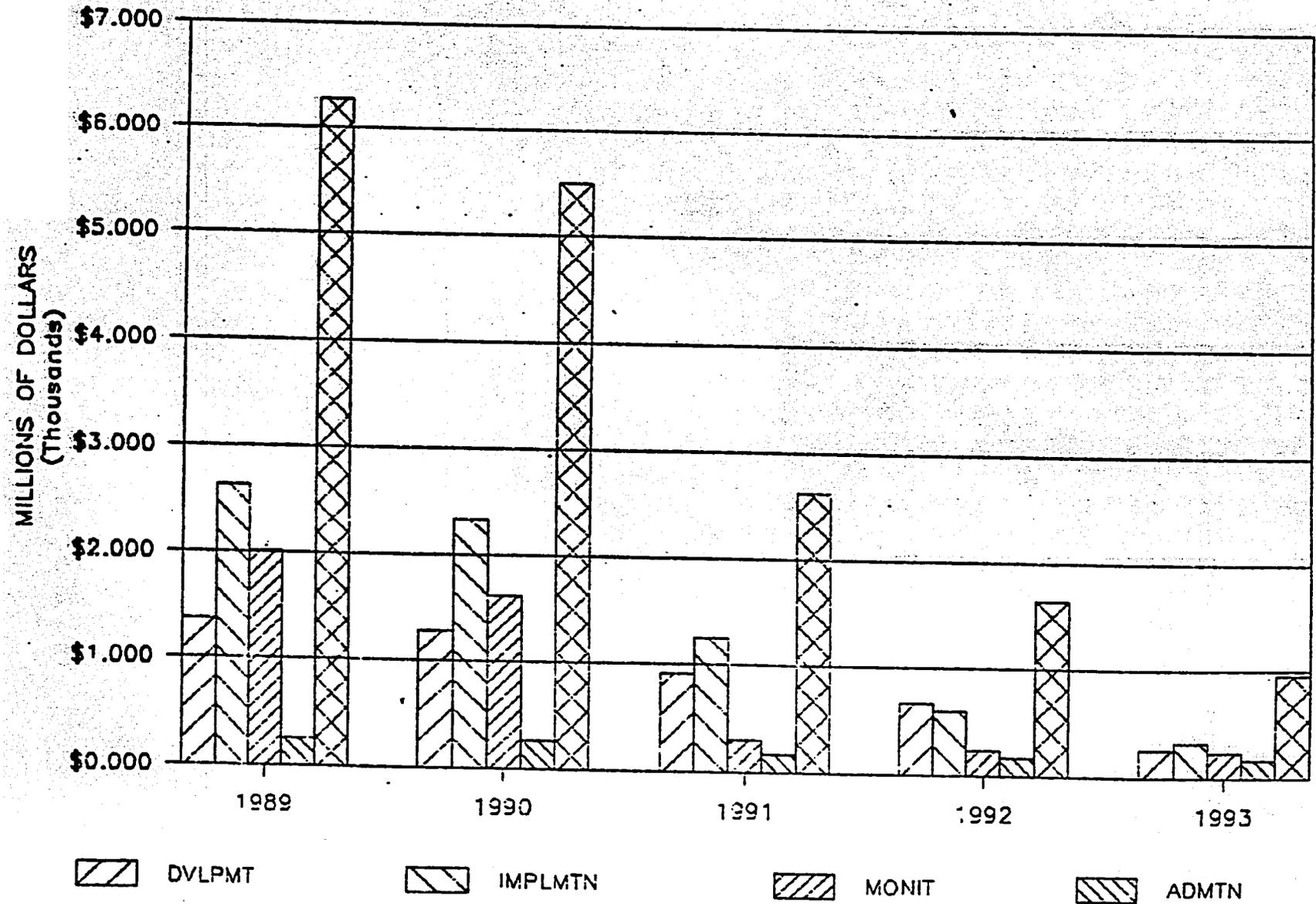
TABLE: X
 OPERATIONAL SUPPORT
 (US\$000)

C O N C E P T	ESTIMATED C O S T
I. PROGRAM DEVELOPMENT:	
GAE	1,000
II. PROGRAM IMPLEMENTATION:	
CAPITAL MARKET DEVELOPMENT	80
T O T A L :	1,080

TABLE XI
TRAINING
(US\$000)

PROJECT COMPONENT	FY-89		FY-90		FY-91		FY-92		FY-93		TOTAL	
	P/M	EST COST	P/M	EST COST								
1. PROGRAM DEVELOPMENT:												
a) Short-term In-country	124.0	215.0	4.0	6.9	6.0	10.4	4.0	8.9	0.0	0.0	138.0	239.2
b) Short-term Intl.	7.0	35.0	4.0	20.0	2.0	10.0	2.0	19.0	2.0	10.0	17.0	85.0
c) Long-term	42.0	117.5	259.0	535.0	219.0	456.3	192.0	400.0	0.0	0.0	712.0	1,508.8
SUB-TOTAL:		367.5		561.9		476.7		416.9		10.0	867.0	1,833.0
2. PROGRAM IMPLEMENTATION:												
a) Short-term In-country	53.0	91.1	146.5	253.2	12.5	21.7	15.0	26.0	0.0	0.0	227.0	392.0
b) Short-term Intl.	39.0	195.0	30.0	150.0	47.0	235.0	0.0	0.0	0.0	0.0	116.0	590.0
c) Long-term	24.0	50.0	24.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	48.0	100.0
SUB-TOTAL:		336.1		453.2		256.7		26.0		0.0	391.0	1,072.0
3. PROGRAM MONITORING:												
a) Short-term In-country	205.0	355.5	205.0	355.5	0.0	0.0	0.0	0.0	0.0	0.0	410.0	711.0
b) Short-term Intl.	15.0	75.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.0	75.0
c) Long-term	0.0	0.0	48.0	100.0	36.0	75.0	0.0	0.0	0.0	0.0	84.0	175.0
SUB-TOTAL:		430.5		455.5		75.0		0.0		0.0	509.0	961.0
TOTAL:												
a) Short-term In-country	382.0	661.6	355.5	615.6	18.5	32.1	19.0	32.9	0.0	0.0	775.0	1,342.2
b) Short-term Intl.	61.0	305.0	34.0	170.0	49.0	245.0	2.0	10.0	2.0	10.0	148.0	740.0
c) Long-term	66.0	167.5	331.0	685.0	255.0	531.3	192.0	400.0	0.0	0.0	844.0	1,783.8
GRAND TOTAL:	509.0	1,134.1	720.5	1,470.6	322.5	808.4	213.0	442.9	2.0	10.0	1,767.0	3,866.0

PROJECTED EXPENDITURES BY FISCAL YEAR



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quality of its human resources have improved proportionately. SETEFE, which is the GOES' principal agency responsible for programming, coordination and implementation oversight of external financing increased its staff from 8 in 1983 (the year of its creation) to 26 in 1987.

This Project intends to partially address this deficiency by providing additional necessary human resources, training, technical support and limited quantities of equipment to support the achievement of development objectives of the GOES which are consistent with A.I.D. priorities.

B. Analysis of Project Costs

The Project costs are estimated at \$21.75 million, as shown in tables I through V, with \$17 million to be financed by A.I.D. and \$4.75 million to be financed by the GOES, utilizing ESF and PL 480 local currency generations. Project funds will finance the following Project inputs:

- over 300 person months of technical assistance to improve data collection efforts and program monitoring and control (28% of A.I.D. funding);
- over 1,750 person months of short and long-term training (23%);
- 700 person months of technical support for project implementation (35%); and
- operational support (6%), commodities (2%) and project administration costs (6%).

C. Cost-Effectiveness Analysis

Given the nature of this Project, i.e., focussed on developing the human infrastructure/capital of the country, Project activities do not lend themselves to the more traditional types of financial analysis performed for projects where the benefits are easily quantified. Therefore, a "least-cost" analysis of alternatives to attaining the Project purpose was utilized in Project design, resulting in the decision to maximize in-country training, as opposed to training abroad, and the utilization of personal service contractors and small and minority business concerns wherever practicable. The savings associated with training in-country versus training abroad, as shown in the Training Plan, is an estimated \$3,300 per participant.

D. Effect on Recurrent Costs

The nature of Project activities, i.e., focussed on strengthening Salvadoran technical and managerial skills, have the potential for causing a reduction in the recurrent costs to the GOES. Specifically, the results of studies and technical assistance are expected to lead to more efficient resource allocation decisions of the GOES, which, over the long term, will result in a reduction in the recurrent costs by leading to increased contracting for services and reductions in the government salaries. The only cost associated with maintaining Project benefits after the Project ends will be the maintenance associated with commodities procured for data processing and handling.

E. Payment Verification Matrix for Methods of Implementation and Financing

<u>Method of Implementation</u>	<u>Method of Financing</u>	<u>Approx. Amount (\$000)</u>
1. Technical Assistance A.I.D. procurement	Direct pay	\$4,760
2. Training A.I.D. direct placement or procurement	Direct pay	\$3,866
3. Technical support - A.I.D. direct procure.	Direct Pay	\$6,925
4. Operating costs - A.I.D. disbursement to SEITEFE	Direct Pay	\$1,080
5. Commodities A.I.D. direct procure.	Direct Pay	\$ 369

F. Evaluation of Need for Audit

As all Project activities will be handled by means of direct A.I.D. contracts or direct placement of participants by A.I.D., no audit is warranted.

VI. IMPLEMENTATION PLAN

A. Implementation Responsibilities and Administrative Arrangements

The \$17 million ESF Grant will be incrementally obligated by means of a Grant Agreement and Amendments. The Ministry of Planning (MIPLAN) will represent the Grantee. The Minister will delegate responsibility for oversight and project administration to a senior planner from MIPLAN. He/she will be assisted by a Salvadoran technician(s), contracted with counterpart funds. The MIPLAN representative will chair a Consultative Committee to be established, which will include a representative from the Central Reserve Bank and from the Ministry of Finance. Each year technical ministries will be asked to prepare and submit proposals for studies, training, and technical assistance to the Consultative Committee, which will review and select proposals recommended for Project financing. Their recommendations will be consolidated into an Annual Action Plan, and submitted to A.I.D. for its review and approval. Ad hoc requests will also be accepted by the Consultative Committee, and reviewed in its quarterly meetings, or ad hoc meetings called by any one of the members of the Committee. To facilitate Project implementation, an initial group of activities to be carried out under the Project has already been identified and will begin upon ratification of the Project Agreement.

The exception to this process will occur in the case of technical support under the Project Implementation Component, training and technical assistance to the private sector, and studies financed as part of the Annual Economic Research program described under Component I. These activities, which will total \$8.0 million over the five-year period, will be identified by the GOES and A.I.D. during the process of carrying out the extensive range of local currency funded development programs, as well as responding to other priority needs of the GOES for technical assistance. Upon identification, A.I.D. and the GOES will agree upon the need in writing and A.I.D. will proceed to obtain the services directly on behalf of the GOES.

The USAID Project Manager will be designated from the staff of the Office of Development Programming and Planning (DPP). A Training Advisor will be responsible for coordinating all long-term international training and providing support services as well as monitoring academic progress. He/she will perform an analysis of training costs for each participant; as appropriate, and once estimates of graduate level programs are developed by S&T/IT, the Training Advisor will utilize the new Training Cost Analysis (TCA) system to identify the most cost effective source.

B. Project Activity Selection Criteria

The criteria for selection of project activities to be funded by the project are that they be:

- a) in line with project goals and objectives;
- b) consistent with one or more of the Mission Action Plan core objectives;
- c) aimed at mid-and upper-level private and public sector managers, essential to the planning and project implementation process;
- d) a legitimate use for program funding, as defined in A.I.D. regulations;
- e) not eligible for funding under another A.I.D. project;
- f) carried out in a cost effective manner; and,
- g) completed within the Project timeframe.

C. Disbursement Procedures

Standard A.I.D. disbursement procedures will be employed. The direct payment mechanism will be used for all project funded activities.

D. Procurement Procedures

The selection of consultants and contractors, procurement of equipment and materials, shipping and insurance will be done in accordance with standard A.I.D. procedures and through direct A.I.D. contracts. MIPLAN does not currently have an in-house procurement capability for offshore procurements such as required for this Project, and to attempt to develop one given the already identified institutional weaknesses of this organization is not advisable at this time. Therefore, the majority, if not all, procurements will be carried out by A.I.D. However, if the GOES' can demonstrate its capability to carry out a proposed procurement action effectively and in a manner consistent with A.I.D. procedures, the Grant Agreement will provide for this flexibility.

Individual activities will have varying initiation dates; however, for purposes of procurement planning, a tentative plan for the preparation of PIO/Ts, Purchase Orders, and other reservation documents is contained in Annex I.

The principal opportunities for small businesses and Gray Amendment firms under the project will be in the provision of in-country technical assistance and training. These contracts will include a variety of short term assignments in the agricultural, housing, and private sectors, as well as in financial management and audit. The RFP's for these activities will be drafted so as to assure that small and minority firms are given the maximum practical consideration.

E. Waivers

The source and origin of goods and services will be A.I.D. Geographic Code 000 and the CACM. However, given that a large number of the potential beneficiaries of the Project are not skilled in the English language, waivers of the source and origin requirements will be required for some technical assistance and training services, where excluding other Spanish speaking countries included in Code 941 would adversely affect the efficient and timely implementation of the Project.

F. Schedule of Major Events

A chronogram providing an overall picture of Project Implementation with essential activities and timing is presented in the following page.

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SCHEDULE OF MAJOR EVENTSJUNE 1988

- Project Authorized
- Project Agreement Signed
- Designation of USAID Project Working Group

JULY 1988

- Ratification of Grant Agreement
- Formation of Consultative Committee
- Documentation for A.I.D. direct contract/procurement actions for CY 88 prepared

AUGUST 1988

- Condition Precedent to Initial Disbursement Met
- Consultative Committee establishes operational procedures
- USAID technical support service contractors on board

SEP/OCT 1988

- Consultative Committee distributes operational procedures to, and requests proposals from, Ministries and autonomous agencies
- Contracts signed for CY 88 studies under Components 1 and 3
- Economic Advisory Group (GAE) reorganized and submits 1989 Action Plan to Consultative Committee

NOV/DEC 1988

- Consultative Committee reviews Ministry requests and GAE Action Plan and submits consolidated 1989 Action Plan

JANUARY 1989

- USAID approves Action Plan and initiates procurement actions for Jan-June 89.

FEBRUARY 1989

- Quarterly meeting of Consultative Committee to review ad hoc requests from training and technical assistance
- Procurement actions finalized for first half 1989

MAY 1989

- Quarterly meeting of Consultative Committee; participants for long-term training for 1989/90 academic year selected
- Procurement actions for July-Dec 89 finalized.

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AUGUST 1989

- Quarterly Meeting of Consultative Committee

SEP/OCT 1989

- Ministries submit CY 90 proposals to Consultative Committee
- Participants depart El Salvador

NOV 1989

- Quarterly meeting of Consultative Committee to prepare 1990 Action Plan

DECEMBER 1989

- Action Plan approved and procurement actions for Jan-June 1990 initiated
- Joint USAID/GOES review of 1989 study recommendations and GOES follow-up actions for 1990

JAN/FEB 1990

- Procurement actions for Jan-June 1990 finalized

FEBRUARY 1990

- Consultative Committee Quarterly Meeting

MAY 1990

- Consultative Committee Quarterly Meeting
- Participants for long-term training for 90/91 academic year selected
- Procurement actions for July-Dec 1990 finalized

AUGUST 1990

- Consultative Committee Quarterly Meeting
- Participants for 1990/1991 academic year depart El Salvador

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SEP/OCT 1990

- Ministries and GAE submit CY 91 proposals to Consultative Committee

NOV 1990

- Quarterly meeting of Consultative Committee to prepare 1991 Action Plan

DECEMBER 1990

- Action Plan approved and procurement actions for Jan-June 1991 initiated
- Joint USAID/GOES review of study recommendations and GOES follow-up actions

JAN/FEB 1991

- Procurement actions for Jan-June 1991 finalized

FEBRUARY 1991

- Consultative Committee Quarterly Meeting

MAY 1991

- Consultative Committee Quarterly Meeting 1991/1992
- Participants for long-term training for academic year selected
- Procurement actions for July-Dec 1991 finalized

AUGUST 1991

- Consultative Committee Quarterly Meeting
- Participants for 1991/1992 academic year depart El Salvador

SEP/OCT 1991

- Ministries and GAE submit CY 1992 proposals to Consultative Committee

NOV 1991

- Quarterly meeting of Consultative Committee to prepare 1992 Action Plan

DECEMBER 1991

- Action Plan approved and procurement actions for Jan-June 1992 initiated
- Joint USAID/GOES review of study recommendations and GOES follow-up actions

JAN/FEB 1992

- Procurement actions for Jan-June 1992 finalized

FEBRUARY 1992

- Consultative Committee Quarterly Meeting

MAY 1992

- Consultative Committee Quarterly Meeting
- Participants for long-term training for 92/93 academic year selected
- Procurement actions for July-Dec 1992 finalized

AUGUST 1992

- Consultative Committee Quarterly Meeting
- Participants for 92/93 academic year depart El Salvador

SEP/OCT 1992

Ministries submit proposals for Jan-March 1993

NOVEMBER 1992

- Consultative Committee Quarterly Meeting to prepare Action Plan

DECEMBER 1992

- USAID approves Plan
- Joint USAID/GOES review of study recommendations and results
- Procurement actions initiated for CY 1993

FEBRUARY 1993

- Consultative Committee Meeting

MARCH 1993

- EOP Evaluation initiated

MAY 1993

- Consultative Committee Meeting
- All participant trainees return to El Salvador

JUNE 1993

- Complete Project Evaluation
- Final meetings with GOES on Study recommendations and GOES follow-up actions.
- Project ends.

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VII. MONITORING PLAN

A. A.I.D. Project Monitoring Arrangements

An A.I.D. employee from the Office of Development Planning and Programming (DPP) will be the USAID Project Manager responsible for monitoring project activities. He/she will be assisted by a Training Advisor, contracted under the Project and housed in the Office of Education and Training. This individual will be responsible, among other tasks, for the selection of training sites based on a thorough cost analysis of alternative sources and in maximizing the participation of women in the training programs.

In accordance with Mission policy, a Project Working Group will be established, chaired by the Project Manager and including membership from the Project Development and Controllers Offices; participation of other support offices, such as the Contracts Office or Regional Legal or Commodity Procurement Advisors, as required. Quarterly progress reviews will also be held with the Project Working Group, with the Associate Mission Director for Program and Project Development and the Mission Director chairing alternative sessions. (Note: The meetings chaired by the Mission Director will be the semi-annual portfolio review, held to coincide with the submission of the USAID's portfolio report to A.I.D./W.

B. Assessment of A.I.D. Monitoring Capability

It is expected that given the level of Mission staff, on-board and planned, there will be no difficulty in carrying out Project monitoring responsibilities.

VIII. PROJECT ANALYSES

A. Economic Analysis

The economy of El Salvador is characterized by low rates of economic growth and high rates of inflation. Over the past eight years this situation has brought about declining standards of living due to the constant erosion of real wages and the migration of the work force to less productive employment. The roots of the economic problem are found in the civil war, which has led to the destruction of much of the productive infrastructure, low commodity prices in international markets, and the inability of the GOES--due to the war and a very turbulent domestic political environment--to address the growing need to adjust the economy to meet the challenges of a much different domestic and international economy.

Sound economic management leading to an appropriate, long-term adjustment strategy is essential to rekindling the process of growth. Competent programming of money and credit will break the inflationary spiral and build international and domestic investor confidence. Appropriate reforms in the exchange rate regime will increase the profitability of important export sectors. Financial sector reform will promote a more efficient allocation of credit resources to the productive sectors of the economy.

The purpose of this Project is to contribute to sound economic management by strengthening the process of policy formulation. Technical assistance to the ministries of government will lead to important direct and indirect effects. Administrative improvements in the ministries, to be achieved by reorganizations, changes in systems and procedures, and training of personnel, will lead to greater employee productivity and organizational efficiency.

These improvements will ultimately have quantitative indirect effects through increases in output and productivity in the productive sectors of the economy. For example, improved management and a more coherent and supportive investment policy will improve the investment climate in the sectors of the economy in which El Salvador possesses a comparative advantage, leading to increased employment, incomes and savings, all of which will raise the level of activity throughout the economy.

Because of the qualitative nature of the direct effects discussed above, and the difficulty in quantifying accurately the indirect effects of the project, no attempt has been made to develop the usual formal economic analysis, either benefit-cost or internal rate of return. However, an illustrative analysis will serve to convince the reader that only a small increase in GDP would be necessary to generate a high rate of return to the resources that will be spent during the life of this project. If over the next five to six years GDP in El Salvador were to increase by one-tenth of one percent, over that which would take place in the absence of the project, the internal rate of return to the project would be in excess of 15%.

B. Technical Analysis

Prior to initiating any technical assistance or training activity, A.I.D., working with the Consultative Committee, other GOES institutions, or the private sector, review the scope of work of the proposed activity and ensure that the technology to be developed or taught is appropriate for El Salvador and commensurate with the recipient agency's capability to utilize the subject technology.

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C. Social Analysis

Project Beneficiaries and Social Considerations

As explicitly stated in the training plan of this document, the economic and social development of El Salvador is constrained, in part, by a shortage of Salvadorans with capabilities in objective policy formation, program planning and implementation, and program/project monitoring and evaluation.

The proposed project is designed to offer the training and technical assistance necessary to produce a cadre of mid- and upper-level management personnel with the needed skills listed above, in both the private and public sectors, and to assure the greatest impact of A.I.D. resources and GOES-owned local currency funds. All of this assistance will be designed to facilitate the achievement of the shared GOES, private sector and A.I.D. development goals of economic stabilization and reconstruction and spreading the benefits of growth.

The direct beneficiaries of the project will be those public and private sector individuals who will undertake the long or short-term training programs or who will benefit from on-site training by those providing the technical support expertise.

The precise training programs, most of which are suggested in the present document, will be determined and or designed by the appropriate mixture of GOES, private sector and A.I.D. personnel. In this process, to the degree possible, the direct beneficiaries have been and will be asked to collaborate by identifying their needs and recommending the most appropriate training programs and technical assistance. For the in-country training, this participatory process will continue throughout the life of the Project since government and private sector employees will work closely with the outside consultants to make the changes in their training curricula that are most beneficial to them, to their institutions, and to the clients they are expected to serve. These consultants will also act as a bridge for the continued provision of services to the public while other key Salvadorans are receiving the appropriate long and short-term training abroad.

Secondary beneficiaries will include all those Salvadorans affected by having a much stronger public and private sector human resource base in place and actively involved in policy reformulation and strategy design in the areas of social and economic stabilization and reconstruction. While it would be extremely difficult, if not impossible, to quantify the impact on the secondary project beneficiaries, the fact remains that personnel improvements in the planning and provision of both public and private sector services, especially in the education and housing sectors, will improve the lives of the majority of Salvadorans receiving those services.

As a straightforward development project emphasizing training and technical assistance, the Project should have no identifiable, negative social or cultural impact on El Salvador. Nevertheless, care will be exercised to ensure relatively equal participation in the proposed training programs by qualified males and females. This will not only conform to A.I.D. policy, but will also guarantee that one gender is not disproportionately represented in the new cadre of managers.

D. Administrative Analysis

The Ministry of Planning (MIPLAN) is the GOES institution charged with the design and supervision of the government's strategy for national development. Working with the other GOES ministries, MIPLAN's objective is to coordinate and guide the activities and programs undertaken by the government to ensure their effective realization. In this capacity, MIPLAN is also responsible for policy analysis in the area of economics and national finance, the development of budgetary policy, the development and coordination of external development assistance provided to El Salvador, and the administration and oversight of bilateral and multilateral development programs. The Court of Accounts, the GOES' auditing agency, works closely with MIPLAN, and specifically, the Technical Secretariat for External Financing (SETEFE), in ensuring accountability for external financing, as well as for the GOES' ordinary budget.

MIPLAN's strengths lie in the administration and oversight of the extraordinary budget. Additional funding, drawn from local currency generations, has enabled MIPLAN to build up the staffing of SETEFE, and this 26 person unit have clearly demonstrated their capacity to handle complex financial and inter-institutional programs. However, in discharging its other responsibilities, such as policy analysis and the coordination of donor resources, there are significant gaps in MIPLAN's capacities. These deficiencies are manifested, among other instances, in the GOES' acceptance of donor funding for identical projects, and in the inability of MIPLAN to effectively guide policy analysis and reform proposals, in areas such as the agrarian reform and export law. Increased donor funding, particularly from the U.S., combined with greater pressure on the GOES to institute policy reforms and improve the efficiency of the public sector, have placed further strains on the already stretched staff resources of the MIPLAN.

The Court of Accounts has also been unable to keep up with the demands of a larger development assistance budget, holding up project implementation while they review and certify contracts and other expenditures. Reforms to its antiquated auditing procedures and systems and additional staff training are urgently needed to remove needless obstacles to project implementation, while still providing for the accountability of donor, as well as GOES, financial resources.

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In view of these considerations, the Project has been oriented to fill the policy, planning and financial management needs of the country by optimizing the use of outside technical expertise to provide on-the-job training, conduct sectoral assessments and policy studies, and provide needed technical advice to senior GOES officials in establishing and carrying through key policy and strategy reforms over the short term. The longer term needs, specifically deepening the human capital of the country, will also be addressed through this Project, but in such a way as to minimize absences of key personnel in the public sector. The Project implementation arrangements agreed to, specifically the use of a Consultative Committee limited to three members, the provision of counterpart funding for its support staff, and the retention of procurement responsibility with A.I.D. reflect the foregoing institutional weaknesses and Project strategy.

The composition of the Consultative Committee comprised of representatives from MIPIAN, the Central Reserve Bank, and the Ministry of Finance, is a logical use of existing public sector resources and reflects the vital role each institution discharges in economic and social policy decisions of the government. The Department of Economic Studies of the Central Bank, for example, with a staff of 62 employees is responsible for the collection, analysis, interpretation, and dissemination of the majority of the information required for the economic, monetary, and social policy decisions to be taken by the Central Government; the Ministry of Finance (Hacienda) is the GOES agency responsible for administering the national budget and for the regulation of matters related to national financial policy and procedures. The participation of these institutions in the Consultative Committee will ensure that they are involved in and have immediate access to the results and findings of data collection, sectoral assessments, policy analysis, and implementation assistance financed under the Project for incorporation into the decision-making process.

The commitment of these institutions to support the activities which will establish a sound analytical data base, enhance the Salvadoran human resource capability to examine and reform economic and social policies, and improve the administrative and financial management systems of second level institutions which will be supported under the Project have been confirmed by their involvement in the design of the Project.

It is the judgement of the Project Design Committee that the issues of GOES: 1) commitment to carry out the studies/assessments and/or technical assistance, 2) involvement in implementation and review of activities to ensure the transfer of the results of studies and technical assistance to actual policy review and reform; and 3) administrative capability through the implementing Consultative Committee have been adequately addressed.

With respect to the USAID's capacity to administer this Project, the Project design has identified the need for a Training Advisor to handle the increased workload associated with the training activities to be financed. Although this Project represents an additional burden on the USAID's procurement staff, present staffing projections for this office, as well as the use of IQCs and other more efficient means of contracting services where available, are considerable manageable if adequate procurement planning is done. As a result, a detailed procurement plan for FY 89 and early FY 90 activities has been prepared.

E. Initial Environmental Examination

A negative determination was approved with the Project Implementation Document, which is included here as Annex J.

IX. CONDITIONS PRECEDENT AND COVENANTS

The following Conditions Precedent and Covenant will be included in the Project Agreement:

A. Conditions Precedent to Initial Disbursement

Prior to the first disbursement under the Grant, or the issuance of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

a. Evidence that this Agreement has been duly ratified by, and executed on behalf of, the Grantee and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms; and,

b. A statement of the name(s) of the person(s) holding or acting in the position empowered to act on behalf of the GOES for all purposes relevant to the Grant and of any additional representatives, together with the specimen signature of each person specified in such statement.

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B. Conditions Precedent to Subsequent Disbursements

a. Prior to the disbursement of Project funds for the administrative costs of the Grantee, or the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D. evidence that the Grantee has established a Consultative Committee, chaired by a MIPLAN representative and consisting of a representative from the Central Reserve Bank and the Ministry of Finance, which will have responsibility for the oversight of all Project activities.

b. Prior to the disbursement of Project funds, or the issuance by A.I.D. of documentation pursuant to which disbursement will be made, for studies, assessments, technical assistance or training requested by the GOES for the second and subsequent years of the Project, the Grantee shall furnish in form and substance satisfactory to A.I.D., a detailed work plan for the year which includes, but is not limited to, an identification of recommended studies, assessments, technical assistance and training activities, together with a budget and recommended timetable for each.

C. Covenants

The signatories of the Agreement further covenant and agree, unless A.I.D. otherwise agrees in writing, that:

(a) The GOES will obtain A.I.D.'s concurrence to the individuals to be appointed to the Consultative Committee and the administrative staff hired with Project funds to support this Committee.

(b) The GOES will jointly review with A.I.D., on at least an annual basis, the findings of studies undertaken herein and furnish an action plan with a detailed timetable to review, approve and implement recommendations of the studies.

(c) The GOES will provide logistical support to technical consultants financed in response to GOES requests under this Project; and

(d) The GOES will (i) continue salary payments to public sector employees while they are participants in training programs financed under the Project; (ii) provide individuals returning from training abroad with responsibilities at least commensurate with the responsibilities they had prior to training; and (iii) obtain the written agreement of these individuals to continue working in the public sector for a period at least equal to the length of the training program abroad.

X. EVALUATIONS

Given the nature of the Project and the close monitoring expected from the USAID Project Working Group, a mid-term evaluation of the Project is not planned. However, the quality and usefulness of each study, technical assistance assignment, or training program will be evaluated by the Project Working Group, as will the resultant policy or strategy reforms.

An end-of-Project evaluation is planned, which will focus on the success in effecting policy and strategy reform, improving project implementation, and upgrading public and private sector human resources.

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NARRATIVE	OBJECTIVELY VERIFIABLE INDICATOR	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Project Goal:</u> To assist in reconstructing the economy to provide for a sustained and broad-based pattern of long-term economic growth and to spread the benefits of social and economic development to encompass a majority of Salvadorans, including the poor.</p>	<ol style="list-style-type: none"> 1) Reduced role of government in productive activities 2) Improved allocation of public sector resources to priority development/growth problems. 3) Greater monetary and fiscal discipline. 	<ol style="list-style-type: none"> 1) Leading economic and development indicators published by GOES and int'l agencies. 	<ol style="list-style-type: none"> 1) The political and national environment allow the GOES to re-direct its human and financial resources from stabilization to reconstruction and sustainable economic growth. 2) The GOES will adopt those policy and strategy reforms that favor social and economic reconstruction.
<p><u>Project Purpose:</u> To enhance Salvadoran capabilities to identify and address priority development problems, undertake policy and strategy reform, and improve development program and project implementation.</p>	<ol style="list-style-type: none"> 1) Increased availability and use of statistical and analytical materials and methods by GOES in policy and planning. 2) Increased rate and efficiency of disbursement of A.I.D. and Other Donor Funds. 3) Improved monitoring and auditing capabilities of GOES entities, including SETEFE, the Court of Accounts, the BCR, and the Ministry of Finance. 	<ol style="list-style-type: none"> 1) GOES policy and strategic planning documents/records. 2) AID and other donor financial records. 3) Independent evaluation review of GOES auditing/monitoring procedures/capabilities. 	<ol style="list-style-type: none"> 1) The GOES adopts reforms to attract and maintain high quality staff. 2) The GOES accepts the importance of a strong and growing private sector role with Government in pursuing economic growth. 3) That policy makers will use objective criteria i.e. statistical data when available, for decision making. 4) That meaningful data can be produced, collected and interpreted through proposed studies.
<p><u>Outputs:</u></p>	<ol style="list-style-type: none"> 1) Five annual household surveys, a national census, and agricultural survey carried out. 2) GAE establishes and carries out an annual studies program and monitors key economic indicators. 	<p>Project records</p> <p>Project records</p>	<p>Contracting mechanism established will procure technical assistance on a timely basis.</p> <p>Consultative Committee will recognize importance of proposal</p>

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NARRATIVE	OBJECTIVELY VERIFIABLE INDICATOR	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
3) Program/policy development studies in priority sectors carried out.	3) 25 studies, including infrastructure and agricultural sector assessments, carried out.	Project records	
4) Technical support for public and private sector implementing entities of AID-supported development projects.	4) 726 person months provided, including 240 person months on the National Plan and 120 person months in credit and finance.	Project records	Technical consultants willing to accept long term contracts in El Salvador.
5) Salvadorans trained in skills related to development planning and management.	5) -393 p/m of short-term trg. provided to GOES personnel -105 p/m of short-term trg. provided to private sector -844 p/m of long-term trg. provided.	Project training records	5) Appropriately placed public and private sector trainees can be identified and released for training.
6) GOES personnel responsible for reviewing, monitoring, and auditing AID, other donor, and public sector resources trained in financial management and accounting and improved auditing procedures established.	6) -212 p/m of technical assistance provided. -509 p/m of trg. provided. - improved procedures established for auditing by the Court of Accounts and the Ministry of Finance.		6) GOES commitment to modernize its financial management system continues to be strong.

Inputs:

Life of Project
(\$000's) A.I.D.

1) <u>Technical Assistance/Support</u>	11,685	1) A.I.D. Controller records 2) Implementing agency records, reports and audits.	Sufficient funds will be made available to USAID.
2) <u>Training</u> — Short and long-term training programs.	3,866	3) Observation by USAID project manager.	
3) <u>Operational Support</u>	1,080		
4) <u>Equipment/Commodities</u> — e.g. automation and software as appropriate.	369		
5) Total	17,000		

Listed below are statutory criteria applicable to: (A) FAA funds generally; (B)(1) Development Assistance funds only; or (B)(2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FY 1988 Continuing Resolution Sec. 526. Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully? No

2. FAA Sec. 401(h). (This provision applies to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government), has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without N/A

Congressional enactment, within 30 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, and to prevent and punish drug profit laundering in the country, or that (b) the vital national interests of the United States require the provision of such assistance?

3. Drug Act Sec. 2013. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h)), has the President submitted a report to Congress listing such country as one (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

N/A

4. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government? No
5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? No
(The GOES is progressing toward compensation as a result of the CAESS concession).
6. FAA Secs. 620(a), 620(f), 620D; FY 1980 Continuing Resolution Sec. 512. Is recipient country a Communist country? If so, has the President determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism? Will assistance be provided directly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, South Yemen, Iran or Syria? Will assistance be provided to Afghanistan without a certification? No
7. FAA Sec. 620(i). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property? No
8. FAA Sec. 620(l). Has the country failed to enter into an investment guaranty agreement with OPIC? No

No

9. FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made?

No

10. FAA Sec. 620(q); FY 1988 Continuing Resolution Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1988 Continuing Resolution appropriates funds?

11. FAA Sec. 620(s). If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

No

12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

13. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the Taking into Consideration memo.)
14. FAA Sec. 620A. Has the President determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism? No
15. FY 1988 Continuing Resolution Sec. 576. Has the country been placed on the list provided for in Section 6(j) of the Export Administration Act of 1979 (currently Libya, Iran, South Yemen, Syria, Cuba, or North Korea)? No
16. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? No
17. FAA Sec. 666(b). Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? No
18. FAA Secs. 669, 670. Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620F permits ...)

- 19. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device?
- 20. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)
- 21. FY 1988 Continuing Resolution Sec. 528. Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States?
- 22. FY 1988 Continuing Resolution Sec. 513. Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance?
- 23. FY 1988 Continuing Resolution Sec. 543. Does the recipient country fully cooperate with the international refugee assistance organizations, the United States, and other governments in facilitating lasting solutions to refugee situations, including resettlement without respect to race, sex, religion, or national origin?

No

No

Yes

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

No

FY 1988 Continuing Resolution Sec. 538. Has the President certified that use of DA funds by this country would violate any of the prohibitions against use of funds to pay for the performance of abortions as a method of family planning, to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilization as a method of family planning, to coerce or provide any financial incentive to any person to undergo sterilizations, to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

No

2. Economic Support Fund Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest?

Yes. The President has certified that El Salvador continues to make significant progress toward improving its human rights record.

FY 1988 Continuing Resolution Sec. 549. Has this country met its drug eradication targets or otherwise taken significant steps to halt illicit drug production or trafficking?

While the country does not have drug eradication targets, it has taken significant steps to halt illicit drug trafficking and fully cooperates with the relevant international authorities.

5C(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A includes criteria applicable to all projects. Part B applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded with Development Assistance loans; and B(3) applies to projects funded from ESF.

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

A. GENERAL CRITERIA FOR PROJECT

1. FY 1988 Continuing Resolution Sec. 523; FAA Sec. 634A. If money is sought to obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified?
2. FAA Sec. 611(a)(1). Prior to an obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

Yes

No

USAID experience is that agreement will be ratified within 4-6 weeks of signing.

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- FAA Sec. 611(b); FY 1988 Continuing Resolution Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively? N/A
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. N/A
7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions. The project is specifically designed to support a,b,d, and e.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). Policy dialogue resulting from studies, many of which will be carried out by U.S. firms/individuals will improve foreign investment and trade opportunities.
9. FAA Secs. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars. Although not mandated by law, counterpart contribution in excess of \$5 million will be required to partially meet in-country costs.

NO

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

N/A

11. FY 1988 Continuing Resolution Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

NO

12. FY 1988 Continuing Resolution Sec. 553. Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

13. FAA Sec. 119(g)(4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

Project will support an assessment of GOES natural resource policies and programs and make recommendations for improvements.

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)? N/A
15. FY 1988 Continuing Resolution. If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government? N/A
16. FY Continuing Resolution Sec. 541. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.? N/A
17. FY 1988 Continuing Resolution Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained? N/A
18. FY Continuing Resolution Sec. 515. If deob/reob authority is sought to be exercised in the provision of assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified? N/A
19. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision). N/A

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

- a. FY 1988 Continuing Resolution Sec. 552 (as interpreted by conference report). If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?
- b. FAA Secs. 102(b), 111, 113, 281(a). Describe extent to which activity will (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and

insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

- c. FAA Secs. 103, 103A, 104, 105, 106, 120-21. Does the project fit the criteria for the source of funds (functional account) being used?
- a. FAA Sec. 107. Is emphasis placed on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?
- e. FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?
- f. FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

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

h. FY 1988 Continuing Resolution Sec. 538. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?

Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

i. FY 1988 Continuing Resolution. Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization?

If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services?

- j. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?
- k. FY 1988 Continuing Resolution. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 20 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?
- l. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 1.6? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared

or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

m: FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b) take full account of the environmental impacts of the proposed activities on biological diversity?

- n. FAA Sec. 118(c)(14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas?
- o. FAA Sec. 118(c)(15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undegraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?
- p. FY 1988 Continuing Resolution If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in

accordance with the policies contained in section 102 of the FAA; (c) being provided, when consistent with the objectives of such assistance, through African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

2. Development Assistance Project Criteria
(Loans Only)

N/A Grant funded

- a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.
- b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?
- c. FY 1988 Continuing Resolution. If for a loan to a private sector institution from funds made available to carry out the provisions of FAA Sections 103 through 106, will loan be provided, to the maximum extent practicable, at or near the prevailing interest rate paid on Treasury obligations of similar maturity at the time of obligating such funds?
- d. FAA Sec. 122(b). Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

3 Economic Support Fund Project Criteria

20 of 20

a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?

Yes

b. FAA Sec. 531(e). Will this assistance be used for military or paramilitary purposes?

No

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

N/A

**MINISTERIO DE PLANIFICACION
Y COORDINACION DEL DESARROLLO
ECONOMICO Y SOCIAL**

Sr. Bassford

- 2 -

12/08/88

incrementar la capacidad técnica de los recursos humanos salvadoreños en la identificación y resolución de los problemas prioritarios para el desarrollo del país, brindar apoyo técnico y la capacitación necesaria para realizar reformas de políticas y estrategias en áreas prioritarias, así como mejorar la implementación de Programas y Proyectos de Desarrollo financiados con recursos externos.

No dudando de contar con el apoyo solicitado, reitero a usted las muestras de mi consideración y estima.

Atentamente,



Remo Bardi
REMO BARDI
MINISTRO

B

ACTION AID3 INFO AID3 DCM

ANNEX D

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USAID/EL SALVADOR

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CNS: 07706
CHPS: 010
DIS: 010

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ACTION COPY

E.O. 12356: N/A

TAGS:

SUBJECT: TECHNICAL SUPPORT, POLICY ANALYSIS AND TRAINING PID (519-0349)

USAID / SANSALVADOR
No. 000148
C + R
Date: FEB 08 1988

1. SUBJECT PID WAS REVIEWED BY DAFIC ON THURSDAY, JANUARY 20, 1988. MR KASCHER'S PARTICIPATION IN THE REVIEW AS MISSION REPRESENTATIVE WAS APPRECIATED. PID IS APPROVED BASED ON THE FOLLOWING GUIDANCE.

2. PROJECT PAPER REVIEW AND APPROVAL. AS DEVELOPMENT OF THIS PROJECT IS WELL WITHIN MISSION'S CAPABILITIES AND SINCE ITS DESIGN IS RELATIVELY STRAIGHTFORWARD, MISSION MAY EXERCISE ITS AUTHORITY TO REVIEW AND APPROVE SUBJECT PROJECT PAPER (PP) IN THE FIELD.

3. PROJECT STRATEGY: THE DAFIC NOTE THAT CERTAIN PASSAGES IN SUBJECT PID WERE UNCLEAR AS TO WHETHER PROPOSED PROJECT FINANCED ACTIVITIES WERE OF A PROGRAM NATURE AS OPPOSED TO AN OPERATING EXPENSE (OE) FUNCTION. DURING THE REVIEW, THE MISSION AGREED THAT PID WAS UNCLEAR OR IN ERROR IN SEVERAL PLACES REGARDING THIS POINT:

RECEIVED
19 FEB 1988
R.R.J

(A) DURING PROJECT DEVELOPMENT MISSION WILL ASSURE THAT

ALL TECHNICAL ASSISTANCE/SUPPORT WILL BE APPLIED ONLY TO LEGITIMATE PROGRAM FUNCTIONS. THESE INCLUDE TECHNICAL ASSISTANCE (TA) TO THE CORTE DE CUENTA, LONG-TERM PROJECT DEVELOPMENT ASSISTANCE IN THE PREPARATION OF RELEVANT ANALYSES AND SECTIONS OF PROJECT PAPER DOCUMENTATION (AND NOT THE REVIEW AND/OR RECOMMENDATION AS TO THE ADEQUACY OF A PROJECT DESIGN), AN ECONOMIST TO ASSIST THE SALVADORAN GOVERNMENT'S (GOES) GAE (GRUPO DE ASSESORES ECONOMICOS) TO DEVELOP GOVS ECONOMIC STRATEGIES AND PLANS. [EXAMPLES OF NON-LEGITIMATE USES OF PROGRAM FUNDS WOULD INCLUDE TECHNICAL ASSISTANCE TO THE USAID'S CONTROLLER'S OFFICE, PROGRAM SPECIALISTS WHO ASSIST MISSION TO DEVELOP DATA AND INFORMATION FOR THE BSS AND ACTION PLAN OR SIMILAR PROGRAMMING DOCUMENTS, AND CONTRACT SPECIALISTS TO ASSIST IN CONTRACTING THE OTHER PROCUREMENT FUNCTIONS.

ACTION TO: PR
ACTION LU: 2/9
Info: AMD / E.O.
DIR RDS / PEP
DUI HPN / OD
EX / CONT / GSE
DIPD / OET / PRE
DPPO / IRD / ECC
PRJ / ERO / HUI
Subject: IP de...
ACTION TAKEN: NONE
DATE: Feb 11
INITIALS: RRJ

(B) ELIGIBLE FUNCTIONS ARE TO BE DETERMINED BASED ON DEFINITION OF PROGRAM EXPENSE (AND EXAMPLES) AS STATED IN A.I.D. HANDBOOK 19, CHAPTER 11 AND OTHER RELEVANT SOURCES. IN PP, MISSION WILL DEMONSTRATE THAT ALL T.A. AND OTHER SUPPORT HAS A DIRECT CONTINUING RELATIONSHIP WITH THE HOST COUNTRY AND ITS COUNTERPARTS. TECHNICAL ASSISTANCE WILL ONLY BE APPLIED WHEN IT IS TO CLEARLY ASSIST THE HC IN THE FORMULATION, IMPLEMENTATION AND/OR EVALUATION OF DEVELOPMENT POLICIES, PROGRAMS OR PROJECTS:

4. PROJECT DESIGN AND RELATION TO LAC OBJECTIVES THE PROJECT DESIGN AS PRESENTED IN THE PID IS TOO WIDE RANGING. THE MISSION WILL, IN PROJECT DEVELOPMENT, ESTABLISH A PROJECT DESIGN WHICH IS MORE TIGHTLY FOCUSED, LINKED TO THE LAC MEO PROCESS AND CONCENTRATED ON MISSION'S CORE OBJECTIVES. THE MISSION WILL REFINED AREAS OF ASSISTANCE THAT ARE ELIGIBLE AND DEFINE PROJECT ACTIVITIES CONSISTENT WITH ESTABLISHED OBJECTIVES AND STRATEGY. IT WILL ALSO SET FORTH CRITERIA FOR SELECTING PROJECT ACTIVITIES SO THEY CAN BE EVALUATED. EACH DISCRETE ACTIVITY PROPOSED FOR APPROVAL MUST BE SUFFICIENTLY DEFINED SO AS TO HAVE A CLEAR CUT OBJECTIVE, COST ESTIMATE, AND A BEGINNING AND END THE REVISED PROJECT DESIGN WILL, THEREFORE, ON ONE HAND, LINK THE PROJECT TO MISSION GOALS AND OBJECTIVES AND, ON THE OTHER, BE SPECIFIC ENOUGH TO PERMIT INPUTS TO BE ADEQUATELY DETERMINED AND COSTS CALCULATED.

5. RELATIONSHIP TO THE NATIONAL PLAN. THE PP WILL BRIEFLY DESCRIBE A.I.D.'S SUPPORT TO THE NATIONAL PLAN. IT WILL CLARIFY AND DESCRIBE PROJECT ACTIVITIES,

SPECIFICALLY LINKING THEM TO A.I.D.'S OVERALL POLICY FRAMEWORK VISA-VIS THE NATIONAL PLAN.

6. TRAINING. THE PID PROPOSES OVER 300 PERSON-YEARS OF TRAINING WITHOUT SPECIFYING THE KIND AND COST OF TRAINING PROGRAMS. THE PP WILL EXPLAIN THE RELATIONSHIP OF THIS PROJECT TO CAPS AND HOW IT FITS WITHIN THE APPROVED MISSION COUNTRY TRAINING PLAN. THE PP WILL INCLUDE A TRAINING PLAN WHICH RELATES PROJECT-FINANCED TRAINING TO THE OBJECTIVES OF THIS PROJECT. THIS PLAN WILL IDENTIFY TRAINING BY: SECTOR, LEVEL, CRITERIA FOR LONG- AND SHORT-TERM TRAINING, NUMBERS OF PARTICIPANTS AND RELATIONSHIP TO PROJECT PURPOSE.

(A) THE PROCUREMENT SECTION OF THE PP WILL UTILIZE THE TRAINING COST ANALYSIS (TCA) FOR ALL OFF-SECRET TRAINING IN ORDER TO CONTAIN COSTS.

7. PROJECT MANAGEMENT. THE PP WILL, OF COURSE, DEFINE THOSE ACTIVITIES THAT ARE TO BE USED UP CLOSE MANAGED.

THE PP AND GRANT AGREEMENT WITH THE GOES WILL INCLUDE A BUDGET AND A DETAILED DESCRIPTION OF DISCRETE ACTIVITIES PLANNED FOR USAID'S DIRECT MANAGEMENT AND CONTROL (I.E: INTERNAL TO AID AS DISCUSSED IN PARA 3 ABOVE AND ASSISTANCE TO THE PRIVATE SECTOR). ANY CHANGES OR MODIFICATION TO THESE ACTIVITIES WILL REQUIRE WRITTEN GOES CONCURRENCE VIA PIL OR AMENMENT TO THE PROJECT AGREEMENT.

8. PD&S FUNDING LEVELS. THE PROJECT WILL EXPLAIN THE TYPE OF ACTIVITIES WHICH WILL BE FUNDED THROUGH THIS PROJECT AS OPPOSED TO THOSE TO BE FUNDED THROUGH THE MISSION'S NORMAL PD&S ACCOUNTS. IT IS EXPECTED THAT AS A RESULT OF THIS PROJECT, MISSION PD&S LEVELS WOULD DECREASE OVER THE LIFE OF THE PROJECT.

9. COMMODITIES. THE MISSION IS TO BE SPECIFIC IN ITS PROCUREMENT PLAN REGARDING THE COMMODITIES TO BE PROCURED AND TO TAKE PAINS THAT SUCH COMMODITIES ARE USED EXCLUSIVELY IN SUPPORT OF THE PROJECT PURPOSE AND ITS ASSOCIATED OUTPUTS. DISPOSAL OF SUCH COMMODITIES AT THE END OF PROJECT WILL BE IN ACCORDANCE WITH THE PROJECT AGREEMENT AND BE EXPLAINED IN THE PROCUREMENT PLAN.

10. OBLIGATION SCHEDULING. DAEC NOTES THAT MISSION PLANS TO OBLIGATE ONLY DOLS 2.2 MILLION OF USE FOR THIS PROJECT IN FY 88 AND THAT THIS PROJECT IS HEAVILY

MORTGAGED. MISSION IS ADVISED TO FULLY FUND ACTIVITIES SUCH AS LONG-TERM PARTICIPANTS AND OTHER LONG-TERM COMMITMENTS WHEN POSSIBLE RATHER THAN RELY ON UNCERTAIN FUTURE YEAR FUNDING LEVELS TO INCREMENTALLY FUND THESE TYPE OF ACTIVITIES.

11. TECHNICAL STUDIES AND SUPPORT. THE MISSION SHOULD INCLUDE IN THE PP CRITERIA FOR SELECTING STUDIES AND A LIST OF ILLUSTRATIVE STUDIES. THE PP SHOULD ALSO IDENTIFY THE KINDS OF TECHNICIANS TO BE HIRED AND DEFINE THEIR RESPONSIBILITIES. THE PP SHOULD CONTAIN SCOPES OF WORK (SOW) FOR EACH PROPOSED KIND OF TECHNICIAN

BT

#7244

NNNN

Project Paper Guidance Checklist

REF: UNCLAS STATE 037244

Feb. 8, 1988

Annex D.
1/3

Paragraph 3

COMPLIANCE
CITES

- A. All technical assistance/support will be applied only to legitimate program functions. These include Technical Assistance (TA) to the Corte de Cuentas, long-term project development assistance in the preparation of relevant analysis and sections of project paper documentation (and not the review and/or recommendation as to the adequacy of a project design).
- B. Eligible functions are to be determined based on definition of program expense (and examples) as stated in A.I.D. Handbook 19, Chapter 11, and other relevant sources. In PP, Mission will demonstrate that all T.A. and other support has a direct continuing relationship with Host Country and its counterparts. Technical assistance will only be applied when it is to clearly assist the HC in the formulation, implementation, and/or evaluation of development policies, programs, or projects.

p. 15, 16

p. 18, Annex G

Paragraph 4

The mission will, in project development, establish a project design which is more tightly focused, linked to a) the LAC MBO process and is concentrated on mission's core objectives. The Mission will b) define areas of assistance that are eligible and define project activities consistent with established objectives and strategy. It will also set forth criteria for selecting project activities so they can be evaluated. Each discrete activity proposed for approval must be sufficiently defined so as to have a clear cut objective, cost estimate, and a beginning and end. The revised project design will, therefore, on one hand, link the project to mission goals and objectives, and on the other, be specific enough to permit inputs to be adequately determined and cost calculated.

p. 10

Annexes E, F

p. 24

92

COMPLIANCE
CITES

Paragraph 5

The PP will briefly describe A.I.D.'s support to the National Plan, it will clarify and describe project activities, specifically linking them to A.I.D.'s overall policy framework vis-a-vis the National Plan.

Annex G, p. 9

p. 18

Paragraph 6

Training. The PID proposes over 300 person-years of training without specifying the kind and cost of training programs. The PP will explain the relationship of this to CAPS and how it fits within the approved Mission Training Plan. The PP will include a Training Plan which relates project-financed training to the objectives of this project. This plan will identify training by sector, level, criteria for long and short-term training, numbers of participants and relationship to Project purpose.

Annex H

The procurement section of the PP will utilize the training costs analysis (TCA) for all off-shore training in order to contain costs.

p. 22

Paragraph 7

Project Management. The PP will, of course, define those activities that are to be USAID or GOES managed. The PP and grant agreement with the GOES will include a budget and a detailed description of discrete activities planned for USAID's direct management and control (i.e., internal to A.I.D. as discussed in PARA 3 and assistance to the private sector). Any changes or modification to these activities will require written GOES concurrence via PIL or amendment to the Project Agreement.

p. 23

p. 21

Paragraph 8

PD&S Funding levels. The project will explain the type of activities which will be funded through this project as opposed to those to be funded through the mission's normal PD&S accounts.

p. 11

Paragraph 9

Commodities. The mission is to be specific in its Procurement Plan, regarding the commodities to be procured, and to take pains that such commodities are used exclusively in support of the project purpose and its associated outputs. Disposal of such commodities at the end of the project will be in accordance with the Project Agreement and be explained in the Procurement Plan.

Annex I

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COMPLIANCE
CITES

Paragraph 10

Obligation Schedule. DMFC notes that mission plans to obligate only DOLS. 2.0 Million of ESF for this project in FY88 and that this project is heavily mortgaged.

Mission is advised to fully fund activities such as long-term participants and other long-term commitments when possible rather than rely on maintain future year funding levels to incrementally fund these type of activities.

p. 21

Technical Studies and Support: The mission should include in the PP criteria for selecting studies and a list of illustrative studies. The PP should also identify the kinds of technicians to be hired and define their responsibilities. The PP should contain scopes of work for each proposed kind of technician.

p. 24
Annex E

p. 16, 17

Doc. 1105B
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84'

ILLUSTRATIVE ASSESSMENTS
FEASIBILITY STUDIES AND TECHNICAL ASSISTANCE
FOR PROGRAM DEVELOPMENT

A. IMPROVING THE DATA BASE AND DATA COLLECTION EFFORTS

1. Purpose: The purpose of this technical assistance is to provide the GOES with short-term technical assistance and financial support to (a) design and carry out annual Multiple Purpose Household surveys and a National Population census, and (b) establish or improve data collection and statistical reporting on major sectors, beginning in FY 89 with agriculture.

2. Background/Problems: The validity of project development and evaluation efforts depends heavily on the availability and reliability of statistical data, such as population growth, employment, income, agricultural exports, educational level, etc. In El Salvador such data is, at its best, sketchy and out-dated, and in some cases, non-existent.

Through the ongoing Policy and Reform Planning Project, which will end in FY 88, the Mission has assisted the GOES in developing and carrying annual Multiple Purpose Household surveys in the urban areas of El Salvador for the purpose of collecting information on leading economic and social indicators. Information collected through these surveys has been crucial to establishing development priorities and monitoring the effects of overall development assistance on income and employment. Financing provided through this Project will enable the GOES to continue these surveys on an annual basis. In addition, counterpart funding will ensure that a National Population Census can be carried out during the life of the project.

Complementing these general surveys, specialized technical assistance and limited financial support for in-country surveyors and data analysis will be provided to technical Ministries to obtain baseline data in priority sectors. Given the Mission's emphasis on agricultural diversification and promoting non-traditional exports, the first of these technical studies will be focussed on land use patterns and agricultural exports.

3. Summary Scope of Work: Several specialists will be required over a period of 12 to 24 months to work with the GOES on the design of studies and data collection systems. Minimum requirements would include:

- One statistician, with specialization in data systems for agriculture, for a total of 9 person months to assist the Dirección General de Economía Agropecuaria (DGEA) of the Ministry of Agriculture in the selection of sample frames, the design of special surveys, and the improvement of data collection and analysis skills.
- One data management specialist for a total of 12 person months to work with the BCR and other institutions to define data requirements and sources to monitor agricultural exports and establish a data collection system.
- 18 months of technical assistance from the Bureau of the Census in the design and carrying out of the annual multiple household surveys.

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4. Proposed Inputs: An estimated total of 30 person months of technical assistance will be required at an approximate cost of \$450,000; counterpart funding equivalent to \$3,000,000 will complement these resources, and be utilized for hiring census takers, technical assistance of demographers, and computer analysis and other logistical support required for the national population census and the in-country costs of the annual multiple purpose household survey.

B. INFRASTRUCTURE SECTOR ASSESSMENT

1. Purpose: The purpose of this technical assistance is to carry out a comprehensive assessment of the country's infrastructure (i.e., national transportation system (including cargo), water systems, energy, and telecommunications), including the identification of constraints to expansion of industry and the potential for the privatization of publicly-run services.

2. Background/Problem: The country's infrastructure has been severely damaged by guerilla attacks intended to interrupt the flow of electricity, transportation, and communications, as well as by the indirect effects of the eight-year old war, i.e., inadequate maintenance. Continued high rates of population growth, rural to urban migration, and infrastructure requirements of the revitalization of the private sector place further stress on an already fragile infrastructure base. Finally, state control of some public services has led to operating inefficiencies that cost these public services hundreds of thousands of dollars each year.

Significant levels of donor and GOES resources (e.g., the World Bank, IDB, and local currency generations) have been budgetted for the reconstruction and expansion of public services; A.I.D. has committed itself to providing support for privatization efforts. To effectively program these resources, a thorough accounting of the present state of the country's infrastructure must be made in which to base the formulation of plans for donor resources.

3. Summary Scope of Work: The Infrastructure Sector Assessment will be conducted in two phases; phase I will require an estimated 12 person months of technical assistance to carry out the assessment of the transportation, energy, and telecommunications sectors and the water resources inventory. Once completed, phase II will focus on the formulation of strategies for the resolution of infrastructure constraints to the country's economic and social development, and involve an additional 3 person months of technical assistance.

4. Proposed Inputs: An estimated total of 15 person months of technical assistance will be required at an approximate cost of \$225,000.

C. AGRICULTURAL SECTOR ASSESSMENT

1. Purpose: The purpose of this technical assistance is to carry out a comprehensive assessment of the agricultural sector and identify recommendal program or policy modifications which would promote increased and diversified agricultural production. A team of experts will examine: GOES policy on diversification; the GOES role in agriculture input distribution and marketing; the level and incidence of taxation on agricultural assets and production; the productiveness of the agricultural sector and constraints to increased productivity; the importance, potential and constraints to an increased role of livestock in agricultural development; and national resource conservation and preservation strategies.

2. Background/Problem: The Mission's 1989/90 Action plan discusses the shift in the focus of our agricultural portfolio from support for the Agrarian Reform to activities to increase productivity and production through crop diversification and the promotion of nontraditional exports. The Mission currently has several projects in place to achieve this objective, notably the Agribusiness Development and Water Management Projects. Through Project implementation, however, we have come to recognize a series of other constraints, principally of a policy nature, which must be addressed if the country is to achieve growth in real agricultural GDP and in nontraditional exports. A more complete assessment of the costs associated with the present policy environment is, therefore, needed to support GOES policy reform. And, for longer-term planning and programming purposes, a more thorough assessment of the agricultural sector to identify where other growth opportunities lie (e.g., in livestock production and possible export) and assist the GOES in developing policies to protect its natural resource base from further deterioration is needed.

3. Summary Scope of Work: This Assessment will be carried out over a period of three years, with the initial work focussing on policy constraints to diversified agriculture and increased agricultural production; subsequent studies, to be carried out in FY 90/91 will examine issues related to long term planning and potential areas for future development, such as coffee and livestock production and natural resource preservation and conservation.

The first series of studies will involve 16 person months of technical assistance, divided as follows:

- 6 person months of an agricultural economist/policy specialist to conduct an evaluation of the effectiveness of stated GOES policies with respect to agricultural diversification and investment, and to develop up to three case studies on agricultural diversification attempts by Salvadorans to be used in a two week seminar with GOES officials to demonstrate the range of policy constraints still present;

- 5 person months of a tax/public revenue and finance specialist to conduct a study of the level and incidence of taxation on agricultural assets and productions, with recommendations for tax policy adjustments which will be responsive to the public sector's need to generate public revenues without providing disincentives to increased investment in agriculture; and
- a total of 5 person months of technical assistance, involving an agricultural economist and an agriculture marketing/distribution systems expert, to conduct a study of the social and economic costs and benefits of the GOES' involvement in the agricultural input distribution and product marketing, with recommendations for the appropriate role, if any, of the GOES in these functions

Subsequent studies, as currently planned, will involve a total of approximately 20 person months of technical assistance in coffee production and marketing, livestock production, and natural resources policy and planning specialists. Additional experts may, however, be added or substituted for those identified above to reflect updated GOES' needs and priorities.

4. Proposed Inputs: For the initial studies, an estimated total of 16 person months of technical assistance will be required at an approximate cost of \$240,000; for later studies, an estimated total of \$150,000 for approximately 10 person months of technical assistance, bringing the total cost of this assessment to \$390,000.

D. MACRO ECONOMIC TECHNICAL ASSISTANCE AND SUPPORT

1. Purpose: To provide technical assistance and operational support for an Economic Advisory Group within the Ministry of Planning to support macro-economic policy reform and to monitor current economic performance on a timely basis.
2. Background/Problem: The ability of the Salvadoran economy to achieve economic targets is constrained by deficiencies in the analytic information base required for effective policy formulation and wide gaps in the depth and breadth of the economic talent that is currently available in the country to develop the required knowledge base and formulate economic and social development strategies. Over the long run, the solution to this problem lies in education and training programs that will broaden and deepen human capital in economic analysis and policy formation, such as will be supported through the Technical Support, Policy Analysis and Training Project. Given the unique opportunity afforded by the recent election of a new Assembly and the upcoming Presidential elections to institute an immediately productive policy dialogue on key constraints to improved economic performance, the problem must also be addressed in the short run.

The GOES' Economic Advisory Group was created in 1985 for the purpose of analyzing critical economic policy choices in El Salvador. Due to poor management and a general lack of direction, its five person staff has not fulfilled its mandate. It has not undertaken a research program, its monitoring of current economic trends is spotty at best, and its efforts to construct an economic plan for 1988 fell apart completely. These problems are not intractable, however. By augmenting the Group with a capable administrator, expanding its staff by three, to include two positions to be filled from the Central Bank and the Finance Ministry on a rotating basis, and providing it with the technical assistance of a long-term advisor for medium-term policy formulation and the design of development strategies, the Economic Advisory Group can assume a leadership role in macro-economic policy planning.

3. Summary Scope of Work: Twenty-four months of technical assistance will be provided by an economist, who will work on a daily basis with the Economic Advisory Group to execute a research program, monitor current economic performance, and design short and medium-term economic programs.

4. Proposed Inputs: The two person years of technical assistance will cost an estimated \$300,000; estimated annual operating support for the Economic Advisory Group, including salaries, will total \$120,000 per year, for a five year total of \$600,000. Finally, this Project will provide the Group with an annual research budget of \$100,000 for four years, which will enable it to contract outside technical expertise as needed for specialized studies. The total estimated cost of this activity is, therefore, \$1,300,000.

E. PRIMARY EDUCATION POLICY ALTERNATIVES

1. Purpose: To improve the quality and availability of primary-school education.

2. Background/Problem: The Ministry of Education's current emphasis is on meeting the country's infrastructure needs for primary education. While this has been an appropriate short-term focus, the Ministry must increase its attention to the quality of education and more appropriate cost-effective delivery systems. The Ministry must recognize that communities/municipalities can take responsibility for the construction and maintenance of schools and supervision of teachers through increased parental involvement, so that Ministry staff can explore options (e.g., curriculum development, standardized testing, and radio education) to increase the quality, efficiency, access to, and cost-effectiveness of education for elementary and middle school-aged children. Feasibility studies are, however, needed to support the Ministry in making appropriate choices.

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3. Summary Scope of Work: A team of experts, including an education planner, administrator, and finance specialist, will assist the Ministry of Education executive management team to define the role of the Ministry, identify mechanisms for increasing the role of municipalities/communities in the provision of primary education, and improve education policies to increase the quality and cost-effectiveness of primary education, particularly in the area of cost-effective materials development.

4. Proposed Inputs: A total of 13 person months will be required at an estimated cost of \$195,000.

ILLUSTRATIVE TECHNICAL SUPPORT NEEDS
PROJECT IMPLEMENTATION

A. ASSISTANCE TO THE NATIONAL PLAN

1. Purpose: To provide continuing support to the GOES in the development and implementation of the municipal development grants and technical assistance program administered by the National Commission for Area Restoration, an important aspect of the National Plan.

2. Background/Problem: The GOES strategy, known as the National Plan, calls for a coordinated effort by GOES ministries to strengthen local authorities and help them restore essential services and promote development. A.I.D.'s support to the National Plan, a continuing high priority, involves the provision of an estimated C 90,000,000 (\$18,000,000) in financial support for direct grants to municipalities (67%), other infrastructure projects in targetted areas of each of the 14 departments (17%), financing for combined civic actions providing food, medical and dental supplies and services to some 360 communities (6%), and administration and contingencies (10%). The administrative costs include financing for technical assistance and training to municipal officials so that they may identify, design and implement community infrastructure projects and provide improved basic social services. Food commodities, provided under the PL 480 Title II program, are also distributed in conjunction with National Plan activities.

In 1987 CONARA moved to strengthen its support to local government by establishing four regional offices to more effectively respond to the needs of the municipalities. Simultaneously, CONARA moved to an exclusive Municipalities in Action grant program modality, whereby project request and implementation has become the sole responsibility of the municipality. This transition has not, however, been without its problems, given the historically paternalistic approach of the central government and CONARA to "solving the problems for the people" and the very low educational levels of municipal officials, who are ill-equipped to plan and manage community development projects. Accordingly, A.I.D. has had to increase the level of technical assistance provided to CONARA in establishing program criteria, developing and carrying out training programs for municipal officials, and monitoring project implementation. Weaknesses recently discovered in the financial control systems of CONARA's have also required A.I.D. devote additional staff resources and contract technical assistance to improve program accountability. Given the continuing high levels of funding projected for CONARA through FY 90, the importance USAID accords to municipal development, and the weaknesses previously discussed in CONARA's administration, extensive technical support to CONARA must be provided to ensure the effective administration and implementation of this local currency funded program.

3. SUMMARY SCOPES OF WORK

The National Plan technical support team includes seven advisors (a senior program specialist who functions as the Coordinator, an Assistant Coordinator, two regional program specialists, and three regional field operations specialists) and three support staff (a program specialist for management of information, a program assistant and a secretary). These individuals will assist CONARA headquarters and regional staff, as well as work directly with municipal officials, to administer the Municipalities in Action grant program, provide technical assistance to municipal officials in project design and implementation, and carry out training programs for local government officials and community leaders. Detailed scopes of work for each of these professional and semi-professional positions can be found in Annex G.

4. ESTIMATED COST

The total estimated cost of technical support for two years is \$910,000.

B. TECHNICAL SUPPORT IN CREDIT AND FINANCE

1. Purpose: To provide technical support to the Central Reserve Bank in the (a) decentralization of credit analysis and approval and administrative efficiency, and (b) administration and monitoring of private sector credit lines established with ESF and PL 480 local currency generations.
2. Background/Problem: The political reality of El Salvador, particularly after the enactment of the banking reform in 1980 that nationalized the commercial banks, has prevented the formation and development of the necessary financial structures to support the recovery effort. As we move closer to the Presidential elections of 1989, and in view of the results of the March 88 municipal and assembly elections, the willingness of the GOES and the Assembly to consider and adopt changes to both improve the flow of credit through the public sector and to allow the development of private commercial banks, may change dramatically. As an illustration, the Central Reserve Bank (BCR) has recently indicated it would entertain a proposal to establish private financial institutions in the country. This development represents a breakthrough in U.S. policy dialogue efforts and represents a unique opportunity for the Mission to support the development of a financial system that is conducive to sustainable economic growth and private sector modernization.

At the same time, the GOES, also as a result of A.I.D. policy dialogue efforts, has increasingly utilized local currency generations for expanding credit lines for the private sector. In FY 87, the equivalent of \$57 million was provided to the Central Reserve Bank (BCR) for private sector credit lines; in FYs 88 - 90, an additional \$225 million in local currency will be provided to expand these credit lines. In designing loan programs, emphasis has increasingly been given to (a) small business and farmer credit, and (b) revitalization of industry and commerce in the Eastern region of the country. Two insurance programs, one designed to guarantee payments to exporters of equipment and machinery to El Salvador and the second established to provide insurance against terrorist damage to capital stock (e.g., plants and machinery), complement these credit lines by providing security essential to economic revitalization of the private sector.

Implementation of these programs, particularly the establishment of procedures to facilitate loan approvals and disbursements to move the funds in the Eastern region, has, however, required the daily assistance of two credit and finance specialists. Increased receptivity on the part of the BCR to decentralization measures, coupled with planned increases in the credit lines, will add further to the technical assistance and support needs of the BCR.

3. Summary Scope of Work:

A. Technical Assistance to the Nationalized Banking System: Upon presentation of an action plan for decentralization of the credit analysis and approval process, the BCR will receive technical assistance (40 person months) in the simplification and harmonization of the credit analysis and approval process, to be followed up by training of middle and upper level management personnel in the banking sector, and members of the Board of Directors of the commercial banks and BCR managers supervising the implementation of the decentralization effort. Concurrent with this effort, a total of 12 person months of technical assistance to improve the administrative efficiency and strategic planning and management capability of the nationalized banking sector will be provided. In total, an estimated 52 person months of technical assistance (\$780,000) will be required over a three year period.

B. Technical Assistance to the GOES in Private Sector Banking: Three person months of technical assistance (\$45,000) will be provided to the GOES to analyze and review the laws, regulations and policies impacting on the development of private financial institutions in El Salvador. The purpose of this technical assistance will be to assist the GOES in the identification of changes to the existing framework needed to increase private sector competition in the financial sector.

C. Technical Support in the Administration of Credit Programs: A Project Manager and Project Implementation Assistant will provide continuing technical assistance and support to the GOES on credit and financial matters involving the Central Reserve Bank and other financial institutions. The objective of this advisory role is to provide analytical and conceptual assistance to the GOES in the formulation, implementation, and monitoring of credit programs designed to achieve the Mission's objectives of strengthening the private sector and stabilizing financial structures. The total cost of this technical support is \$400,000 for the five year period of the Project.

4. Cost: The total cost of the technical assistance, support, and training activities is estimated at \$1,225,000.

C. STRATEGY REFORM AND IMPLEMENTATION SUPPORT

1. Purpose: To provide executive staff of selected GOES Ministries, autonomous institutions, and local government with short and medium-term technical assistance and long-term technical support to detect procedural and strategy weaknesses and implement reforms to improve the accomplishment of

2. Background: The range of policy and programmatic reforms sought by the USAID has increased substantially as a result of the increasing emphasis being given in the USAID's country development strategy to growth issues. Unfortunately, while the USAID's success in achieving GOES acceptance to policy reform measures has grown, the technical Ministries and autonomous institutions have been slow to act in developing implementing regulations or programs to carry forward these policy decisions. Equally of concern, however, is the weakness throughout the public sector, and particularly in the older institutions, to independently identify procedural or strategy reforms within their means to improve the utilization of their resources and increase service delivery. A good example of this deficiency is the relatively few instances of local governments exercising their much broadened powers in the establishment and collection of local taxes and service fees to finance municipal services, although such discretion is provided for in the revised Municipal Code enacted in 1985. The lack of reforms in the customs service following GOES policy measures to facilitate exports is yet another good example.

The constraints to reforms, while in some cases financial, are generally within the means of Ministries if technical assistance can be provided on a timely basis. For more basic problems, such as improvements in resource allocation decisions or tax auditing and collection procedures, longer term technical support will be required.

3. Summary Scope of Work: Long-term technical support needs which would be met by direct A.I.D. contracting of personal services contractors total 13.5 person years, as follows:

- a housing and urban development advisor for 1.5 years to work with the Vice-Ministry of Housing;
- a program economist for 5.0 person years to work with the Ministry of Finance and the Central Reserve Bank;
- an education policy advisor for 2.0 person years to work with the Ministry of education and vocational institutions;
- a democratic initiatives advisor for 2.0 person years to work with the Legislative Assembly, Ministry of Justice, and the Central Council on Elections; and
- two program implementation specialists for a total of 3.0 person years to work with weak technical Ministries on priority programs (dollar or local currency funded) or problem areas as needs arise, e.g., the Ministry of Health and the Supreme Court on streamlining their procurement procedures, in developing action plans and budgets, and in understanding and complying with A.I.D. policies or procedures, etc.

Scopes of work for each of these long-term technical support positions is included in Annex G.

An additional 10 person years of technical support for studies and implementation assistance would also be contracted, in the following illustrative areas:

- 2 person years of technical support to the Ministry of Hacienda to reform procedures for tax auditing and customs valuation and clearance;
- 3 person years of technical support to the Federation of Credit Agencies to streamline their loan approval and disbursement procedures;
- 1 person year of technical support to the Ministry of Agriculture to improve their financial planning and budgeting process;
- 12 person months of technical support to the Agricultural Development Bank to improve their financial management system;

- 2 person months of technical assistance to the Vice Ministry for Housing and Urban Development to improve the Housing Sector information system;
 - 4 person months of technical assistance to study housing sector finance terms and the operational efficiency of the savings and loans institutions
 - 3 person months of technical assistance to assess the feasibility of privatizing municipal services and to train municipal officials in revenue planning and collection procedures;
 - 3 person months of technical assistance to assess the operations of the Special Human Rights Prosecution Section of the Attorney General's Office and the legal services provided to the poor by the Solicitor General's Office;
 - 6 person months of technical assistance to assist the Governmental Human Rights Commission improve its automated data storage and retrieval system; and
- 18 person months to be identified.

4. Cost: The total estimated cost of these activities is \$3,615,000, including \$2,895,000 for the long term technical support positions and \$720,000 for the shorter-term technical support required for studies and implementation assistance activities identified above.

SCOPE OF WORK -- HOUSING ADVISOR

A. Objective

Serves as advisor to the Vice Ministry for Housing and Urban Development, the National Popular Housing Program (PROVAVIPO), PVOs working in the housing sector, and the USAID/ES Housing and Urban Development Office on development and administration of sector activities, maintaining close contact with senior GOES officials and housing sector finance executives and home builders.

B. Statement of Duties: Continuing Activities

1. Provides expertise in shelter and related urban development problems and concerns of El Salvador; assists in articulating shelter strategies; works with host country (HC) officials regarding their specific interest in shelter programs to be financed by Agency resources; provides information to HC officials on urban and community development programs.
2. Maintains dialogue and contact at senior policy levels in GOES to maximize the impact of A.I.D. shelter and urban development programs in connection with policy formulation and institutional development.
3. Works with Mission and GOES on initial project development, assists in preparation of shelter sector assessments (SSA's) and shelter sector strategy (SSS) papers.
4. Evaluates standards, procedures, policies and capabilities of HC housing development and financing institutions.
5. Monitors and periodically inspects projects in process, and recommends remedial actions as appropriate.
6. Assists the Mission in planning and in managing evaluations of active projects.
7. Assists in drafting scopes of work and other procurement documentation for grant-funded programs of shelter-related technical assistance and training.

8. Assists in coordinating project planning and implementation activities with related A.I.D. activities in other sectors and with activities financed by other agencies and donors, and maintaining liaison with them.
9. Assists in the planning and management of conferences on shelter and related urban problems sponsored by the HUDO, PRE/H, USAID, national and international organizations and others, and participates as appropriate.
10. Reports in writing to HUDO on policy, project design and implementation bottlenecks and recommends solutions; drafts portions of USAID/ES quarterly project reports and participates in USAID/ES quarterly reviews.

C. Statement of Duties: Specific Goals

1. Assists the Vice-Ministry of Housing and Coordination Office of the National Popular Housing Program (PRONAVIPO) to design, fund, implement, and recover costs of slum upgrading projects in collaboration with municipal officials and community leaders.
2. Examines training requirements for PRONAVIPO Coordination Office staff identifies appropriate training programs, and administers them in cooperation with the PRONAVIPO Executive Director.
3. Assists the Private and Voluntary or other NGO's in implementing their shelter programs in El Salvador.
4. Assists in designing and implementing technical assistance to shelter sector institutions in El Salvador. Separate consultancies may deal with the following types of issues:
 - i. management of mortgage arrearage;
 - ii. strengthening of the capital bases of various institutions by means of interest rate reform and reduction in administrative costs;
 - iii. promotion of progressive housing outside the San Salvador metropolitan area;
 - iv. investigation of secondary mortgage market potential in El Salvador perhaps via CABEI;
 - v. feasibility of mid-rise multifamily units in major urban centers.

SCOPE OF WORK - ECONOMIC ADVISOR

The contractor will work under the general supervision of the Chief of the Economics Office and be primarily responsible for monitoring current economic developments with special emphasis on monitoring GOES progress under the annual economic plans. He/she will collect and evaluate data for the macro-management accounts (the fiscal, monetary, external and real sectors) and prepare monthly and quarterly reports on trends and progress. This Advisor will work closely with GOES counterparts, specifically the Ministry of Finance and the Central Reserve Bank, to improve their data collection, analysis, policy formulation, and reporting capabilities. Finally, he/she will assist the other USAID economists in maintaining the economic data bank for El Salvador.

SCOPE OF WORK - EDUCATION ADVISOR

Under the supervision of the Director, Office of Education and Training (OET), the Personal Services Contractor will provide long-term technical assistance in the Education sector in order to carry out the following tasks:

- a) Assist in developing, preparing, and managing educational policy strategies and agenda;
- b) Assist in planning, implementation, and evaluation of all OET projects, especially pilot projects, such as the feasibility of adopting standardized testing in Salvadoran public schools and exploring the feasibility of adopting civics into the official public curriculum;
- c) Assist in managing short-term technical assistance to conduct research, studies, materials, and papers and participate with other Mission offices as required in the development of PID's and PP's for 3 new Education Projects starting in FY-90;
- d) Assist in the development of position papers, briefing papers, concept papers, information requests relevant to and concerning the education and training sectors;
- e) Assist in and execute other duties as required by the OET Director to ensure the qualitative and cost effective planning, design, execution, and evaluation of all OET projects and activities.

SCOPE OF WORK - Advisor on Democratic Initiatives

Under the general supervision of the Director of the Office of Democratic Initiatives (ODI), the contractor will provide long-term technical assistance to his/her host country counterparts in the areas of developing policies and strategies designed to strengthen democratic institutions, and of implementing programs reflecting these policies and strategies.

Specifically, the Contractor's duties will include, but not be limited to, the following activities.

A. Program Development

The Contractor will serve as a program development officer with a special emphasis on providing technical assistance to:

1. the Revisory Commission for the Administration of Justice in Penal and Civil matters to review El Salvador's legal framework and to determine necessary diagnostic studies;
2. the Judiciary Branch of the Government of El Salvador (GOES) to determine administrative, management and training needs;
3. the Center for the Study of Science and Technology (CENITEC) for the development and dissemination of research studies relating to the formation of policies and strategies favoring the growth of democratic institutions;
4. the President, Deputies and staff of the National Assembly of El Salvador to determine the mechanisms to strengthen this democratic institution; and
5. the El Salvador Human Rights Commission to review the effectiveness of existing laws, and the need for new legislation, protecting the basic human rights of the citizens of El Salvador.

B. Program Implementation

While working with a range of host-country counterparts to determine such things as policy and strategy needs, and research and training requirements, and/or subsequent to these activities, the Contractor will assist the GOES and the ODI to implement existing and resulting projects and sub-projects. Among other things, the implementation assistance will include:

1. determining effective mechanisms for securing passage within the National Assembly of legislation proposed by the Revisory Commission for the Administration of Justice and the Human Rights Commission;
2. refining the data bank utilized by the technical staff of the National Assembly;

3. assisting in the design and implementation of training programs for staff and members of the Judicial and Legislative branches of the GOES;
4. upgrading the administrative and management capabilities of the Judicial and Legislative branches of the GOES;
5. advising on the principal aspects of project implementation, including review and approval of major implementation actions, timing and scope of project evaluations, review and approval of implementing entities' annual implementation plans and budgets, project financed contracts, and reprogramming actions;
6. identifying and facilitating resolution of major implementation bottlenecks and problems;
7. monitoring, on a continuing basis, the performance of implementing entities of projects in assigned areas, as well as that of contractors providing services to such projects; and
8. assisting technical officers or project managers with on-site project inspections and appraisal of implementation progress;

SCOPE OF WORK - PROGRAM DEVELOPMENT/IMPLEMENTATION SPECIALISTS

I. Summary Scope of Work: The Contractor(s) will work in the Office of Projects as a Program Development/Implementation Specialist providing daily assistance to Project managers in the technical divisions on "problem" projects or in priority areas where weak Ministerial capabilities are impeding project development or implementation. He/she will work with GOES and USAID personnel in the resolution of implementation problems and in the development and preparation of project design documentation.

II. Representative Duties:

1. He/she will, working in conjunction with technical division staff, identify strategy, policy or procedural weaknesses impinging upon the accomplishment of shared GOES and USAID development priorities. Based on this analysis, he/she will conduct further research in the sector and present recommendations for project design modifications or new USAID/GOES or USAID/private sector initiatives. As appropriate, he/she will develop concept papers or other project design documentation to carry out his/her recommendations.

2. He/she will provide advice and assist in preparing documentation to overcome project implementation delays. The range of potential implementation bottlenecks which the individual will be called upon to resolve will vary from one sector to another, but will include: preparation of action plans and budgets, financial management, accountability for project goods, interpretation of the Project Paper and A.I.D. regulations governing the eligibility of expenses, legal requirements, the design of training programs, etc. In resolving these problems, he/she will prepare written documentation in English and Spanish and brief senior level GOES and private sector personnel orally on his/her recommended strategy.

3. He/she will track leading indicators in assigned areas of responsibilities, and based on trends, advise GOES and USAID personnel on emerging problems or opportunities for programming appropriated dollars or local currency generations to achieve greater development impact.

4. Working with the Ministry of Planning, he/she will assist in the monitoring of AID-financed projects and keep abreast of other donor programs in assigned sectors so as to coordinate programs wherever possible.

SCOPE OF WORK - COORDINATOR FOR NATIONAL PLAN

A. Position Title: National Plan Coordinator - Program Specialist

B. Scope of Work:

The Contractor will serve as the National Plan Branch (NPB) Coordinator with responsibilities in one region. His duties will include, but will not be limited to, advising the Regional and Departmental National Commission for Area Restoration (CONARA) personnel on how to improve their internal operations; their coordination of project planning, design and implementation; and on how to improve the participation of all implementing agencies. Special emphasis will be placed on achievement of effective interface between CONARA, its operating field offices, implementing agencies and communities.

In addition, the Contractor will supervise all other activities and personnel assigned to the NPB and provide coordination within the Infrastructure and Regional Development Division (IRD) as it pertains to NPB.

C. Representative Duties:

1. The Contractor will function as a Regional Program Specialist but also have national responsibilities and will report to the Director and Deputy Director of IRD.
2. The Contractor will serve as liaison between CONARA and to IRD office and will:
 - 2.1 Provide frequent written and verbal reports on the operational progress and limitations of CONARA and provide recommendations for improvements and follow-up. Key events will be reported in writing as they occur.
 - 2.2 Assist in the development of strategies and consult on policy issues. Make recommendations as necessary and provide follow-up to decisions made. Major issues will be reported in writing as they occur.
 - 2.3 Provide feed back from CONARA to pertinent AID offices relating to their respective programs.
 - 2.4 Attend monthly Ministry, AID and CONARA coordination meetings.

3. With regard to specific regional and national functions, the Contractor will perform the following:
 - 3.1 Inform communities about funding available from National and International sources, including A.I.D. assisted programs and projects.
 - 3.2 Develop close working relationship with the CONARA General Coordinator and other officials both in the region and at the national level as necessary, e.g. mayors, governors, local military officials, ministry representatives and national level military officials.
 - 3.3 Maintain a close working relationship with CONARA supervisors and external auditors, providing assistance when requested.
 - 3.4 In collaboration with CONARA personnel, assist in refining and maintaining a project implementation monitoring system which permits easy access to current project status and provides a rapid corrective feed back mechanism.
 - 3.5 Conduct frequent field trips to the region and attend CODERA meetings at least once a month within the assigned region with the assistance of a FSN PSC.
 - 3.6 Monitor and report on implementation activities of GOES agencies and community groups participating in the National Plan.
 - 3.7 Interface with national and regional level Milgroup advisors for reasons of security and other issues as deemed necessary.
 - 3.8 Supervise the identification and monitoring of SDA projects.
 - 3.9 Brief visiting officials on CONARA operations and status of projects. When necessary, accompany such officials as interpreter and guide.
 - 3.10 Supervise six local FSN and two IS PSCs
 - 3.11 Prepare agenda, status updates and other documentation on the National Plan activities for two meetings per month with the Ambassador.
4. Perform other tasks as may be assigned by IRD.

SCOPE OF WORK

- A. Position Title: Regional Program Specialist (Western and Eastern Regions)
- B. Scope of Work:

The Contractor will serve as Regional Program Specialist assigned to the National Plan Branch (NPB). His duties will include, but will not be limited to, advising the Regional and Departmental National Commission for Area Restoration (CONARA) personnel on how to improve their internal operations, their coordination of project design and implementation, and on how to expand and improve the participation of all implementing agencies. Special emphasis will be placed on achievement of effective interface between CONARA, its operating field offices, implementing agencies, and communities.

The Contractor will coordinate his activities with appropriate mission offices, i.e., Milgroup, Political Section and AID Technical Offices providing a two-way communication between the field and central offices providing recommendations and follow-up as necessary. He will carry out these activities with the assistance of a FSN PSC.

C. Representative Duties:

1. The Contractor will function as a Regional Program Specialist and report directly to the NPB Coordinator.
2. The Contractor will serve as a liaison person to the Regional and Departmental CONARA offices and to NPB for the purpose of the following:
 - 2.1 Keep the NPB informed of the operational progress and limitations of CONARA Regional and Departmental offices and provide recommendations for improvements and follow-up. Key events will be reported in writing as they occur.
 - 2.2 Assist in the development of strategies and consult on policy issues. Make recommendations as deemed necessary and provide follow-up to decisions made. Major issues will be reported in writing as they occur.
 - 2.3 Provide information from Regional and Departmental CONARA offices to AID technical offices relating to their respective programs.

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3. With regard to specific functions the contractor will perform the following:
 - 3.1 Inform communities about funding available from National and International sources, including AID assisted programs and projects.
 - 3.2 Develop close working relationship with local officials, e.g., Mayors, Governors and Military commanders.
 - 3.3 Maintain a close working relationship with CONARA supervisors and external auditors, providing assistance when requested.
 - 3.4 In collaboration with CONARA personnel, assist in refining and maintaining a project implementation monitoring system which enables easy access to current projects status and provide a rapid corrective feed back mechanism.
 - 3.5 Conduct frequent field trips to the region and attend CODERA meetings at least once a month. At least 50% of the contractors time will be spent in his region.
 - 3.6 Provide monthly reports of activities within the assigned region, including implementation activities of GOES agencies and community groups participating in the National Plan.
 - 3.7 Interface with local Milgroup adviser of security and other issues as deemed necessary.
 - 3.8 Assist NPB in identification and monitoring of SDA projects.
 - 3.9 Brief visiting officials on regional CONARA operations and status of projects. When necessary, accompany such officials as interpreter and guide.
 - 3.10 Supervise AID counterpart.
4. Perform such tasks as may be assigned by the NPB Coordinator.

SCOPE OF WORK

A. Position Title: Regional Program Specialist (Western and Eastern Regions)

B. Scope of Work:

The Contractor will serve as Regional Program Specialist assigned to the National Plan Branch (NPB). His duties will include, but will not be limited to, advising the Regional and Departmental National Commission for Area Restoration (CONARA) personnel on how to improve their internal operations, their coordination of project design and implementation, and on how to expand and improve the participation of all implementing agencies. Special emphasis will be placed on achievement of effective interface between CONARA, its operating field offices, implementing agencies, and communities.

The Contractor will coordinate his activities with appropriate mission offices, i.e., Milgroup, Political Section and AID Technical Offices providing a two-way communication between the field and central offices providing recommendations and follow-up as necessary. He will carry out these activities with the assistance of a FSN PSC.

C. Representative Duties:

1. The Contractor will function as a Regional Program Specialist and report directly to the NPB Coordinator.
2. The Contractor will serve as a liaison person to the Regional and Departmental CONARA offices and to NPB for the purpose of the following:
 - 2.1 Keep the NPB informed of the operational progress and limitations of CONARA Regional and Departmental offices and provide recommendations for improvements and follow-up. Key events will be reported in writing as they occur.
 - 2.2 Assist in the development of strategies and consult on policy issues. Make recommendations as deemed necessary and provide follow-up to decisions made. Major issues will be reported in writing as they occur.
 - 2.3 Provide information from Regional and Departmental CONARA offices to AID technical offices relating to their respective programs.

3. With regard to specific functions the contractor will perform the following:

- 3.1 Inform communities about funding available from National and International sources, including AID assisted programs and projects.
 - 3.2 Develop close working relationship with local officials, e.g., Mayors, Governors and Military commanders.
 - 3.3 Maintain a close working relationship with CONARA supervisors and external auditors, providing assistance when requested.
 - 3.4 In collaboration with CONARA personnel, assist in refining and maintaining a project implementation monitoring system which enables easy access to current projects status and provide a rapid corrective feed back mechanism.
 - 3.5 Conduct frequent field trips to the region and attend CODERA meetings at least once a month. At least 50% of the contractors time will be spent in his region.
 - 3.6 Provide monthly reports of activities within the assigned region, including implementation activities of GOES agencies and community groups participating in the National Plan.
 - 3.7 Interface with local Milgroup adviser of security and other issues as deemed necessary.
 - 3.8 Assist NPB in identification and monitoring of SDA projects.
 - 3.9 Brief visiting officials on regional CONARA operations and status of projects. When necessary, accompany such officials as interpreter and guide.
 - 3.10 Supervise AID counterpart.
4. Perform such tasks as may be assigned by the NPB Coordinator.

SCOPE OF WORKA. Basic Function of Position

The Contractor will serve as the Western Region Plan Specialist's assistant. His duties will include, but will not be limited to, advising the Regional and National Offices of the National Commission for Area Restoration (CONARA) personnel on how to improve internal operations, coordination of project design and implementation, and the participation of all implementing agencies. Special emphasis will be placed on achievement of an effective interface between CONARA, its operating regional offices, implementing agencies, and communities.

B. Major Duties and Responsibilities

1. Function as the Western Regional Field Operations Specialist, with national responsibilities when assigned, and report directly to the Western Program Specialist or his designee.
2. Serve as a liaison person to the Regional and Departmental CONARA offices and the NPB.
3. Assist NPB in the development of appropriate policy and strategy changes. Make recommendations as necessary and provide follow-up to the decisions made. Major issues will be reported in writing as they occur.
4. Provide feedback from the Regional and Departmental CONARA offices to the USAID technical offices relating to their respective programs.
5. Inform communities about funding available from National and International sources, and USAID assisted programs.
6. Develop a close working relationship with local officials, e.g., Mayors, Governors, and Military commanders.
7. Maintain a close working relationship with CONARA supervisors and external auditors, providing assistance when requested.
8. Assist CONARA personnel in refining and maintaining a project implementation monitoring system which enables easy access to current project status and provides rapid corrective feedback.
9. Conduct frequent field trips to the region and attend the Departmental CONARA meetings at least once a week. As much as 50% of contractor's time will be spent in his region.

10. Provide monthly reports of activities within the assigned region.
11. Monitor and report on the implementation of activities of the GOES agencies and community groups participating in the National Plan.
12. Interface with the Departmental S-5 (ESAF personnel who deal with civilian institutions) for reasons of security and other issues as deemed necessary.
13. Assist NPB in identifying and monitoring of SDA projects.
14. Brief visiting officials on regional CONARA operations and the status of projects. When necessary, accompany such officials as interpreter and guide.
15. Perform such tasks as may be assigned by the NPB Coordinator.

SCOPE OF WORKA. Basic Function of Position

The Contractor will serve as the Eastern Region Specialist's assistant. His duties will include, but will not be limited to, advising the Regional and National Offices of the National Commission for Area Restoration (CONARA) personnel on how to improve internal operations, coordination of project design and implementation, and the participation of all implementing agencies. Special emphasis will be placed on achievement of an effective interface between CONARA, its operating regional offices, implementing agencies, and communities.

B. Major Duties and Responsibilities

1. Function as the Eastern Regional Field Operations Specialist, with national responsibilities when assigned, and report directly to the Eastern Program Specialist or his designee.
2. Serve as a liaison person to the Regional and Departmental CONARA offices and the NPB.
3. Assist NPB in the development of appropriate policy and strategy changes. Make recommendations as necessary and provide follow-up to the decisions made. Major issues will be reported in writing as they occur.
4. Provide feedback from the Regional and Departmental CONARA offices to the USAID technical offices relating to their respective programs.
5. Inform communities about funding available from National and International sources, and USAID assisted programs.
6. Develop a close working relationship with local officials, e.g., Mayors, Governors, and Military commanders.
7. Maintain a close working relationship with CONARA supervisors and external auditors, providing assistance when requested.
8. Assist CONARA personnel in refining and maintaining a project implementation monitoring system which enables easy access to current project status and provides rapid corrective feedback.
9. Conduct frequent field trips to the region and attend the Departmental CONARA meetings at least once a week. As much as 50% of contractor's time will be spent in his region.

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10. Provide monthly reports of activities within the assigned region.
11. Monitor and report on the implementation of activities of the GOES agencies and community groups participating in the National Plan.
12. Interface with the Departmental S-5 (ESAF personnel who deal with civilian institutions) for reasons of security and other issues as deemed necessary.
13. Assist NPB in identifying and monitoring of SDA projects.
14. Brief visiting officials on regional COMARA operations and the status of projects. When necessary, accompany such officials as interpreter and guide.
15. Perform such tasks as may be assigned by the NPB Coordinator.

SCOPE OF WORKA. Basic Function of Position

The Contractor will serve as the National Plan Branch (NPB) Coordinator's assistant, with Central and Paracentral Regional responsibilities and national responsibilities when assigned by the NPB Coordinator. His duties will include, but will not be limited to, advising the Regional and National Offices of the National Commission for Area Restoration (CONARA) personnel on how to improve internal operations, coordination of project design and implementation, and the participation of all implementing agencies. Special emphasis will be placed on achievement of an effective interface between CONARA, its operating regional offices, implementing agencies, and communities. He will also supervise one program specialist.

B. Major Duties and Responsibilities

1. Function as a Regional Field Operations Specialist, with no responsibilities when assigned, and report directly to the Coordinator or his designee.
2. Serve as a liaison person to the two Regional and seven Departmental CONARA offices and the NPB.
3. Assist NPB in the development of appropriate policy and strategy changes. Make recommendations to NPB Coordinator as necessary and provide follow-up to the decisions made. Major issues will be reported in writing as they occur.
4. Provide feedback from the Regional and Departmental CONARA offices to the USAID technical offices relating to their respective programs.
5. Provide frequent written and oral reports to the NPB Coordinator on the operational progress and limitations of CONARA and provide recommendations for improvements and follow-up.
6. Inform communities about funding available from National and International sources, including USAID assisted programs.
7. Develop a close working relationship with local officials, e.g. Mayors, Governors, and Military commanders.
8. Maintain a close working relationship with CONARA supervisors and external auditors, providing assistance when requested.

9. Assist CONARA personnel in refining and maintaining a project implementation monitoring system which enables easy access to current project status and provides rapid corrective feedback.
10. Conduct frequent field trips to both regions and attend CONARA meetings in the regions at least once a week.
11. Provide monthly reports of activities within the assigned region.
12. Monitor and report on the implementation of activities of the GOES agencies and community groups participating in the National Plan.
13. Interface with the Departmental S-5 (ESAF personnel who deal with civilian institutions) for reasons of security and other issues as deemed necessary.
14. Assist NPB in identifying and monitoring of SDA projects.
15. Brief visiting officials on regional CONARA operations and the status of projects. When necessary, accompany such officials as interpreter and guide.
16. Supervise one FSN/PSC Grade 10.
17. Perform such tasks as may be assigned by the NPB Coordinator.

SCOPE OF WORKA. Basic Function of Position

The Contractor will serve as a Program Specialist for Management of Information and will be assigned to the National Plan Branch (NPB). His duties will include, but will not be limited to, monitoring and evaluating the accuracy of information collected and reporting on projects implemented by the National Commission for Area Restoration (CONARA), including related GOES ministry and USAID projects, e.g., Special Development Activity (SDA) projects.

B. Major Duties and Responsibilities

1. Function as a Program Specialist for the Management of Information, and report directly to the National Plan Branch Coordinator or his designee.
2. Design and maintain a project monitoring system which enables rapid access and updating modes for reporting on the National Plan, all USAID and GOES Extraordinary Budget funded infrastructure projects, and SDA project activity.
3. Obtain information from coordinating and implementing agencies and community groups and prepare reports on the impact of National Plan and SDA projects. Provide corrective feedback and impact data to NPB.
4. Maintain day-to-day contact with the National Commission for Area Restoration in order to obtain current information for the preparation of monthly reports, which must provide the following data:
 - a) Project status, i.e., design, approval, implementation or completion.
 - b) Financial status, i.e., funds available, committed, uncommitted and expected.
 - c) Implementation bottlenecks.
5. Provide frequent reports to supervisor regarding implementation of improved management systems and conversion to Automated Data Processing facilities.
6. Perform such tasks as may be assigned by the National Plan Branch Coordinator.

SCOPE OF WORKA. Basic Function of Position

The Contractor will serve as a Program Assistant to the National Plan Branch Coordinator. Her duties will include, but not be limited to, performing a variety of consultive, monitoring, information collecting and technical services in the areas of administration and program support. Her duties also will include the drafting, approval and signature of correspondence and internal office management. She will be expected to make occasional field trips to become acquainted with the activities of NPB. Decision making will include release, background briefings and explanations of official documents and correspondence, approval for NPB of reimbursement documents, and providing official USAID documents, as needed, to visitors and GOE's officials. She will draft briefings for Congressional Staffs, DAO officials, AID's Regional Inspector General, and other official visitors as required. The Contractor will also serve as the official NPB spokesperson in support of the Regional Program Specialists, at official meetings, during their absence.

B. Major Duties and Responsibilities

1. Function as a Program Assistant and report directly to the NPB Coordinator.
2. Take prime NPB responsibility for coordinating the development of National Plan Action Plans, drafting and approval of budgets for NPB staff and office requirements, drafting and elaborating of quarterly progress reports on NPB goals and objectives and counterpart progress, and preparation of program/project documentation and SDA (Special Development Activities) reimbursement requests.
3. Develop and implement formats and standardized reporting mechanisms for project monitoring, orientation, evaluation and follow-up activities in support of NPB Program Specialists and their liaison activities with other USAID Offices providing technical support to the National Plan Branch, i.e., IRD/MIB, RDO, OET, PRE, HPN and ODI.
4. Function as a backstop to NPB as the Mission does not provide this service due to the nature of the funding source. Among the responsibilities will be assisting CONARA counterparts in contracting of personnel, accounting procedures, proper control of USAID funds and determination of proper allowable costs. This will be done in conjunction with other USAID technical assistance being provided to CONARA.

5. Design a tracking system for advances and liquidations of program and individual project funding in coordination with the newly created Planning and Control Department within CONARA. This system will provide accurate up-to-date disbursement and accrual information which will assist NPB Program Specialists in planning for future financial requirements and/or modifications in current budgets.
6. Draft and process for clearances of public pay vouchers, Special Development Activities Project Agreements, and Project Implementation Letters through various USAID offices. In addition, prepare NPB non-routine official correspondence for GOES officials at the Vice-Ministerial and Autonomous Institution levels.
7. Assist CONARA in developing regional action plans which coordinate activities with other institutions working within the regions. Review plans with all institutions working in the four geographical regions -- Western, Central, Para-Central and Eastern -- to ensure that strategies for each region are complementary with activities conducted by all institutions and directed towards the effective restoration of vital services and the strengthening of local governments.
8. Develop visual aids, e.g., graphs, maps, charts, bulletized reports on a monthly/quarterly basis depicting the progress of CONARA projects which will be used to defend and justify increased USAID funding for CONARA, UPR and MEA projects. In addition, elaborate charts, maps, graphs and related material for use in briefings on the National Plan for the Ambassador, and AID, State and Congressional personnel.
9. Primary responsibility in preparing USAID/El Salvador's official response to inquiries regarding CONARA which includes, collection and interpretation of all pertinent background information, e.g., program budgets, specific projects, financial commitments, disbursements and liquidations of funds.
10. Provide logistical support to and maintain close contact with field personnel to assure effective NPB coordination with its three Regional Offices.
11. Provide field staff with information that will enable them to make management decisions to implement or modify projects at a regional level.
12. Substitute the three U.S. PSC's (Program Specialists) on a temporary basis as needed.
13. Establish and be responsible for a records management and control system to assure that all communications are answered and reports are prepared and completed in the designated time.

14. Draft administrative reports and assist other NPB personnel with administrative matters as requested.
15. Perform such other tasks as may be assigned by the NPB Coordinator or his designee.

SCOPE OF WORKA. Basic Function of Position

Serve as a Secretary to the NP3 Coordinator and or one or more specialists in the office, and support the activities of the subordinate professional staff.

B. Major Duties and Responsibilities

1. Maintain administrative control of all incoming and outgoing correspondence in the office. This involves reviewing incoming correspondence and referring it to the Coordinator or the subordinate staff as appropriate, based on a knowledge of the functions and program elements of the office; research files as required to attach reference material to correspondence referred to the Coordinator; maintain suspense files to assure that required actions are taken within due date established either by correspondence itself, the USAID/Deputy Director, or those set by the secretary based on office procedures; review outgoing correspondence for grammatical and clerical accuracy before referring it to the Coordinator for signature; contact action officers to assure that due dates are adhered to and advise the Coordinator on those not met; assure that correspondence moves with appropriate speed from initiation to transmission; and type correspondence and related program documentation for the Coordinator. Word processing machine operation is required in the preparation of correspondence and program documentation. Translates short documents from English to Spanish or vice versa. Take dictation and transcribe official documents.
2. Screen callers and visitors, control access to the Coordinator by determining the nature and the purpose for the contact or based on recognition of the individual making the contact. This involves determining the identity of the caller or visitor and the reason for the contact; answering routine questions personally; referring the caller or visitor to the Coordinator or subordinate staff members as appropriate; and supplying information from records to the caller or visitor when appropriate.
3. Schedule meetings for or with the staff, providing background information from the files prior to the meetings, rescheduling meetings as required, often on own initiative based on knowledge of priorities, and as required, attending meetings to record the proceedings or assist with presentation materials.

4. Maintain office files as required, including setting up project work files, or files of a temporary nature.
5. Make or arrange for travel including transportation, and hotel reservations, prepare vouchers for the staff, and ensure that adequate office supplies are available for NPB.

SCOPE OF WORKMajor Duties and Responsibilities

Assist the Private Sector Office in project implementation activities related to Project 519-0316, Private Sector Association Strengthening and Project 519-0287 Industrial Stabilization and Recovery, concentrating on the components related to the Ministry of Foreign Commerce (MICE), the Export Development Committee (CODEXI) and the FUSADES component. Also assists the Project Manager in the day-to-day monitoring of the projects.

This duty involves assuring that schedules are maintained, project funds are used in accordance with budgetary limits, objectives are being achieved, established standards are being met, and that counterpart personnel are adequately managing project requirements.

Assists the Private Sector Office in project implementation activities related to small scale enterprise projects. Monitors compliance with project Grant Agreements 519-0229(B), 519-0304, and 519-0322 related to Small Producer Development, and assists the Project Manager in the implementation of activities related to on-going small business activities.

This involves assuring that schedules are maintained, project funds are used in accordance with budgetary limits, objectives are being achieved, established standards are being met, and that counterpart personnel are adequately managing project requirements.

Assists the Private Sector Office in project implementation activities related to credit and finance projects and programs including those funded through local currency. Monitors compliance in the Memoranda of Understanding and centrally funded (AID/W) projects related to credit and finance, and assists the Project Manager in the implementation of activities related to the area.

INITIAL ENVIRONMENTAL EXAMINATION

PROJECT LOCATION: El Salvador

PROJECT TITLE: Technical Support, Policy Analysis,
and Training

PROJECT NUMBER: 519-0349

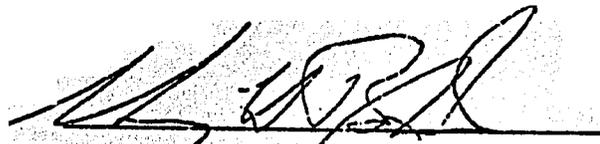
FUNDING: FY 1988 Grant \$15,000,000

LIFE OF PROJECT: 5 years

IEE PREPARED BY: C. R. Gavidia, Environmental Officer
USAID/El Salvador
December 15, 1987

ACTION RECOMMENDED: Negative Determinat:

Concurrence:

A handwritten signature in black ink, appearing to be 'C. R. Gavidia', written over a horizontal line.

Date:

8/25/88

This involves assuring that schedules are maintained, project funds are used in accordance with budgetary limits, objectives are being achieved, established standards are being met, and that counterpart personnel are adequately managing project requirements.

4. Assist the Private Sector Office in project implementation activities related to technical assistance and free enterprise system development projects. Monitors compliance with project Grant Agreement 519-0311 and the Private Sector Initiatives Project, and assists the Project Manager in the implementation of activities related to the area.

This involves assuring that schedules are maintained, project funds are used in accordance with budgetary limits, objectives are being achieved, established standards are being met, and that counterpart personnel are adequately managing project requirements.

5. Performs periodic visits to project sites to verify implementation activity.
6. Performs "end-use" checks to verify receipt of project-financed goods and services.
7. Works with the Mission Controller's Office and Contracts Office to expedite commodity purchases and/or other procurement actions.
8. Assists in the preparation of statistical and special reports as required particularly those required for the quarterly program Review and Annual Action Plan.
9. Serves, when required, as Acting Project Manager for any of the areas of activity of the Private Sector Office.

SCOPE OF WORK

TRAINING ADVISOR

MAJOR DUTIES AND RESPONSIBILITIES:

The Training Advisor will work with the Project Manager of the Technical Support, Policy Analysis, and Training Project, No. 519-0349 for the purpose of implementing the project's training plan. All training activities will be executed through the Mission's Office of Education and Training (OET). The training advisor will report to and also assist the Director of the Office of Education and Training (OET) or his/her designee in all matters related to the Mission's Training Program.

This specialist advises the OET Director on all Salvadoran host country training needs, strategies, and policies, as well as serves as the Mission's primary technical resource in assisting in the design and planning of project specific training components for ongoing and new projects. The advisor will provide technical assistance in all training matters to other Mission offices, such as RDO, PRE, IRD, HPN, ODI, ECON, and OET. The advisor will also provide technical assistance to all project managers in the development and implementation of all training activities. He will also serve as a resource for project managers in dealing with local public and private officials in all training matters.

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TRAINING PLAN

Overview

The project will provide funds for the training of host country mid- and upper-level management from both the private and public sector in the United States, in other Spanish-speaking countries and in El Salvador. Training will support Project goals through long-term and short-term activities which enhance the capability of Salvadoran managers in objective policy formation, program planning and implementation, and program/project monitoring. Short-term training will form much of the effort as the importance of maintaining human resources in key positions in El Salvador at present makes the extended absences of mid- and top-level managers problematical.

Training participants will be individuals in positions of decision-making, data analyses, and program monitoring who are involved in activities related to development. The project will complement other Mission training programs by financing specialized training not covered by funding from other projects and by supporting unanticipated training opportunities that are consistent with project objectives.

Training Goal and Objectives

The goal of the training funded under Project 519-0349 is to contribute to the formation of human resources with enhanced capability to analyze information and, based on such analyses, to develop policies, programs, and program implementation and monitoring procedures that will contribute to sustained economic growth.

The objective of the training is to increase the expertise of host country managers in the areas addressed by the three project components: program development, program implementation, and program monitoring and control. This will be achieved by training Salvadoran professionals, in the U.S., El Salvador or in third countries, who are managers in public sector entities such as the Ministries of Agriculture, Planning, Education, and Public Works; the Judiciary and the National Assembly; as well as technicians in the Court of Accounts and the Ministry of Finance. Training will also be provided for managers in the private sector to improve policy making skills and specific business practices that increase productivity and facilitate the integration of this sector into National macro-economic planning.

Constraints to Meeting Training Objectives

There are a number of potential constraints to the implementation of the training activities that must be considered in the development of this comprehensive training plan. One constraint is that training must be juxtaposed with government and private sector human resource needs. Training should not lead to the loss of needed expertise at a crucial juncture in program development and implementation.

An important constraint, present in training for the public sector, is the possibility that after long-term training, a professional will not return to a relatively low-paying job in the government but will look for other employment. Thus, while the overall human resource base may be augmented if the individual remains in El Salvador, the specific match of increased skills to a particular government sector may be lost.

The changing political environment in El Salvador can be considered an additional constraint to long-term training. With the upcoming elections, change in the personalities in upper echelons of government and in economic policies is probable. Thus, it would not seem to be good strategy to invest heavily in the training of personnel whose positions may soon be at risk, and whose expertise might not be optimized.

Finally, English language capability is generally lacking among managers in the public sector and to some extent in the private sector. This requires extensive investment in English language training for long-term U.S. based trainees or in the provision of training and training materials in Spanish.

Training Strategy

To advance the training goals of the Project, a strategy that minimizes the potential constraints discussed above will be implemented. This strategy emphasizes: a) short-term training in the USA in Spanish or in Spanish-speaking countries thereby overcoming the lack of English language proficiency of the potential beneficiaries; b) short-term training in El Salvador to contextualize training, increase cost-effectiveness, and reduce the negative impact of extended absences for potential trainees; c) long-term training in general, scheduled to begin after the Presidential Elections in 1989 to increase the potential impact of returned trainees; d) recruitment for further graduate training of young Salvadorans with recent advanced degrees who are not presently employed by the government; e) inclusion in the Project Agreement a clause that encourages the GOES to sign agreements with potential candidates that they will return to work for at least a period equal to the training period; f) training of potential trainers to create the greatest possible multiplier effect; and g) flexibility in the training plan to allow for unanticipated (ad hoc) training opportunities.

1. Short-term International Training

Short-term training may be carried out in the U.S., Latin America or other less developed (941) countries. Trainees will be sent to courses, seminars, and professional advancement conferences ranging from a few days duration up to several months. As necessary, training will be provided at institutions that offer instruction and materials in Spanish. As shown in Exhibit I of this plan, institutions such as the University of New Mexico, the University of Pittsburg, the University of Puerto Rico, the Graduate School of the USDA, the School for International Training in the United States, and the Agricultural Planning Institute in the Dominican Republic (CADER) or INCAE in Costa Rica have been identified as having this capability.

2. Short-term In-country Training

Short-term training in-country will also be in the form of courses, seminars and conferences. At times, as in the case of the use of personal computers for management decisions related to infrastructure maintenance by engineers of the Ministry of Public Works, the in-country training will represent follow-up courses to contextualize earlier instruction. It may also be a series of related courses such as those planned for personnel from the Court of Accounts. When possible, courses will be planned for early morning or evening hours so that they do not interfere with trainee work schedules. Training providers will be institutions specializing in general areas such as the University of New Mexico or the School of International Training in management and public administration, or in specific content such as PADCO in computerized construction modeling, and the Center for Disease Control in medical service delivery.

3. Long-term International Training

Long-term training will be in specialized areas where there is a recognized need within El Salvador for highly trained human resources, such as PhD-level economists, M.A.'s in court administration, and M.S.'s in agricultural economics. Trainees for Ph.D. programs will be selected from among the pool of professionals possessing MA degrees in economics. In order to reduce expense of family maintenance, they could be selected from recent graduates, such as returning CAPS scholars who do not have families to support and are not necessarily employed in the public sector. For trainees working in public sector positions, training should begin subsequent to the presidential elections. Candidates should be sought who have links to training institutions and universities in El Salvador to increase the multiplier effects of the training. With the exception of

professionals with previous U.S. training or those attending long-term training in Spanish, six months of extensive English language instruction must also be included in the training plan. Training institutions will be those known for quality training in a given area such as Harvard or MIT in economics, Columbia Law School in court administration, the University of New Mexico in public administration in Spanish, or the University of Wisconsin in agricultural economics.

4. Activities Identified

As shown in Exhibit II, the needs assessment identified training activities totaling 1767 person-months or 147.3 person years. Based on the cost estimates discussed in the cost section of this document, these activities will require approximately 77% of the 5 million dollars allocated for training in the PID. Almost half of the anticipated training (923 person months) will be short-term training given in Spanish either in El Salvador, the U.S. or a third country. The short-term in-country training will have the advantages of being cost effective and allowing greater numbers of individuals including A.I.D. technicians, to participate in training activities. Short-term international training will allow quick response to specific technical needs. The bulk of the long-term training is in the component of Project Development where expertise will be developed with advanced degrees in economics and other disciplines in which there are presently deficiencies in the El Salvador human resource base. The majority of the long-term training is programmed for after the country's presidential elections in 1989.

Brief Description of Illustrative Training Activities By Components

Specific training activities that have been identified in the area of Project Development include: Tax policy and planning for the Ministry of Finance to plan and implement tax reform; policy planning for managers in the Ministry of Education and long-term training in Public Administration for mid-level managers in several ministries; short-term international training in Policy Analysis for two top level and two mid-level managers in the Vice Ministry of Housing; short-term seminars in Policy Analysis for public and private sector leaders and in Business Association Management for business leaders; short-term in country seminar in Negotiation Skills for SETEFE mid-level managers and long-term training in the U.S. in Policy Development for the Director of SETEFE and in Macro-economic Planning at the Ph.D. level for Salvadoran economists; and short-term training in Strategic Planning and Diversified Agriculture for managers in the Ministry of Agriculture and business, respectively, and long-term training in Agricultural Economics for mid-level managers in the Ministry of Agriculture.

In the component of Program Implementation, training activities could include: short-term course in Project Implementation at the University of Pittsburg for mid-level managers in several ministries; short courses in USA or third country with follow-up seminars in El Salvador on Personal Computers in decision-making and Public Administration and improved resource allocation for engineers in the Ministry of Public Works; long-term training in Court Administration for judges, short-term in-country seminars on Revenue Enhancement and project implementation for mayors of El Salvador's 14 largest municipalities; short-term courses in-country in Computer Modeling for Salvadoran builders, short-term course in US or third country on Credit Systems for mid-level managers of FNV; short-term seminars in-country on Exporting Nontraditional Products for public and private sector managers; short-term seminars in US or a third country on Personnel Management for five top-level managers of SETEFE and short-term seminars on Project Implementation for mid-level SETEFE managers; and short-term course in-country on Innovations in Medical Services for Salvadoran doctors; in-country course for the Ministry of Finance to increase efficiency of Customs Service Procedures.

Finally, in the third component of the project, Program Monitoring and Control, training activities identified are the following: short-term seminars in-country on Monitoring and Evaluation for CONARA mid-level managers; short-term in-country seminar on A.I.D. funding procedures for managers in the SETEFE financial division; a series of specialized Auditing courses in-country for technicians of the Court of Accounts and on Tax Policy, Management, Audits, and Customs Procedures for technicians and managers of the Ministry of Finance, and long-term training in Evaluation and Computerized Financial Management for personnel of SETEFE.

Brief descriptions of each training activity are found in Exhibit I of this document.

Selection Criteria

Short and long-term U.S. and third country training as well as short-term training in El Salvador will be available for upper and mid-level managers of public and private sector institutions. Candidates approved for training will satisfy one or more of the following criteria:

- (a) Appropriateness of candidate's experience and/or education to the training activity;
- (b) Potential of candidates to contribute to the strengthening of El Salvador's economic and social structure;

- (c) Ability of long-term candidates to meet the entrance requirements of an advanced degree program at an appropriate training institution; and
- (d) Likelihood that the trainee will be effectively employed upon completing training.

In addition, training activities selected for funding within the project will meet one or more of the following criteria:

- (a) Training in line with project goals and objectives;
- (b) Training consistent with one or more of the Mission Action Plan objectives; 1/
- (c) Training out of PD&S scope and not provided for by any existing projects within a Technical Division.
- (d) Training to upper-level private and public sector managers that is critical to improving policy dialogue and planning skills;
- (e) Specialized training in project development, project implementation or project monitoring that will increase institutional expertise among career employees in priority development areas;
- (f) Training for trainers that will provide a multiplier effect in both the design of policy and strategy reformulations and the implementation of resulting programs;

Training must be carried out in a cost-effective manner; and

Training must be completed at an appropriate time within project timeframe.

5. Phasing of Activities

Training activities will be phased to maximize the effects of training during a period of political change. Initial training activities will focus on mid-level career managers in the public sector, whose positions are less likely than those of top level administrators to be placed in jeopardy as a result of the Salvadoran Presidential election, and on private sector individuals. The training will be short-term in nature. Training that is crucial to ongoing project implementation such as that for mayors and local leaders participating in the National Plan

1/ See FY89 Action Plan, p. 8

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activities (see Exhibit I) will also take place early in the life of the project. The majority of long-term training will begin after the March elections and will continue together with short-term training for top and mid-level managers through the life of the project. All training activities must be completed and students returned to country before the Project Assistance Completion Date (PACD).

6. Outputs

Training outputs will be individuals in the areas of program development, program implementation and program monitoring over the life of the project. Those training activities presently anticipated will result in the following outputs: 1) up to 350 individuals provided short-term in-country training, averaging two weeks per person; 2) up to 150 individuals provided short-term training, averaging one month per person, in the U.S. or a third country; 3) up to 30 individuals provided an average of 18 months of training at the Master's degree level; and 4) up to 10 individuals provided three years of U.S. training at the PhD level.

By component, presently anticipated training activities will total 73 person years in Program Development, 32.6 person years in Program Implementation, and 42.4 person-years in Program Monitoring. This will result in a total of 1,472 person years of training. This difference would appear to be a result of the greater specificity of training activities in the present document and the relatively high costs of even those types of in-country training activities specified.

7. Training Costs

Training costs were estimated in two ways. First, for international training the latest figures for average long-term and short-term training carried out by the Office of International Training, which were provided by OET/El Salvador, were used. These figures were used rather than the figures for the El Salvador CAPS program, because CAPS participants have a different profile than the individuals to be trained under this program. Thus, the figures of \$25,000/year and \$5,000/month were used for long- and short-term international training respectively.

The Training Costs Analysis procedure was not applicable at this time, as the necessary specific cost analysis information for the variety of training activities in the various sectors included in this project is not routinely collected at his Mission.

In-country training costs were estimated by averaging the monthly costs from four distinct recent training activities (one in Agriculture, one with the Court of Accounts, and two through the Office of Private Enterprise) as varied as those to be carried out under this project. The average participant-month cost resulting from this analysis was \$1,734.

Training costs are as follows:

a) Short-term in-country training 775 person months at \$1,734 per month	\$1,342,200
b) Short-term international training 143 person months at \$5,000 per month	\$ 740,000
c) U.S. long-term training 70.3 person years at \$25,000 per year	<u>\$1,783,800</u>
Total	\$3,866,000

9. Relationship to Other A.I.D. Training Programs

CAPS. The training to be provided in this project is aimed at a different target population than that of the El Salvador CAPS program. Whereas CAPS is directed primarily at young, rural, disadvantaged students and women with the potential for leadership, the present project targets individuals who already occupy managerial and technical positions.

Mission Training Plan. The project will provide for training of personnel in response to sectoral needs, which are not necessarily linked to specific projects and for certain existing projects for which training was not provided. It is thus complementary to existing Mission training efforts. It will replace the training formerly available under multisectoral projects such as the Reform and Policy Planning Project (519-0260) and the IAC Regional Training Initiatives Project (598-0622) both of which will close out this year.

10. Tracking and Monitoring Trainees

The Training Office, which consists of a training officer and a secretary, presently processes between 200-250 participants per year. These participants are tracked on the USAID Participant Training Management System (PTMS). This system requires an estimated 20 minutes of the secretary's time to input data on each participant and another 15 minutes of updating per year. In addition, as the training office has been waiting over a year for an updated system, there is a

backlog of (280) participant records to enter into the system. This, combined with the increased number of participants that the office expects to process in FY 88-89 (more than 400 excluding those of (519-0349), will burden the present human resources of the office to the extent that they will be unable to take on tracking of the 0349 trainees. Similarly, the present CAPS staff are fully occupied in processing and tracking CAPS scholars. Thus, an additional secretary will be needed to process training documents and track project trainees.

The PIMS is somewhat inflexible if additional fields are needed as is likely to be the case with the variety of training to be undertaken under this project. The dBase III (plus) system used by the OET-CAPS program is more flexible and thus better suited to project training needs. Again, however, the human resources trained in the system are fully occupied with present duties. Thus, the new person must be trained to manipulate the data base and input data and either that person or the Training Advisor will need to be trained to generate reports. Data fields included in the data base will include: personal data (age, sex, occupation, etc.); funding; division; type of training; content; date of leaving country; duration; location; grades or individual training results; trainee course evaluation; and trainee's position 6 months after completion of training.

Additional hardware in the form of a single personal computer with 640K of RAM and a 20-megabyte hard disk will be sufficient to meet the needs of the project. Although the appropriate software is available in OET, additional hardware will be needed for the tracking system. Both the additional hardware and the added personnel to process PIO/Ps and input the information will be housed in the Training Office.

TRAINING PLAN
Exhibit I: Training Activities by Project Component

a) Program Development

	Objective	Format	Potential Institution	FY	Person-Months	Est. * Cost	
I. SHORT-TERM TRAINING							
a)	Tax Policy and Planning - Ministry of Finance	Increase the capability of Min. of Finance to plan and implement tax reform	Twelve-week course for 30 mid-level tech. and managers in Spanish in-country	CPA firm to be contracted	89	90	156,060
b)	Policy Analysis - Vice Ministry of Housing	Enhance policy analysis capability of Vice Ministry of Housing - through use of data for decision making.	Three-week seminar in USA or third country for 2 upper and 2 mid-level managers, in Spanish	MIT-Housing Center	89	3	15,000
c)	Strategic Planning - Ministry of Agriculture	Improve information flow and strategic planning capability of Min. of Ag. (MAG)	One-month course for 2 different managers in the USA or third country in Spanish each year.	Grad. School of USDA	89	2	10,000
				Ag. Planning Institute	90	2	10,000
				DR, INCAE	91	2	10,000
					92	2	10,000
			93	2	10,000		
d)	Program planning - Private Sector Leaders	Enhance private sector capability to develop nontraditional Ag. programs	One-month course for 2 top level managers in FUSADES (2/yr) i: Spanish in USA or third country	Grad. School of USDA Ag. Planning Institute DR, INCAE	89 90	2 2	10,000 10,000

* In-country short-term = 1734/month
 Intl. short-term = 5000/month
 USA Long-term = 25000/year

	Objective	Format	Potential Institution	FY	Person-Months	Cost
e) Program Planning and Develop. Ministry of Planning, SICEFE	Improve SICEFE capability to interface with Intl. donors	Two-week course for 3 mid-level managers from Program Div. in-country-Spanish	UNM	91	2	3,468
f) Policy Analysis - Pvt/Public Sector Leaders	Develop policy dialog and problem solving skills, targeted toward specific social and economic problems	Short-term (1-2 days) seminar in El Salvador in Spanish for 25-30 top managers	INCAE	89	4	6,936
				90	4	6,936
				91	4	6,936
				92	4	6,936
g) Policy Planning - Ministry of Education	Shift policy emphasis from access to improvement in the quality of education	Short-term (4 wks) course in planning and managerial techniques including the PETS information model, for 30 managers, in-country in Spanish	AED	89	30	52,020

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	Objective	Format	Potential Institution	FY	Person-Months	Cost
II. LONG-TERM TRAINING						
a) Agricultural Economics- Min. of Agriculture	Increase planning and analysis capability of Min. of Agriculture	18 months (6 mo. Eng. language and one-year course) USA for 5 mid-level managers	Grad. School of USDA University of Wisconsin	89	18	37,500
				90	55	115,000
				91	27	56,250
b) Policy Development Ministry of Planning, SETEFE	Enhance the policy development capability of SETEFE	Three-year MA level preparation course and thesis research for the Director of SETEFE (1 yr. English language training U.S.)	Harvard Mason Fellow program	88	12	50,000
				89	12	30,000
				90	12	20,000
c) Macro-Economic Planning	Improve the human resource base in macro-economic planning and policy making within El Salvador	3-yr. PhD level training and dissertation research in the U.S. for 10 MA-level economists	Harvard MIT	90	120	250,000
				91	120	250,000
				92	120	250,000
d) Public Administration Technical Ministries	Enhance the planning and administrative capabilities of several ministries	One-year MA program in Public Admin. in Spanish for 18 upper-level managers (6/yr for 3 yrs.)	UAM	90	72	150,000
				91	72	150,000
				92	72	150,000

b) Program Implementation:

	Objective	Format	Potential Institution	FY	Person-Months	Cost	
I. SHORT-TERM TRAINING							
a)	Computer Modeling - Salvadoran Builders	Increase Salvadoran contractors access to computer technology for construction decision-making	Four one-week courses in different computer models. In-country in Spanish for 50 builders	PADCO	89 90	25 25	43,350 43,350
b)	Personnel Management - Ministry of Planning (SEIEFE)	Improve utilization of personnel resources	One-month seminar in USA or third country for 5 top-level executives	University of Puerto Rico UNM School for Intl. Trng.	89	5	25,000
c)	Project Implementation Ministry of Planning (SEIEFE)	Enhance SEIEFE project implementation capability	Two-week course in country in Spanish for 14 mid-level professionals in Operations Division	AID-developed project implementation course (contractor)	90	7	12,138
d)	Project Implementation - Technical ministries	Enhance project implementation capabilities of several Ministries	Six-week course in Spanish in the U.S. for 20 mid-level managers a year, beginning in 1989	University of Pittsburgh	89 90 91	30 30 30	150,000 150,000 150,000

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b) Program Implementation

	Objective	Forma	Potential Institution	FY	Person-Months	Cost
e) Public Admin. - Ministry of Public Works	Improve resource allocation capability of MOP	Three-week course in USA or third country with 3 week follow-up in ES for 20 engineers	Nat. University of Puerto Rico UNM	91	15	75,000
				92	15	26,010
f) Epidemiology - Salvadoran Physicians	Increase Salvadoran medical community's familiarity with innovations in data gathering	One-month course in USA or third country for 2 Salvadoran Drs. in Spanish	CDC-Puerto Rico	91	2	10,000
g) Medical Service Delivery - Salvadoran Drs.	Enhance effectiveness of medical service delivery.	One week course for 50 Salvadoran doctors in-country in Spanish (twice)	CDC-Puerto Rico	90	12.5	21,675
				91	12.5	21,675
h) Export Management - public and private sector	Increase Salvadoran understanding of U.S. customs and import regulations	Three short-term seminars (1 wk each) on different aspects of exporting non-traditional products, in Spanish in El Salvador	U.S. Dept. of Commerce U.S. Customs USDA	89	5	8,670
				90	10	17,340
i) Municipal Planning - Municipal Officials	Strengthen local communities capabilities to plan and implement projects	Two in-country seminars each of three weeks for 15 mayors/leaders of mid-size municipalities	School for International Training, Vermont	89	12	20,000
				90	12	20,000

b) Program Implementation

	Objective	Format	Potential Institution	FY	Person-Months	Cost
j) Municipal Revenue Strategies- Mayors of largest cities	Revenue enhancement through training mayors in castral and collection systems	Three-week seminar for mayors of 14 largest municipalities in-country in Spanish	UNM USC School of Intl. Training	89	11	19,074
k) Loan Systems - Managers of Financiera Nacional de la Vivienda	Improve the flexibility of the FNV in loan management	One-month course in in USA or third country in Spanish for 4 mid-level managers	MIT-Housing Center	89	4	20,000
l) Customs Service Procedures Ministry of Finance	Increase the efficiency of the customs service delivery and data collection	Nine-week course for for 30 managers of the customs service in Spanish, in-country	USCS	90	80	138,720

b) Program Implementation

Objective

Format

Potential
Institution

FY

Person-Months

Cost

II. LONG-TERM TRAINING

a) Labor Management/Collective
Bargaining-
Min. of Labor

Increase capability
of Min. of Labor to
serve as a mediator

2-yr. course work
or internship for
2 top level managers
in USA (6 months
language training)

c) Program Monitoring and Control

Objective	Format	Potential Institution	FY	Person-Months	Cost
I. SHORT-TERM TRAINING					
a) Financial Controls- SETEFE Financial Division	Improve SETEFE efficiency in the management of Di and local currency funds	Two-week seminar in-country in Spanish for 10 mid-level professionals of Financial Division	A. I. D. developed course (given through contractor)	89 90	5 8,670
b) Specialized Auditing Courses- Corte de Cuentas	Improve efficiency of Corte de Cuentas in auditing and oversight functions	3 eight-week courses in Spanish in-country on unit management, audit procedures, and Controls for 60 mid-level technicians	CPA firm to be contracted	89 90	200 160 346,800 277,440
c) Project Monitoring/Financial Controls - CONARA (National Plan)	Increase CONARA's capability to monitor ongoing activities	Three-week initial seminar in-country in Spanish with three week follow-up seminar 20 mid-level managers	School of Intl. Training	89 90	15 15 75,000 26,010
d) Financial Management/Controls Ministry of Finance	Improve ability of Min. of Finance in cost control systems	Four-week course in management auditing for 30 mid-level managers in Spanish in-country	CPA Firm to be contracted	90	30 52,020

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	Objective	Format	Potential Institution	FY	Person-Months	Cost	
II. LONG-TERM TRAINING							
a)	Project Monitoring Ministry of Planning (SETEFE)	Increase SETEFE capability to effectively oversee/coordinate donor resources	One year training in the U.S. leading to an advanced degree for 2 mid-level managers in USA	UNM University of Pto. Rico	90 91	24 12	50,000 25,000
b)	Computerized Financial Management - Ministry of Planning (SETEFE) Ministry of Finance	Develop SETEFE capability in computerized mgt. of Financial Information	Two years training leading to an advanced degree for 2 mid-level professionals in USA or third country	University of Pto. Rico USC School of Business	90 91	24 24	50,000 50,000

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EXHIBIT II

Training by Project Component per Year

	FY89		FY90		FY91		FY92		FY 93		TOTAL	
	P/M	Est. Cost	P/M	Est. Cost	P/M	Est. Cost	P/M	Est. Cost	P/M	Est. Cost	P/M	Est. Cost
1. PROGRAM DEVELOPMENT												
a) Short-term In-country	124	215,016	4	6,936	6	10,404	4	6,936	-	-	138	239,292
b) Short-term Intl.	7	35,000	4	20,000	2	10,000	2	10,000	-	-	17	85,000
c) Long-term	42	117,500	259	535,000	219	456,250	192	400,100	2	10,000	712	1,508,750
Sub-Total		<u>367,516</u>		<u>581,936</u>		<u>476,654</u>		<u>417,036</u>		<u>10,000</u>		<u>1,833,042</u>
2. PROGRAM IMPLEMENTATION												
a) Short-term In-country	53	91,094	146.5	253,223	12.5	21,700	15	26,010	-	-	227	392,027
b) Short-term Intl.	39	195,000	30	150,000	47	235,000	-	-	-	-	116	580,000
c) Long-term	24	50,000	24	50,000	-	-	-	-	-	-	48	100,000
Sub-Total		<u>336,094</u>		<u>453,223</u>		<u>256,700</u>		<u>26,010</u>				<u>1,072,027</u>
3. PROGRAM MONITORING												
a) Short-term In-country	205	355,470	205	355,470	-	-	-	-	-	-	410	710,940
b) Short-term Intl.	15	75,000	-	-	-	-	-	-	-	-	15	75,000
c) Long-term	-	-	48	100,000	36	75,000	-	-	-	-	84	175,000
Sub-Total		<u>430,470</u>		<u>455,470</u>		<u>75,000</u>						<u>960,940</u>
TOTAL												
a) Short-term In-country	382	661,580	355.5	615,629	18.5	32,104	19	32,946	-	-	775	1,342,259
b) Short-term Intl.	61	305,000	34	170,000	49	245,000	2	10,000	-	-	148	740,000
c) Long-term	66	167,500	331	635,000	255	531,250	192	400,100	2	10,000	844	1,783,750
Total	509	1,134,080	720.5	1,470,629	322.5	808,354	213	443,046	2	10,000	1767	3,365,984

*Includes \$50,000 for 12 p/m in FY 88.

PROJECT 519-0343 PROCUREMENT PLAN BUDGET

Annex I

A. Technical Assistance

1988 1989

July Aug. Sept. Oct. Nov Dec. Jan. Feb. March April May June

Component I - Program Development

A. Improving Data Base

-TAG-DGEA-Data Collection

-BCR-Ag. Export Data

-MIPLAN-Bureau of Census

B. Infrastructure Sector Assessment-Phase I

C. Ag. Sector Assessment Initial Studies

D. Macro-Econ. TA to GAE

E. Primary Ed. Improvement

PIO/T CBD
(135,000)

RFP

PIO/T
(180,000)

Contract

PIO/T
(100,000)

PIO/T CBD
(180,000)

RFP

PIO/T TSM**
(240,000)

PIO/T
(120,000)

PIO/T CBD RFP
195,000

Component II-Program Implementation

A. BCR-Credit Analysis

B. Min. Finance-Private Financial Institutions

C. BFA

FEDEOCREDITO

PIO/T
45,000
PIO/T
200,000

PIO/T
600,000

PIO/T
200,000

**TSM - Technical Support to Mission - Agreement w/University

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PROJECT 519-0349
 PROCUREMENT PLAN
 B. Training
 (U.S.\$)

	1988						1989							
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.
Component I: Program Dev.														
I. SHORT-TERM														
a. Tax Policy and Planning Min. of Finance														
b. Policy Analysis Vice-Min. of Housing														
c. Strategic Planning - Min. of Agriculture														
d. Program Planning Private Sector Leaders														
e. Policy Analysis - Private/ Public Sector Leaders														
f. Policy Planning/ Ministry of Education														
II. LONG-TERM														
a. Agricultural Economics (MAG)														
b. Policy Development (SETEFE)														
Sub-Total 1988														

PIO/T
156,060

CEB

RFP

Award

PIO/P
15,000

Register

PIO/P
10,000

Register

PIO/P
10,000

Register

PIO/T
6,936

Contract

PIO/P
37,500

PIO/P
50,000

50,000

10,000

162,996

60,000

62,500

147

PROJECT 519-0349
 PROCUREMENT PLAN
 B. Training (Cont.)
 (U.S.\$)

	1988						1989							
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.
<u>Component II - Project Impl.</u>														
I. SHORT-TERM														
a. Computer Modeling							PIO/T 43,350		Contract					
b. Personnel Management (SETEFE)									PIO/P 25,000		Register			
c. Project Implementation Course (Technical Ministries)											PIO/T 150,000		Contract	
d. Export Management - Public and Private Sector							PIO/T 8,670	Contract						
e. Municipal Planning - Municipal Officials							PIO/T 20,000		Contract					
f. Municipal Revenue Strategies - Mayors of Largest Cities							PIO/T 19,074		Contract					
II. LONG-TERM														
a. Labor Management/ Collective Bargaining Min. of Labor													PIO/P 50,000	
Sub-Total 1988							71,094		25,000		150,000		50,000	

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PROJECT 519-0119
 FACULTY TRAINING
 B. Training (Cont.)
 (U.S.\$)

	1988					1989								
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.
<u>Component III - Program Monitoring and Control</u>														
I. SHORT-TERM														
a. Financial Controls SETEFE - Finance Div.									PIO/T 8,670				Contract	
b. Specialized Auditing Courses - Court of Accounts (Part of T.A. Contract Component III)							PIO/T 346,800		IOC				Award	
c. Project Monitoring/ Financial Controls OCHARA (NATIONAL PLAN)									PIO/T 75,000				Contract	
							346,800		83,670					

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PROJECT 519-0349 PROCUREMENT PLAN BUDGET

1988-89

(\$000)

Component II

Project Implementation

ACTIVITY	Cost	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July
1. Technical Support	2,300													
1.01 Democratic Init. Advisor	150													
1.02 Program Specialist	30								X					
1.03 Tech. Support/Assist. (S/T)	180							X						
1.04 Project Manager	50													
1.05 Tech. Support/Assist. (S/T)	180										X			
1.06 Program Specialist	20													
1.07 Program Specialist	100				X									
1.08 Reg. Field Op. Specialist	30				X									
1.09 Reg. Field Op. Specialist	25				X									
1.10 Reg. Program Specialist	90				X									
1.11 Reg. Program Specialist	145				X									
1.12 Reg. Field Op. Specialist	30				X									
1.13 Program Assistant	15				X									
1.14 Secretary	10				X									
1.15 NPD Assistant Coordinator	40				X									
1.16 Ed. Pol. Plan. & Res. Advisor	150			X										
1.17 Program Economist	130				X									
1.18 Program Specialist	60	X												
1.19 Program Specialist	150													
1.20 Housing & Urban Dev. Advisor	150								X					
1.21 Tech. Support/Assist. (L/T)	385				X									
1.22 Tech. Support/Assist. (S/T)	180													
Sub-totals		60		150	1,020			30	300		50			
Total 1988								\$1,230						

150