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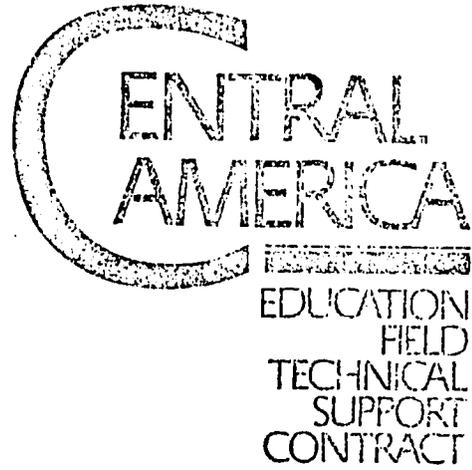
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FINAL REPORT

TRAINING FOR PRODUCTIVITY
AND COMPETITIVENESS

A STUDY OF FEPADE'S ROLE

for CDIE

FINAL REPORT

TRAINING FOR PRODUCTIVITY
AND COMPETITIVENESS

A STUDY OF FEPADE'S ROLE

PREPARED FOR
USAID/EL SALVADOR
OFFICE OF EDUCATION AND TRAINING

BY
JUAREZ AND ASSOCIATES

NOVEMBER 1988

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The Juarez and Associates Team expresses its appreciation for the helpfulness and cooperation of the many persons who met with us in El Salvador.

Leo Garza was generous with his time and support. Members of the Board of Directors of FEPADE, especially Roberto Palomo gave time and insights and the FEPADE staff notably Eduardo Castaneda, Executive Director, provided access, information, and enthusiasm.

It was a privilege to work with all these persons who are dedicated to improving the quantity and quality of the trained human resource base in El Salvador.

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I. EXECUTIVE SUMMARY

A. PURPOSE

This report is a review and analysis, with recommendations, of the Business Foundation for Educational Development (FEPADE). This institution was established in 1987 by Salvadoran private sector industries and private sector entrepreneurs. USAID/El Salvador has provided grant project funding to FEPADE "to develop or upgrade the human resources needed by the Salvadoran private sector for increasing production, productivity, and competitiveness through the establishment of special technical training programs and linkages between the productive sectors and educational institutions." USAID/El Salvador funding supports "the provision and utilization of vocational and contract technical skills training needed by priority sectors of the economy, especially the nontraditional export segment".

The purpose of this report is to present the results of a study/overview of the economics of manpower training involving FEPADE and the network of private sector training programs and institutions with which they work to achieve their objectives.

B. FINDINGS

The deterioration of the Salvadoran education sector, in recent years, has been documented by several sources. The quality of graduates from the sector, at whatever level has declined as well. The civil conflict led to reductions in the budget going to the sector, lower enrollment, internal and out-migration, and diminished attention by the government to education sector programs.

The decline in the quality of education has had a negative impact on the productivity level of workers entering the labor force. Vocational and technical schools suffered from the factors affecting the general education system and by early 1980 were few in number, poorly equipped, short on qualified teachers and had lost their credibility as a resource for training relevant skilled workers and technicians.

As the social conflict diminished in El Salvador there were signals that the productive sector of the country was beginning to regain some of its previous vigor. The emphasis in the productive sector moved away from the traditional to promotion and diversification in exports, especially to countries outside of the Central American common market region. The strategy for economic development is currently export-driven.

The rebounding Salvadoran economy if it is to be competitive in the world of exports, requires a skilled and productive work force. Private sector persons and industries have found that the deterioration of the education sector has limited the availability of such a work force. The work force is plentiful, but lacks the entry skills and basic education levels pre-requisite to productive employment.

Confronted with the demand for better workers, and lacking confidence that the existing system would produce them, seventeen industrial firms with leadership from key entrepreneurs established the Fundación Empresarial para el Desarrollo Educativo (FEPADE) in 1986. The Foundation was created to improve the quality and quantity of human resources required by the private sector based on economic development driven by exports. This initiative received funding from USAID/El Salvador. The grant provided by AID, \$14,000,000 with \$6,000,000 obligated, supports five major program components of FEPADE:

- Institutional Strengthening of FEPADE.
- Technical-Vocational Education.
- Industrial Management and Administration Training.
- Scholarships and Education Credit.
- Training for Export.

One year and a few months after the establishment of FEPADE, USAID/El Salvador requested a study team to review, analyze, and make recommendations for the improvement and future directions of the FEPADE program. The Team concentrated their review on six tasks:

- FEPADE's role in implementation of El Salvador's export driven economic model,
- FEPADE's role (program) and future as a linkage between labor supply and demand,
- Forecasting of labor market needs in El Salvador and FEPADE's capability and participation,
- Placement/ Employment mechanisms, and FEPADE's role,
- Post-Secondary Technical Education and Training infrastructure with recommendations for FEPADE's potential involvement,
- FEPADE's management capability and readiness to direct a broader range of activities.

The Team found FEPADE with a staff in place, conversant with the purposes of the organization and articulate about their responsibilities. Their facilities, acquired with private sector funding, are well-appointed and equipped. FEPADE's methodology of operation, incorporating private sector representation in the planning, organization and implementation of their programs, is functional and moderately efficient, with need for improvements and consolidation. Recent initiatives to involve the public education sector in their planning and implementation is expected to have positive long-term impact on the quality and relevance of public sector training programs.

The Team reviewed the national economic development model which was prepared by the Salvadoran Foundation For Economic and Social Development (FUSADE) and found it is more a set of strategic principles than it is a "model". It consists of a number of general statements or tenets that provide a conceptual framework for public policy regarding the economic development of El Salvador. Because the economic "model" is export driven and thus requires El Salvador to be competitive in the international export arena, the availability of a productive, appropriately trained, agile labor force is critical to realization of economic development goals. This makes FEPADE's goal of training such a labor force very relevant, timely and of great potential. The Team makes recommendations for maximizing FEPADE's role as a force in implementing training activities critical to increased productivity.

The Team found that FEPADE has made a successful start on the effective linkage of the supply of trained labor force to the demand for that supply. Their programs to prepare skilled and semi-skilled workers and managers responds to priorities which they define from the results of demand studies. The Team provides recommendations on ways in which FEPADE may be able to intensify, extend and improve their linkage role.

Labor force or manpower forecasting and placement/ employment are factors in the linkage equation. The Team reviewed these factors and provides guidance to FEPADE for the study of labor market demands which have emerged as unique to the supply/demand linkage issue in El Salvador. Because the Salvadoran economic "model" is descriptive, not prescriptive, we found that although El Salvador does not have a centralized forecasting, placement employment infrastructure in place, the absence of that infrastructure is irrelevant to the dynamics of the current manpower training process. FEPADE has the potential for being pro-active and influential in manpower forecasting, placed as they are in close association with the private, productive sector.

The Team confirmed what previous studies and observers have concluded, that the technical vocational training infrastructure has suffered a decline in quality commensurate with the decline

found throughout the public education sector. A few private Vo-Tech schools offer relevant training programs but generally El Salvador is bereft of institutions with capacity to readily respond to the need for a productive labor force. FEPADE, in its first year, has trained about 1,400 workers at specific skill levels and also offers management training programs. FEPADE is reviewing the need for upgrading or extending post-secondary technical training to produce technicians, supervisors and mid-level managers. While the general consensus seems to support a need for this level of training the Team urges systematic feasibility studies be made of the need before FEPADE or any other agency commits resources to a program.

The Team's Report contains many recommendations for each of the Task areas the Team considered. Those recommendations are summarized below.

C. RECOMMENDATIONS

Task 1. FEPADE's Role and Economic Development

- a) FEPADE should install a system to follow-up its beneficiaries or users and evaluate the developmental impact of its programs before expanding or diversifying its current level of activities. The evaluation methodology must be designed under rigorous principles of economic analysis consistent with the underlying philosophy of the FUSADES's model.
- b) The main instrument of a follow-up mechanism would be a computerized data base that keeps track of the trainees and their employment histories. FEPADE should develop this system and use it to guide its policy actions and evaluate them on a regular basis.
- c) In order to support the implementation of the FUSADES's model, FEPADE should also install a system to monitor labor market performance, employment and salaries in El Salvador.
- d) FEPADE should continue with its market research surveys to identify training demand and respond to it by arranging the appropriate programs. It should take into account that not all employers are aware of their potential training needs, nor are they necessarily knowledgeable about how to solve them.
- e) The combination of labor market monitoring, impact evaluation of training programs and market research activities by FEPADE must enable it to anticipate

demand requirements and plan for it on time and effectively.

- f) FEPADE should include in its staffing an economist trained at the Ph.D. level and knowledgeable about labor economics, to help the institution in evaluating its activities and monitor the general economic conditions that affect employment, wages and productivity.
- g) FEPADE must be knowledgeable about the non-training economic and non-economic conditions that influence the effectiveness of training programs. Special attention must be given to investment activity and its employment-generation implications in El Salvador, real exchange rates, credit availability, financing and exports, etc.
- h) To the maximum extent possible, FEPADE must avoid creating its own training infrastructure whenever a similar infrastructure exists in the country. FEPADE should make maximum use of the available human and physical resources for the training programs it sponsors and coordinates.
- i) Increased capital utilization could be achieved in principle by the use of more than one shift in some industries. FEPADE should play an important role in helping the managers of firms with such potential to identify the advantages of multiple shifts and organize their resources accordingly.
- j) In view of the urgency to accelerate the economic development of El Salvador, FEPADE's training policies should concentrate on selecting those individuals that seem most able to take advantage of the training, whether they are employed adults or high school graduates. By the same token, the highest priority in the delivery of training programs should be given to training the employed or those that can be reasonably expected to be employed shortly after training is completed.

Task 2. FEPADE and Linkage of Supply to Demand

General Recommendations under this topic address:

(a) strengthening FEPADE's present linkage capability and developing an additional competence to provide consulting services to employers and trainers. FEPADE will need to give attention to expanding or increasing the efficiency and effectiveness of their advisory committees, public

relations, data base and Training Materials Resource Center (TMRC), and (b) urging FEPADE to provide consulting-training services to help employers identify, prioritize, and define their training requirements in objectively verifiable terms.

Specific Recommendations to FEPADE are to employ long-term and short-term consultant trainers, fund work study experiences in the region and abroad, improve their seminars, work shops training courses, financial support and materials. Detailed phasing of these recommended inputs are found in the text of the main report.

Task 3. Forecasting Labor Market Needs

Our recommended strategy for FEPADE regarding the determination and forecasting of labor market training requirements are summarized in the following points:

- a) Improve the current training market research surveys to reflect demand for technical-vocational skills more accurately than felt needs.
- b) Anticipate the demand for the training of technical-vocational trainers and formulate middle- and long-run plans for their preparation.
- c) Formulate training alternatives that contribute to the improvement of the quality of general (public) education, emphasizing basic skills of the type needed for general economic development.
- d) Gradually promote FEPADE as a center where private firms could obtain assistance regarding their manpower needs, including those contemplating large investment programs that may require long-run training plans for specific occupations.
- e) Monitor labor market conditions and trends for employment and wages, disseminating relevant information to assist the decisions of prospective students and trainees as to career options.
- f) Develop a job title and job description system with adequate identification of task and skill performance levels.

Task 4. Placement/Employment Mechanisms, FEPADE's Role

FEPADE should consider the following recommendations:

- a) Control the quality of the training programs in order to guarantee employer's and workers' satisfaction and future reliance on the system.
- b) Develop the job title and job description system to facilitate information and evaluations about workers' qualifications and job performance requirements.
- c) Develop and maintain a data bank on recent graduates, and a follow-up program to ascertain employment conditions and derive feedback information to assure relevance of training programs.
- d) Advise employers of the existence of the system as it develops, especially for high-priority occupations and skills. The frequency of use by employers of the mechanism will be evidence of its value. Encourage graduates to keep their records up to date in the FEPADE data base for future reference by other employers. The data base must be exclusively dedicated to workers whose qualifications are well known. Inclusion of graduates not trained through FEPADE's intervention could be considered only after ensuring that such action would not undermine the reliability and quality of the information.

Task 5. Post-Secondary Technical Vocational Education/Training

- a) Existing data and information are inadequate to substantiate or justify a significant investment in the post-secondary technical education level. FEPADE should carry out feasibility studies the results of which would give guidance regarding the need and potential for post-secondary training. It is recommended that these feasibility studies be initiated by FEPADE with technical guidance as required.
- b) Our review of FEPADE's operational load suggests caution against syphoning off in-house staff to carry the load of any additional new initiatives and responsibilities implied by a venture like post-secondary level education. FEPADE must guard against weakening their credibility with the consumers of their training. We recommend FEPADE carefully review their 1988-1989 work plan to determine the propitious time

for implementing feasibility study activity required by a post-secondary initiative.

- c) FEPADE should energetically seek private sector funding to carry out the feasibility studies which the TEAM considers pre-requisite to initiation of a post-secondary training institution.
- d) Prior to USAID/El Salvador consideration of an amendment to provide significant funding for a post-secondary training institution in El Salvador there should be evidence available from feasibility studies showing a clear and continuing need for middle level technical supervisory personnel, assurance that such an institution could become self-sufficient in a reasonable time frame, and indications of a broad private sector commitment to the institution.
- e) The FEPADE methodology includes institutional arrangements to collaborate with the public school system through the Comisión Nacional de Cooperación Para el Desarrollo de la Educación (CONACODE) agreement. The quality and sustenance of any post-secondary institution would be strengthened by increasing the quality of the students seeking entrance into that level of training. CONACODE should be used to involve Ministry of Education in the study, design and implementation of a post-secondary institution if one is created. Their involvement could have a positive impact on their own need to upgrade similar public entities and general education as a whole.

Task 6. FEPADE's Management Capability and Readiness to Direct a Broader Range of Activities

- a) FEPADE has enjoyed a fast-growing successful first year of activity supported, in part, by USAID grant funding. The opportunity for the organization to expand into other programs is strong and growing.

There is a risk that the organization will be stretched too thin unless they organize internal operations more thoroughly. The TEAM recommends a management review and operational consolidation be implemented using long term, more than six months, technical assistance.

- b) The FUSADES Department of Social and Economic Studies (DEES) is in charge of researching and defining long-term development strategies at the macro level and the sector level. FUSADES, therefore, will be analyzing

the education sector of the country and formulating strategies for implementation by FEPADE and similar organizations. FEPADE's role in this process should be active not passive and reactive. FEPADE should have an institutionalized systematic process for working collaboratively with FUSADES. That collaboration must include a feedback mechanism to provide FUSADES with a micro-economic view of labor market employment and productivity.

- c) Before any new activities are considered for implementation by FEPADE, they must be examined for the negative or positive impact they would have on FEPADE's potential for becoming financially self-sufficient.

II. FEPADE'S BACKGROUND AND ECONOMIC SETTING

This section of the Report is intended to provide a brief, descriptive introduction to FEPADE (Fundación Empresarial para el Desarrollo Educativo) and to the economic environment in which it functions. This is necessary as a reference for the substance of the Report dealing with analyses, findings and recommendations on the six tasks which define the work scope of the Juarez and Associates Team.

The section includes Part A. Institutional which profiles FEPADE and Part B. Economic Setting which is a descriptive and analytical look at economic sector realities and trends in El Salvador.

A. INSTITUTIONAL BACKGROUND

FEPADE is "a private institution, apolitical, non-profit, financed by contributions from persons, industry and institutions." FEPADE was created as a response from the private sector to the need for an entity that promotes and facilitates training and serves as a bridge between the productive sector and the education sector in El Salvador.

The Decree, of April, 1987, which legally established FEPADE as a public, non-profit entity, and subsequent documents, identify a broad range of objectives for the organization.

"In order to attain their objectives, FEPADE will:

1. Design and implement programs to achieve a balance between the supply and demand, both qualitative and quantitative, regarding the technical and professional personnel and the local labor force.
2. Foster programs aimed at taking full advantage of the educational training resources available in the country.
3. Create an awareness within the private sector regarding the need to encourage educational and technical training activities in El Salvador.
4. Encourage educational institutions to orient their professional and technical training services to meet requirements demanded by the social and economic development of the country.

5. Design and initiate suitable educational programs that utilize modern methods and procedures to accelerate the technical training of the students.
6. Channel resources from national and international institutions, firms and private donors, destined to fund educational projects within the Foundation's objectives, including scholarship programs and educational loans.
7. In general, to carry out all types of activities that would improve the educational level of the country."

Following its legal establishment, and with support from seventeen private corporations and institutional members, and from USAID/El Salvador, FEPADE began to more precisely define its objectives and the actions it intended to take to attain them.

The several underlying factors which provided rationale and led to the creation of FEPADE included: a large labor supply (at all levels) inadequately trained for the demand created by the industrial employment sector, limited capability of the education sector to train for the demand, absence of participation of the private sector in definition of training needed, paucity of trainers/instructors and facilities available to provide training, and the existence and possible expansion of an export driven industrial base.

Once established FEPADE carried out several studies designed to produce guidance which would help them prepare programs for implementation. These studies, among other things, led to the definition of five areas for program concentration:

- Institutional Strengthening of FEPADE
- Technical-Vocational Education
- Management, Administration Education
- Scholarships, Education Credit
- Training for Export

In addition to the above areas of program concentration, FEPADE is the distribution center for an AID-supported textbook program, RTAC, selling university textbooks at low prices to university students; organizes short seminars for teachers in collaboration with local and foreign universities; and is studying the feasibility of starting other programs such as, organizing a technical education training capacity at the post-secondary level, organizing an agricultural technical institute and supporting the establishment of a U.S. university in El Salvador.

At the time of its formation as an entity, and subsequently, FEPADE has given great emphasis to intimate, frequent and substantive participation of industry in the definition of objectives, programming of training, content of training and establishment of priorities. FEPADE has designed an organization which includes representation of industry at all levels. The organization charts which follow (Chart One, Functional Organization of FEPADE; Chart Two, Organization of FEPADE) show the linkage between FEPADE and the industrial sector.

Seventeen industrial firms are represented on the Board of Directors. At all functional levels commissions have been formed which include representatives from pertinent industries. As needed ad hoc resource committees, with industry representatives, are formed to help assure that FEPADE's training courses are responsive to training needs of the industry.

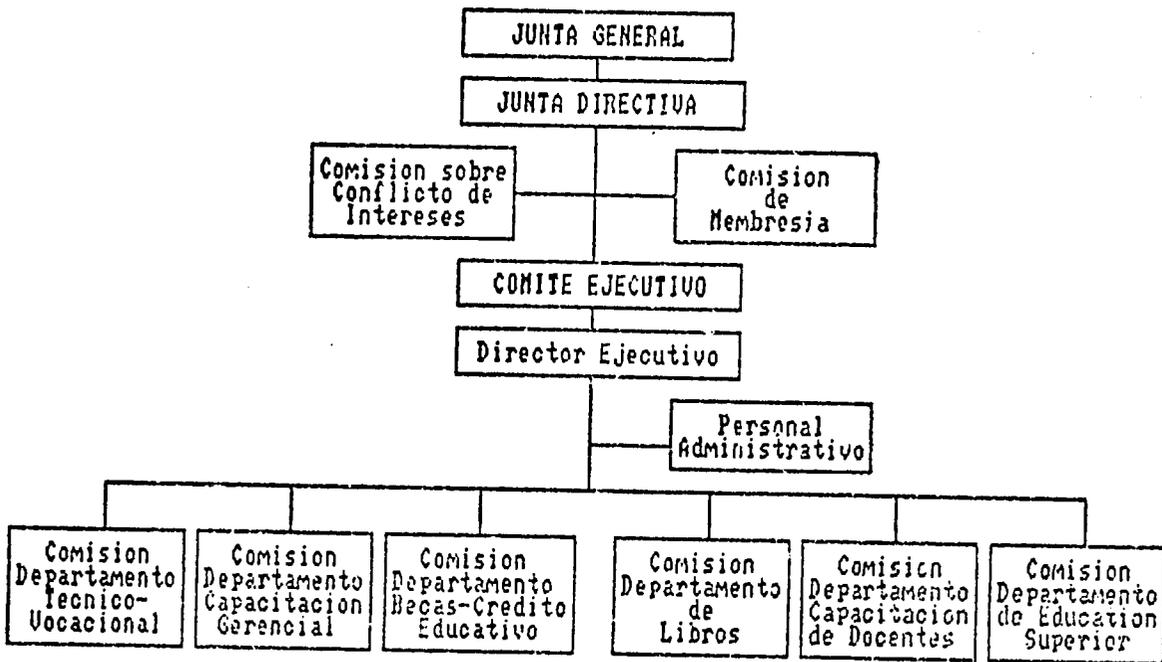
FEPADE does not have its own training facilities. It uses existing training sites upgrading them and equipping them as needed. Again representatives of schools or other educational institutions used by FEPADE are members of FEPADE's functional commissions and, thus, participate in the development of the programs they implement.

A recent, and potentially significant, initiative of FEPADE and the Ministry of Education was the joint creation, in August, 1988, of the National Commission of Cooperation for Educational Development (CONACODE). CONACODE, with the intention of contributing to the resolution of educational problems and to systematization of the cooperation among various sources to support economic and social development of the country, is sponsored by USAID/El Salvador and is directed by a Commission of ten members including the Minister of Education, the President of FEPADE and four members each from the private sector and the Ministry of Education. (See Annex B for details including objectives, work plan and organizational items). CONACODE is intended to be, in FEPADE's projections, the organization through which their innovative training/education programs can have an influence on the relevance and quality of public sector education.

One year plus after their creation FEPADE has a staff of professionals in place, their objectives and program emphases defined, institutional linkages between private and public sector initiated, have 12 training areas which cumulatively have trained approximately 1400 persons, have begun to establish credibility with their "clientele", have opened potentially productive channels of cooperation with the public sector and are assessing the viability of entry into new training areas.

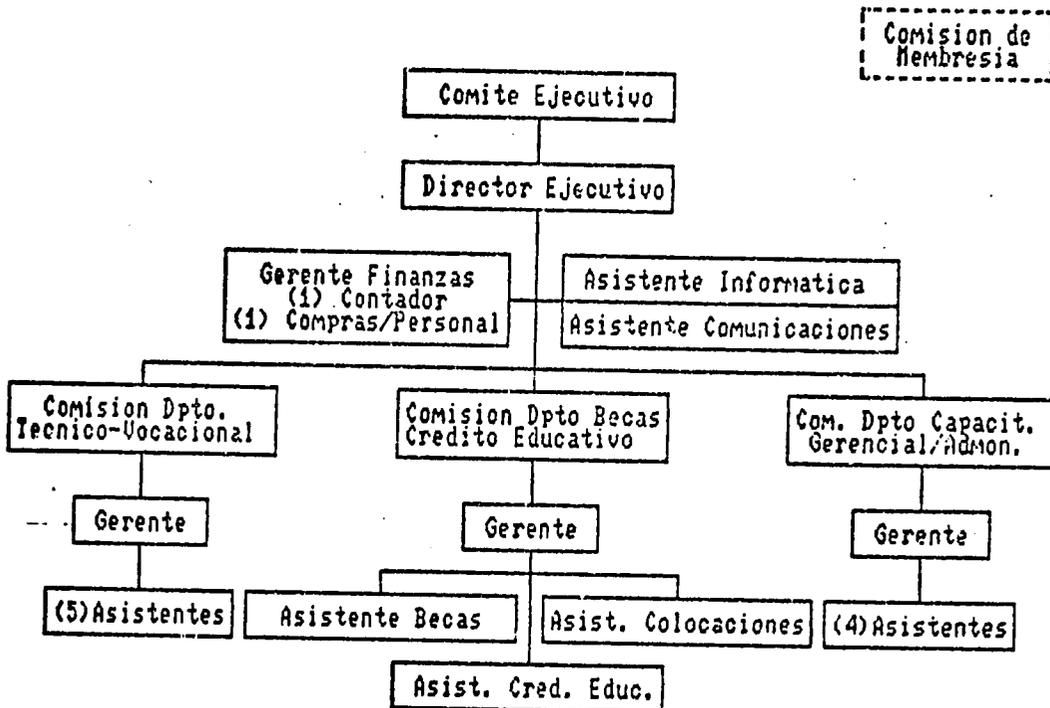
ORGANIGRAMA No. 1

ORGANIZACION FUNCIONAL DE FEPADE
1988



ORGANIGRAMA No. 2

ORGANIGRAMA DE FEPADE



FEPADE's semi-annual status report to USAID/El Salvador shows they met or exceeded the targets they set for the first implementation year of the USAID/FEPADE project.

B. ECONOMIC SETTING

In 1978, Gross Domestic Product (GDP) in El Salvador was growing at a rate of over six percent per annum in real terms, i.e., discounting the effects of inflation. The negative effect on the economy created by the political and military crisis that began in 1979 was reflected in negative rates of growth that prevailed since that year until 1982. It was not until 1983 that GDP in El Salvador started growing again, yet at very modest rates as the following table shows.¹

YEAR	GDP (Millions)	RATE OF GROWTH %	GDP PER CAPITA (Colones)	Exports (Millions)	Investment (Millions)
1978	3,665	6.40	839	720	785
1979	3,601	-1.72	809	981	606
1980	3,289	-8.67	727	838	412
1981	3,017	-8.28	658	690	396
1982	2,847	-5.61	616	588	356
1983	2,870	0.80	616	705	326
1984	2,936	2.27	624	674	335
1985	2,994	1.98	628	648	317
1986 ²	3,013	0.63	622	566	385
1987 ³	3,092	2.65	627	621	376

FUSADES, Departamento de Estudios Económicos y Sociales, April, 1983

Real GDP fell 22 percent between 1978 and 1982, and recuperated less than 9 percent up to 1987. The magnitude of the crisis is most significantly felt on real GDP per capita (a gross indicator of the standard of living) which decreased over 26 percent between 1978 and 1982, growing less than two percent in

¹ The figures are adjusted for inflation at the price level of 1962.

² Preliminary estimates.

³ Projected figures.

the entire period 1983-1987. Exports, on the other hand, showed an erratic but declining trend during the period 1978-1987 reflecting a loss of 14 percent. Investment activity - both private and public in fixed capital and inventories - fell 60 percent from 1978 to 1985, showed a slight recovery in 1984, and declined again in 1985. It must be pointed out that private investment activity regarding fixed capital started its recovery since 1982, one year earlier than the slight recovery of GDP. Nonetheless, this indicator is still estimated to be, for 1987, 37 percent the level reached in 1978. It is important to emphasize that for 1987 the level of foreign aid, growing rapidly since the beginning of the crisis, has reached a level almost equal to that of total exports.

The employment situation is hard to assess due to lack of information. The predominant notion is that open and disguised unemployment has increased significantly since 1979. Some official estimates have put the level of unemployment at 20 percent in 1987, while more careful studies yield 10 percent as a result of a significant absorption by the informal sector. A survey conducted by FUSADES in the manufacturing sector at the end of 1987 indicated that the level of employment has improved marginally. Despite the lack of information, there is general agreement that the employment situation in El Salvador deteriorated since the onset of the crisis and continues to be precarious, either due to lack of opportunities or to low productivity reflected in low levels of real wages.

Government economic policies, on the other hand, are centered on the management of the crisis, emphasizing the stabilization process through cautious monetary and fiscal policies, reducing excess liquidity, and controlling the budget deficit and the rate of inflation. The crisis, originating in the military conflict, was deepened by the grave consequences of the earthquake of October 1986, and by the effects of the severe drought of 1987. Having been forced to concentrate its efforts on short-term policy goals, the government can be said to be without a convincing long-term development strategy.

It is generally accepted that the future growth of the Salvadoran economy and the reduction of the actual current reliance on foreign assistance will heavily depend on the development of its exports. The inward-looking policies of the past, based on import substitution are generally discredited, since they led to an unjustified protection of the domestic economic activity, discouraging the development of its efficiency and its internal and external competitiveness.

In order to develop its export competitiveness, El Salvador must undertake economic reforms at the macro and micro levels. At the macro level, it is indispensable that the policies, institutions and even legislation that are biased against exports be removed

or transformed, and complemented with public policies that encourage private investments and initiatives, the essence of the proposals known as the "FUSADES model", which will be discussed in section III of this report. At the microeconomic level, the development of the Salvadoran economy depends on the ability of the domestic firms to carry out the measures that will make them more efficient and dynamic, in order to grow and to enhance economic opportunities in general, for the private firms themselves - old and new - the labor force and the public sector.⁴

The development of the individual firms depends on at least four groups of factors: a) their degree of access to domestic and foreign markets, b) the level of the firms' investment activity, c) the quality of the firms' management, and d) the quality of the labor force. There is a circular causal relationship - a virtuous or vicious circle, depending on the circumstances - between the size and purchasing power of the markets which firms can have access to, and the firms' growth potential. As firms grow, they employ more workers whose income expands the demand for products. If demand does not expand, firms find it more difficult to grow, and so forth.

The small size of the Salvadoran economy and its internal markets, (in the presence of the fact that modern production tends to be most cost-efficient when carried out in large scale), determines the need to look into foreign markets. Yet, foreign markets have three important characteristics: a) they are subjected to rapid and unpredictable changes, b) they are extremely demanding with regard to product quality, prices, and reliability of supplies, and c) they are remote, unknown and hard to penetrate. Moreover, foreign markets often demand minimum orders that are considerably larger than what a small producer can deliver, a fact that takes many an incipient exporter by surprise.

For a firm to hold a chance to penetrate, keep and augment a share of a foreign market, it must fulfill at least conditions "c" and "d" of the previous paragraph (managerial efficiency and quality of labor), which are necessary but not sufficient for success in exporting. For a strong and sustained economic development, exports must grow and so must average firm size and, possibly, the number of firms. This requires investing in buildings, equipment, and working capital and also employing

* We must not forget that those traditional public sector activities (justice administration, defense of property rights and contractual relations, general education, public health, foreign relations, national security, monetary and fiscal policy, etc.) must also function efficiently for private sector development, as well as for the society's general welfare.

more workers. As more workers are employed and their earning increase with economic development, the domestic demand for goods and services also increase helping non-exporting activities to expand. In other words, exports exert a multiplier effect in the economy.

Within this mechanism, training and education as promoted by FEPADE can play multiple roles in enhancing managerial efficiency and labor force quality. At the same time, the philosophy of education and training must undergo a radical change. Instead of preparing individuals for a society in which the development strategy is based on state intervention and protection and creates the illusion that prosperity can be achieved by planning and without facing the uncertainty which competition implies. A new system must provide the education and training of individuals with the skills and character necessary to open new markets and opportunities, and to adapt rapidly to the changes imposed by a dynamic world.

In the current educational and training system in El Salvador a style predominates in which the individual is formed blandly, as if education and training were substitutes for hard work and uncertainty. A new educational philosophy must change these well-rooted expectations, encourage excellence, hard work, creativity and self-discipline, and make individuals aware that in a competitive world competition must start in the schools and in the training shops, and that efficiency, craftsmanship and elevated professionalism do not come without toil.

If El Salvador is to develop a strong economy, its educational and training system must rely on the best individuals - teachers and students - to reward the most able and willing and encourage the apathetic to step up his effort. In order to rely on the best, a competitive educational philosophy must predominate. Competition for cooperation, not for exclusion, must be taught because the maximum development of knowledge and skills does not depend on pedagogic methods and techniques as much as it depends on individual effort.

III. PURPOSE OF THE STUDY

A. GENERAL STATEMENT AND METHODOLOGY

As discussed in Section II above, FEPADE was established in 1986 "to train or upgrade the human resources needed by the Salvadoran private sector". FEPADE is a Salvadoran private sector initiative. The original idea, financial support and participation is from private sector individuals and industrial firms. Critical financial support and programming criteria are provided by the USAID/El Salvador. Under project 519-0315, Improved Educational Opportunities: Training for Productivity and Competitiveness, US\$6,000,000 were obligated by USAID in August, 1987, to support FEPADE's programs. The project is designed to help reach a more general goal of USAID/El Salvador "to contribute to economic recovery and extend the benefits of economic growth" through the private sector. Salvadoran private sector counterpart funding is scheduled at US\$4,679,500. Additional USAID funding is authorized and could be programmed (obligated) assuming agreement with FEPADE on an expanded scope of activities. One area under consideration for additional funding is post-secondary technical skills training beginning in FY 1990 or earlier. Anticipating the possibility of an expanding role for FEPADE in the production of trained manpower USAID/El Salvador defined the need and scope of work for a team of consultants (education administrator, education economist, manpower planning/forecasting specialist) to, "investigate, analyze, describe and make recommendations," on FEPADE's role in:

- 1) Creating an infrastructure and implementing a program responsive to FUSADES' economic model,
- 2) Linking of supply to demand for skilled and semi-skilled labor,
- 3) Forecasting of labor market manpower requirements,
- 4) Improving the mechanisms for the placement/employment of recently trained workers,
- 5) Possible development of a post-secondary technical education/training capability, and
- 6) their readiness to manage a broader range of activities.

These six tasks are the purpose of this study. Therefore, the six sections that follow are headed by the tasks as defined.

As a methodology the TEAM used a direct, hands-on approach. We reviewed relevant previous studies, publications, decrees, literature, training documents, AID project documents, and general background material. A partial list of references are included as Annex E. We interviewed, held discussions, and consulted with public/private sector individuals on subjects pertinent to our task.

We also attended, as observers, several meetings in FEPADE. We visited industrial sites, training centers, public/ private educational centers where we talked to students, instructors and administrators. We observed and discussed internal functions of FEPADE with FEPADE's staff, and we consulted with AID direct hire personnel and contractors.

Based on this methodology the following sections presents the TEAM's review, investigations, analyses, descriptions, and recommendations to USAID/El Salvador on the tasks which make up the statement of work.

B. TASKS

TASK 1.

INVESTIGATE, ANALYZE, AND DESCRIBE THE ECONOMIC GROWTH MODEL FOR EL SALVADOR PROPOSED BY A LOCAL PRIVATE DEVELOPMENT FOUNDATION, FUSADES, AND DETERMINE WHAT TRAINING INFRASTRUCTURE AND RESOURCES WOULD BE NECESSARY TO IMPLEMENT THIS ECONOMIC DEVELOPMENT MODEL AND WHAT ROLE FEPADE COULD OR SHOULD PLAY IN IMPLEMENTING THE EDUCATION/TRAINING ASPECTS OF THIS MODEL

1. A Description of the FEPADE Economic Model

The model proposed by FUSADES is a set of strategic principles under which Salvadoran economic growth policies should be designed and implemented. This is neither a quantitative model nor an economic development plan or a set of projections, as the word "model" may suggest to some. Rather, it consists of a number of general statements or tenets that provide a conceptual framework for public policy regarding the economic development of El Salvador. As we briefly examine in the next paragraphs, the FUSADES model is quite general in nature, with important implications for training and education policies, and for organizations such as FEPADE.

FUSADES proposes that the economic growth of El Salvador must be based on the development of exports. In order to achieve this, FUSADES argues, El Salvador's producers must be efficient to become competitive, and their efficiency depends on their freedom to allocate resources and to access markets, and also on the level of competence and skills of the human resources involved in the production processes. FUSADES plans to submit this model to the next administration of El Salvador, regardless which political party wins the elections. More than just presenting general statements, FUSADES is planning to carry out several studies to define concrete actions towards model implementation. The studies will be conducted by a group of distinguished international economists, and can be expected to generate specific policy menus and some detailed recommendations for the consideration of the Government of El Salvador (GES).⁵ The studies will generate recommendations for specific policy actions in the following areas:

- Integration of macroeconomic policies, i.e., coordination between fiscal and monetary policies.

⁵ See Annex A for a more detailed description of the studies and the personnel.

- Development of financial intermediation, i.e., capital markets.
- Development of a public sector investment planning system at the national, regional and municipal levels.
- Government expenditures and price policies.
- Tax policies.
- Industrial policies.
- Social programs.
- Agricultural policy.
- Comparative advantages to guide El Salvador's international trade.
- Labor market regulations.
- Tax exemptions.
- Feasibility and costs of proposed economic reforms.

We must emphasize that these studies are not aimed at formulating quantitative targets in terms of production, trade or employment. Neither would the studies single out specific sectors or branches of economic activity as development priorities. What the studies are expected to produce are specific recommendations to facilitate an export-oriented private enterprise development adapted to El Salvador's economic conditions but committed to a strong and sustained economic growth, higher levels of employment and a more stable economy.

The central philosophy of the FUSADES proposal is that the improvement of general economic and social conditions in El Salvador can be best achieved by a private enterprise system operating within free markets; competitive, not protected, whose initiative and energy must be facilitated and fostered by the GES.

Particular emphasis is placed on the fact that the Salvadoran economy is abundant in labor, therefore, economic growth could be accelerated if labor-intensive (capital-saving) production processes and technologies are encouraged. On this basis, economic efficiency and competitiveness require raising the productivity of the labor factor (workers and managers). Training for productivity and competitiveness becomes an implicit but indispensable component of the FUSADES model, despite the

fact that training skills and disciplines are not made explicit nor investigated in the supporting studies.

The model also implies a distribution of responsibilities between the private and the public sectors; the former investing, employing and producing, the latter providing those public goods and services for which it is best suited (property rights, contract enforcement, stable macroeconomic policies, neutral taxes, etc.). Thus, training can be aimed at private activities as well as addressing those forms of public sector development that are most closely linked with private activities.

2. Training Implications of the FUSADES Model

The model proposed by FUSADES has been defined in highly general terms. Though it is possible to anticipate some of its implications with regard to training, the level of detail that could be reached in determining infrastructure and resource needs varies according to the type of training (private or public), and the results of the forthcoming studies. Those results may be relevant to the public sector training requirements, but are not expected to add specificity to the training needs of the private sector as we will see below.

a) Training for the Private Sector

With respect to training human resources for the private sector, it is essential to recognize at the outset that the model is not an instrument to forecast or project manpower demand. The very philosophy of the FUSADES economic model, based on freedom of private initiatives rather than on a centralized conception of development planning, precludes the use of traditional manpower forecasting and planning methods. Instead, the training infrastructure and resources necessary for model implementation must be highly unpredictable changes in the demand for most specific occupations and skills.

Two types of training are necessary for private sector development. One is general the other is specific. It is obvious, but often neglected that quality in the second type depends on quality in the first, which is greatly determined by the general education system. Therefore, for long-term quality, it is appropriate to think of a system that could influence general or basic education consistent with the implementation of the FUSADES model. Within this context, it is also necessary that the same system exerts significant influence at the various levels of post-secondary education, including universities.

It is important here to make a distinction between "demand" and "need" with regard to training. Demand is a rigorously defined economic concept, consisting of a functional relationship -

capable of being expressed mathematically - between prices and amounts for a given good or service. In other words, a buyer's demand for a certain good is his willingness to pay a price for a given amount of the good. The greater the price, the smaller the amount he would pay and vice versa. Need, on the other hand is a highly subjective concept; only the individual knows what his need is regarding a given good. Need becomes demand when the individual - or entity he represents - is willing and able to pay for a certain amount of the good. With regard to training for the private sector, we should use demand and not need to define training for a simple reason: in our context, training is a means towards the economic efficiency of productive enterprises or individuals; that efficiency can be shown as earnings or profits and, therefore, training that does not impact on profits or earnings has less reason to be provided.

This principle should be one of the leading criteria to consider in the management of any training program aimed at promoting economic development. However, it needs some qualifications. If a certain employer is asked whether he wants (needs) to have some of his employees trained in certain skills or occupations at no cost whatsoever to him, chances are he will agree. A better trained employee is always best to have; the extra training may be useful eventually. Nevertheless, the training cost must be financed. If the training does not increase the level of production or the wealth of the society, the resources invested in the training are not cost effective. If the same employer is asked whether he would pay for the cost of the training, he is likely to accept only if he has a reasonable expectation that the investment in training would be recovered in increased production with an extra margin of profit. Otherwise the investment does not make sense. Even if the training increases the productivity of the trainee, the employer may not be willing to pay for it unless he recognizes the potential value of that particular form of training; and is able to take advantage of it in his own enterprise. He may recognize the value of training for his firm but cannot afford the investment, or be unwilling to pay if the training can be used in another firm, and he has no guarantee that the trainee would not go to work elsewhere after the training is completed.

All this implies that training is another industry. It requires resources to produce an outcome and the value of the outcome must be sufficient to justify the expense. Consequently, training for economic development must contemplate the production aspect of the training, as well as its financial dimension. Otherwise training becomes an activity to be permanently subsidized, a result that is contrary to the philosophy of the FUSADES model. Even though we accept that El Salvador has suffered by migration, a significant loss of skilled labor and thus some training subsidies may be justified, a long-term projection of training

capabilities aimed at private sector development must be based on financial self-sufficiency, not subsidy.

b) Training for the Public Sector

With respect to public sector training requirements induced by private sector development, the FUSADES model allows us to anticipate some general conditions. The forthcoming studies may add some detail about the ways in which the proposed reforms would be carried out, and this could allow for more specific definition of training requirements. Without the studies, we can foresee some public sector activities that must be strengthened to support private sector development. The forms of training can be expected to vary in length, from technical-vocational type of programs to post-secondary, including university degrees. Some of the areas where these training is needed are the following:

- Simplification of administrative procedures (licensing, registration, permits, certifications, etc.)
- Tax administration.
- Customs administration and appraisal.
- Statistical and information systems for marketing, investments and business in general.
- Financial intermediation.
- Evaluation of public sector investment projects and programs.
- Public budgeting and accounting systems.
- Formulation of legislative actions for public sector efficiency and private sector support.
- Educational administration and planning.
- Macro and macroeconomic analysis (public finance, monetary economics, international trade and finance, labor economics, sector analysis, etc.)

These forms of training, as they belong to the realm of public goods, must be carried out by subsidies or government revenues, even though it can be assumed that, at least in theory, the beneficiaries of this training would be the private enterprises and the general public. What precludes private funding sources

is the uncertainty about whether the training would contribute to economic development.

c) Training for Other Organizations

The FUSADES model indicates the need to increase labor productivity to increase the competitiveness of the Salvadoran output. Labor productivity depends on technology, the amount and kind of capital invested, the level of training of the labor force, the quality of management, and the status of the labor relations. An unhappy labor force, with salary and benefit expectations that are incongruent with those held by the management, is uncooperative and reluctant to reach competitive levels of productivity. Cooperation between management and labor is essential for high productivity, competitiveness and adaptability to changing business conditions.

The implementation of the FUSADES model suggest training in labor relations and the economics of productivity and salaries for trade union leaders to facilitate communications between labor and management. Better communications would help promote the notion that cooperation between labor and management in an atmosphere of contractual freedom could lead to workers' prosperity more than conflict could.

By stressing freedom of initiative and entrepreneurial efficiency and competitiveness, the FUSADES model also implies the need for up-to-date information to support business decisions. Good and professionally exercised economic journalism, in its many aspects (domestic and foreign finances, small businesses, labor relations, marketing and advertising, technology, employment, standard of living, etc.) is not only indispensable for business development, but is an important means to develop the awareness of the general public (workers and public servants included) about economic issues. The FUSADES model promotes the developmental advantages of a free private enterprise system not only for the entrepreneur, and for the investor, but also for the population at large. It would also be a means to show the advantages of entrepreneurship to the non-entrepreneur that could eventually decide to become one. FEPADE could play a role by producing and distributing business information.

3. Training Infrastructure and Resources

Until recently, the training infrastructure and resources have been mainly public and supply-oriented. The implementation of the FUSADES model requires a more agile and responsive infrastructure, as mentioned previously. This is particularly valid with regard to an economy that must base its development on

exports and international competitiveness and, consequently, must be responsive and adaptable to the vagaries of foreign trade and finance conditions.

From these considerations it follows that an effective training infrastructure must be alert and mobile to respond to private sector demand for skilled labor. Alert because it should regularly monitor and anticipate changes in supply and demand for the most important occupations and skills; mobile because the faster it can train for new occupations and skills, the better the position of producers to take advantage of market opportunities.

As business conditions are uncertain and entrepreneurs must make decisions that involve risks, so must the training institutions be prepared to share in the implications of uncertainty. The solution to reducing the costs of uncertainty is not in predicting the future - as the old, discredited manpower forecasts approach intended to do - but preparing for it.

In order to have these capabilities such infrastructure must operate in close contact with the demand conditions to identify specific quantitative and qualitative requirements and address them with practical solutions. The existing public infrastructure for training seems to have little flexibility; its programs are rigid and the training institutions are not prepared to offer training programs to satisfy changing demand conditions. Private institutions offering training programs seem to be more flexible and interested in adapting themselves to skilled labor demand changes and to specific requests. This does not mean that there is no place for public-sector training. In the long-run, it could be socially more efficient for some training to be provided by public institutions if they can become responsive to the demand structure.

Given the size and nature of the current and potential demand for skilled labor in El Salvador, the establishments offering training programs are likely to be small in number. In fact, they can be partially monopolistic for given programs. In other words, one single establishment can satisfy the entire demand for given skills in a certain region of the country or even for the country at large, and still have some unutilized capacity. This lack of competition among training institutions can lead to non responsiveness to demand conditions, a fact that can be verified by looking at the public vocational and technical training system. The sources of demand for skilled labor, on the other hand, are many more in number than the sources of training, and the employers' training requirements are also greater in number. All this implies that an effective training infrastructure like FEPADE must constantly intermediate between demand and supply, by monitoring changes in demand conditions and coordinating

resources on the supply side to bring about the required responses.

The training infrastructure must be prepared to decentralize to satisfy training needs in different regions of the country. Two dimensions must be taken into account for a training infrastructure to have national coverage. One dimension is given by the demand conditions and its geographic distribution. Some kind of cost-benefit analysis could be applied to determine which regions of the country should be given special attention to respond to their training needs. This is valid for training programs addressing private sector requirements as well as the requirements of the public sector in supporting private sector development outside San Salvador. From the point of view of the supply, training programs would definitely be more concentrated, requiring careful planning based on the internal efficiency of the training establishments.

Since the satisfaction of private sector training requirements must be achieved after being specifically determined by close scrutiny, it is not advisable to formulate training targets and then define the level of resources necessary to reach them. This would most likely lead to a bureaucratic conception and development of the training system, and a replication of ineffective schemes that have characterized public sector training efforts. Instead, we should define a certain resource base for training and build future capabilities as the system proves itself. Training "needs" in general can be virtually infinite, while the training that can be justified in economic terms is significantly less.

The central criterion used to define allocation of resources to training, when setting priorities, must be the return to the investment made for training. This would have to be measured on an expectation of advantage, "ex ante", basis. An exception will have to be made with regard to training in the public sector, because the return on investment in training is almost impossible to measure. Contrastingly, in regard to training in the private sector it is possible to monitor and evaluate the impact of training efforts on the firms and/or the trainees. If employers and/or trainees are willing to cover the total expense of the training, this consideration would not be valid. As the proposed training is expected to be subsidized for a certain period of time, an evaluation criterion on which to base future allocations of funds is indispensable.

Training programs of the type studied here are designed to help in the economic development of El Salvador by improving the operating conditions and quality output of given private enterprises. Consequently, the total investment in training programs must show concrete evidence in economic development terms. In other words, a given resource allocation can be

committed at the start of the program and for a given period of time, perhaps one year. The next disbursement and definition of human and physical resources must be made on proof that the training generated the expected outcomes. In the absence of insufficient evidence within a reasonable time frame, the allocations must be terminated.

In order not to generate an oversupply of training programs, the determination of resources must be made after a concrete training target is established based on a demand analysis of the labor market. A starting point could be the present level of operations the available training facilities, increasing them to the point of maximum utilization of the available capacities and availability of human resources (trainers), and expand them on two criteria. One would be the placement of the currently trained individuals, to ensure that the training is not being wasted. This means that a follow-up mechanism should be operative before a major expansion of the training system is implemented. The second criterion is the level of financial recovery of the training expenses; in other words, as long as employers are willing to face the risk (at least a significant share of it) of investing in training, the expansion of the system would not take place indiscriminately, leading to the creation of another "white elephant". On the other hand, the expansion of the training system should not depend on the willingness of enough workers to cover their own training expenses without their obtaining employment after completing their training. Though this is unlikely, the system must be alert to prevent this eventuality for obvious reasons.

The human resources and the teaching techniques applied to training must pay attention to the portability of skills among occupations, and to the advantages of encouraging the trainees to learn how to learn. Both conditions help the trainee to readapt to related occupations if changes in demand conditions force changes in the demand for given occupations. This is an indispensable dimension of the need to make the training infrastructure agile and responsive. A great deal of the responsiveness rests on the versatility of the labor force to adapt itself to a changing environment, a fundamental characteristic of foreign markets.

4. FEPADE's Role in FUSADES's Economic Model Implementation

In this section we discuss FEPADE's role under the assumption that the economic development model proposed by FUSADES will be adopted by the GES. As shown by its experience to date, FEPADE will be able to play an important role in El Salvador's economic development even if the FUSADES's model is not accepted by the Government or if its implementation is not complete.

In the presence of multiple sources of demand for training and a relatively limited supply infrastructure, FEPADE's role can be one of intermediation (broker). Employers and prospective trainees are usually unfamiliar with the training opportunities available to them. Many of the opportunities are not even readily available but can be offered if a systematic market research approach (in the training market) can be applied to link demand and supply. In this regard, FEPADE can play a role as a broker between demand and supply. However, FEPADE must also play a role in helping the employers to become more knowledgeable in terms of assessing their own training needs. If enterprises are not well organized and managed, they will not be able to utilize the potential benefits of a better trained labor force. Clearly, economic efficiency, productivity and competitiveness do not only depend on the quality of the labor force, but also on the quality of management, the installed technology and the types of physical assets in the workers' hands.

This implies that for FEPADE-supported training to be effective and yield its full value - to the point of making it self-financed - other complementing factors must be in place. If these complementary factors are not sufficiently developed, they determine a ceiling for training opportunities, and training beyond that ceiling becomes a wasteful use of resources. At such a point, instead of more training the priority may switch to technical assistance to the enterprises, or even the promotion of enterprises that give services to the existing firms on how to be more efficient. If, for instance, there is not enough industrial maintenance services, a high proportion of equipment under-utilization reduces the productivity of the labor factor, a situation that no extra training can overcome on its own. Many other examples can be offered in the areas of technical assistance in exports (packaging, marketing, transportation, shipping, plant layout, warehousing, foremanship, quality control, etc.).

FEPADE's activities should include a regular monitoring of the labor markets, focusing on levels of employment and salaries at least for selected occupations. FEPADE must be able to determine the causes of changes in the levels of employment and salaries to know whether they can be corrected by training or by other actions. A special effort must be made to avoid attributing to lack of adequate training the causes of unemployment or low productivity and competitiveness. There are other causes for these phenomena and FEPADE must have the capacity to recognize them and urge other institutions to respond to them.

FEPADE can also act as an important training intermediary with regard to the training requirements of the public sector, of the type discussed in Section 2) above. The priorities for those training requirements can be established in relationship to the

private sector development priorities implied in the FUSADES 's model. A similar form of intervention can be applied regarding training of labor union representatives as well as newspaper personnel in charge of economic and business journalism as we have discussed elsewhere.

FEPADE could also serve as a feedback vehicle for the implementation and further formulation of the development model proposed by FUSADES. Training and education in general are essential aspects of the development possibilities of El Salvador. They can be important constraints to that development and must be recognized specifically in any major formulation of economic development strategies and policies. The reasons are many. One of them is related to the interdependence between general and technical-vocational training. The quality of the trainee greatly depends on his basic skills and attitudes, a high proportion of which are generated in the formal school system. Poor basic education can represent a critical bottleneck for training at the vocational-technical level, in quality as much as quantity. FEPADE can exert an important influence in the improvement of the quality of basic education in El Salvador by furnishing what government administrations can rarely achieve in resolving problems that require long-term solutions: continuity and consistent treatment. By not being politically partisan, FEPADE can establish itself as a widely respected institution that looks after the quality of Salvadoran human resources, not only as workers or employees, but also as managers, entrepreneurs and investors. All this can be extended to post-secondary and university education as well.

FEPADE cannot act on all these fronts simultaneously. The expansion of its activities on different fronts must take place as the effectiveness of its interventions is established and consolidated. This suggests that FEPADE must base its actions in the training and education scene on a well defined set of priorities and an effective monitoring and evaluation system. Critical review of its past actions must precede any new undertaking.

Another area where FEPADE could establish its presence and its effectiveness is the financial one. As discussed earlier, training that cannot be demonstrated as contributing more wealth than it spends is not worth producing, with the exception already mentioned regarding public services. Though training activities addressed to the private sector can and must be partially subsidized to compensate for the human resource losses due to migration, FEPADE must reach self-financing status in the long-run. To do so, FEPADE must monitor the economic performance of the beneficiaries of its programs, to measure their impact, to guide future actions, and to test how much the demand side can bear the costs.

Experience to date indicates that FEPADE can play some of these roles with efficiency, namely, serving initially as a broker between supply and demand for training, supporting the Ministry of Education in improving the quality of education, making its vocational-technical education more consistent with the development requirements as expressed in the FUSADES's proposal, and installing a mechanism for financing future training activities and moving towards self-financing. With regard to the latter FEPADE must be managed with a business mentality, though not necessarily within a philosophy of profit maximization.

Eventually, FEPADE might be able to charge more than the costs of its programs in order to generate reserves that could be applied to expand its facilities and financially support other training activities.

5. Recommendations

The following recommendations assume that the Government of El Salvador will eventually adopt FUSADES's economic development model and will implement it adequately. FEPADE may still play an important role in the economic development of the country if the model is not implemented. In such eventuality, however, FEPADE's degrees of freedom and area of influence would be severely reduced under the current conception of its missions and functions.

- 1) FEPADE should install a system to follow-up its beneficiaries or users (trainees, institutions and enterprises) and evaluate the developmental impact of its programs before expanding or diversifying its current level of activities. The evaluation methodology must be designed under rigorous principles of economic analysis consistent with the underlying philosophy of the FUSADES's model.
- 2) The main instrument of a follow-up mechanism is a computerized data base that keeps track of the trainees and their employment histories. FEPADE should develop this system and use it to guide its policy actions and evaluate them on a regular basis. The data base could become an instrument to place trainees in case they are laid-off by their employers or they are trained on their own account before they find employment. The trainees must recognize that it is to their own advantage to keep their files updated and report changes every time they occur. The information in the data base must be designed and organized in a simple and accessible fashion and it could serve to carry out research projects with policy implications for FEPADE, FUSADES, the private sector and, possibly, labor

unions, journalists and the government policy makers. The data base could be designed to show the impact of training and productivity, competitiveness and employment, and the improvements in the standard of living of the trainees.

- 3) In order to support FUSADES's model implementation, FEPADE should also install a system to monitor labor markets performance, employment and salaries in El Salvador. According to the national (geographic) level of coverage that FEPADE's programs can reach, the monitoring of labor market conditions should consider extending to the relevant regions of the country. This may require helping the competent government agencies to develop the information base to perform these activities.
- 4) FEPADE should continue with its market research surveys to identify training demand and respond to it by arranging the appropriate programs. It should take into account that not all employers are aware of their potential training needs, nor are they necessarily knowledgeable about how to solve them. In this regard, FEPADE may wish to study the advantages of offering private firms some technical assistance regarding rationalization of their operations to make them more competitive.
- 5) The combination of labor market monitoring, impact evaluation of training programs and market research activities by FEPADF must enable it to anticipate demand requirements and plan for it on time and effectively. FEPADE could become an institution to help the national training infrastructure to be flexible, responsive, quick and versatile in satisfying the demand for skilled and semi-skilled labor in El Salvador.
- 6) Whenever possible, FEPADE should count among its staff with the services of an economist trained at Ph.D. level and knowledgeable about labor economics, to help the institution in evaluating its activities and monitor the general economic conditions that affect employment, wages and productivity in the country, and possibly, in some selected regions.
- 7) FEPADE must be knowledgeable about the non-training economic and non-economic conditions that influence the effectiveness of training programs. Special attention must be given to investment activity and its employment-generation implications in El Salvador, real

exchange rates, credit availability, financing and exports, etc.

- 8) To the maximum extent possible, FEPADE must avoid creating its own training infrastructure whenever a similar infrastructure exists in the country. FEPADE should make maximum use of the available human and physical resources for the training programs it sponsors and coordinates.
- 9) Increased capital utilization (installed capacities) could be achieved in principle by the use of more than one shift in some industries. The advantage of multiple shifts is in the possibility of increasing output and employment without further investments in buildings and equipment. Even though this has been attempted without success in several enterprises, the idea should not be abandoned. FEPADE could play an important role in helping the managers of firms with such potential to identify the advantages of multiple shifts and organize their resources accordingly.
- 10) In view of the urgency to accelerate the economic development of El Salvador, FEPADE's training policies should concentrate on selecting those individuals that seem most able to take advantage of the training, whether they are employed adults or high school graduates. By the same token, the highest priority in the delivery of training programs should be given to training the employed or those that can be reasonably expected to be employed shortly after training is completed.

TASK 2.

INVESTIGATE, ANALYZE, AND DESCRIBE THE ROLE, AS WELL AS THE POTENTIAL ROLE THAT THE FUNDACION PARA EL DESARROLLO EDUCATIVO, FEPADE (A PRIVATE SALVADORAN FOUNDATION) COULD HAVE OR SHOULD HAVE AS A LINKAGE BETWEEN SUPPLY AND DEMAND FOR SKILLED AND SEMI-SKILLED LABOR IN EL SALVADOR

1. FEPADE's Present Supply-Demand Linkage Role

FEPADE's creation was motivated by the need to satisfy private employer's demand for skilled and semi-skilled labor. The training institutions in charge of the supply of qualified manpower in El Salvador have not been offering training alternatives that fulfilled employers' specific requirements. These institutions are generally detached from the demand side of labor markets and implicitly assume that their supply of graduates in the different fields offered will generate their own demand. As a result, there has never been a follow-up or feedback system to determine whether the graduates found employment in the fields they were trained for, and whether the employers were satisfied with the type of training received by the graduates they employed.

FEPADE's cardinal mission is therefore to find and promote supply solutions to the demand for skilled and semi-skilled labor. This constitutes the basic concept of a supply-demand linkage system. However, an effective linkage mechanism must not be limited to taking the demand as is for adjustment and adaptation by the supply side. Not all employers are knowledgeable about other forms of training that can be of great value to their firms, or that certain forms of manpower development do not need training institutions and can be performed in-plant. Therefore, FEPADE's linkage role can be extended to providing employers with information and, possibly, with certain forms of technical assistance that could help them become better users of trained manpower, and more efficient and competitive producers. In this section, however, we are exclusively concerned with those training needs that can be satisfied by FEPADE's interventions to link supply and demand.

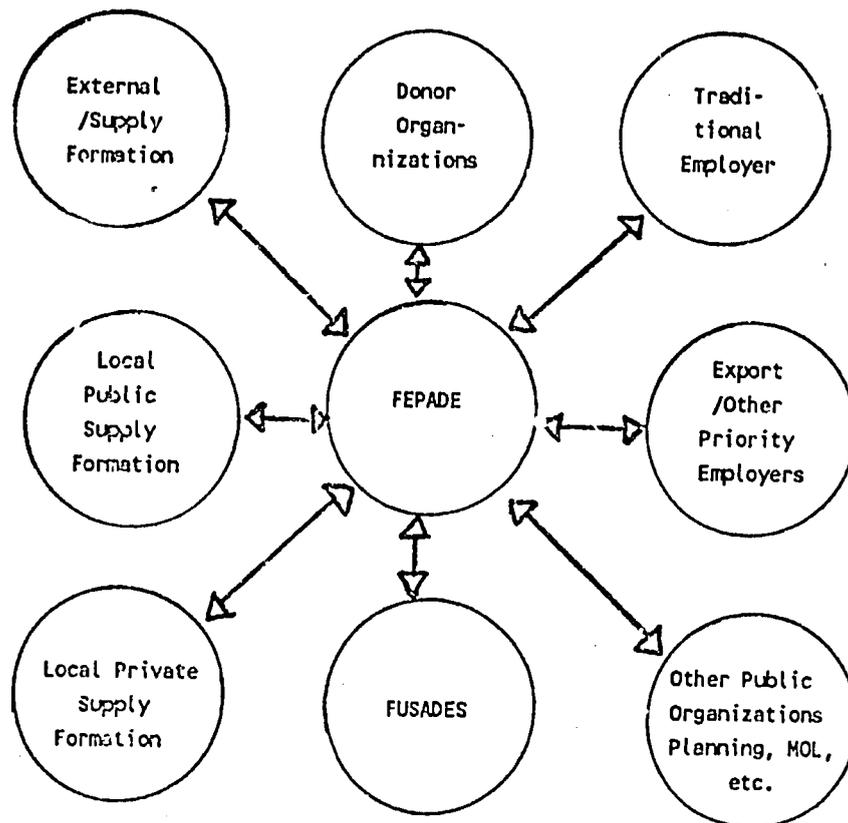
In order to perform the linkage function, FEPADE facilitates training and the exchange of relevant information through several activities, carried out by means of the following:

1. Committees where employers and training institutions exchange information about demand and supply.

2. Market research surveys sampling individual enterprises to establish or anticipate their demand for specific occupations or skills.
3. Training courses, at FEPADE, with public and private trainers.
4. News releases on course announcements, graduations, and committee meetings.
5. A newsletter (Carta Informativa).
6. Distribution of textbooks (RTAC II).
7. Graduating ceremonies.
8. In-house advisory and consultant contacts.
9. Scholarships.
10. Donor agency staff meetings and contacts.
11. Other meetings.
12. Computerized database with information on supply, demand, training resources (courses, materials, equipment, funds, students, graduates, instructors, etc.)
13. Training material development/resource center.

Activities 1 and 2 are the most important from the point of view of knowing demand and supply conditions. Activity 3 was implemented to offer short training in areas that are not available elsewhere. Some of the activities have only recently been initiated or have not yet reached their full potential effectiveness. For instance, activity 2 could be complemented by consulting services that could help identify and define training needs more precisely, while activities 12 and 13 primarily consist of a small library at present.

FEPADE's linkage function can be visualized with the aid of the following diagram:



It is important to point out that the training process is significantly more complex than is generally recognized. Traditional training programs provide an important but relatively standardized product that addresses a limited aspect of the training needs and performance requirement spectra. For example, the Kurt Salmon Associates (KSA) report of June 1986 on the apparel manufacturing industry identifies 20 components that affect the quality, quantity, costs of products, and success of the operation. Only one of these needs is machine operator training, and the remainder may be addressed by short training programs that are not normally provided by conventional training institutions, including technical secondary and post-secondary schools. All manufacturers suffer similar problems. Even with the best trained machine operators in the apparel industry, the local industry is doomed to failure unless these other training problems are also addressed. The present system is not prepared yet to solve these insufficiencies, nor will conventional post-secondary vocational-technical education institutions address them.

The solution to worker/employer performance problems must be approached as a total holistic, interacting system, not piece meal, component-by-component if the local industry is to become internationally competitive. An accurate definition of training demand first requires a careful analysis of the performance problems by a training specialist. Second, the performance

deficiencies must be translated into training needs. Third, performance objectives must be defined in objectively measurable terms. Fourth, relative criticality or trade-offs must be identified to establish priorities for performance improvement (repair equipment or train workers). Since no plant can have all the problems solved simultaneously or even sequentially, some must be tolerated until time, budget or cost-effectiveness permit or demand them. Fifth, alternative methods or approaches (on-the-job training, new performance reward systems, consultants, etc.) must be evaluated and selected. Sixth, the implementation of the selected plan or approach must be carried out, evaluated and corrected. If this approach is not followed, FEPADE's role would be limited to that of a broker or intermediary, a simple matchmaker of the available supply with the declared demand of the employers. In other words, the vision of supply-demand linkages must not be limited to a snapshot of the current conditions, but include a dynamic vision in terms of the development and technological modernization of the local industry if it is to keep abreast of the latest trend and competitive in domestic and international markets. For example, the only product in the capability "basket" of FEPADE and the supplying institutions for the apparel industry at this time is sewing machine operator training. As the KSA report states, the apparel industry will be unable to compete in foreign markets unless many other components of the total system performance are addressed.

In summary, some employers will always need assistance and/or a service to perform these basic training functions. It is not likely, based on US and developing-country experience that conventional vocational training institutions will provide or develop this capability. In the interim some organization must rapidly develop this capability if the country is to compete in the export market. Now let us examine FEPADE's potential role.

2. FEPADE's Potential Supply-Demand Linkage Role

Above we have outlined FEPADE's present linkage activities. To reach the full potential impact that FEPADE could have as an effective linkage vehicle between supply and demand we feel that the following requirements should be met:

- a) FEPADE's present linkage activities must be strengthened and made more efficient and
- b) An additional linkage capability, the ability to analyze, identify, define and prioritize the training requirements of industry - a training consulting and advisory role rather than as a broker of felt training needs - should be

developed. In short, to effectively link current and future supply and demand, FEPADE should more precisely define the demand in order to help prepare an appropriate supply.

Few employers possess a capability to adequately analyze, identify and prioritize training-performance requirements in objective and measurable terms. Until that capability is developed within the employing establishments, FEPADE could first develop and later duplicate (in supplier and user organizations) that capability.

Advisory committee and/or employer inputs are vital to the success of any training program. However, the manpower system (trainer, broker, employer) must have the capability to make more meaningful and cost-effective decisions. Ultimately this capability may be developed to some degree at all levels of the system. All employers and training institutions cannot afford to develop these capabilities and skills to a self-sufficient level. But someone must be able to diagnose the need and write an exact and appropriate prescription (training requirements and performance objectives definition).

If this does not occur, ultimately there will be no need for either the prescription as the employer will learn that he can solve the problem by himself or take his business elsewhere or develop alternative training systems (as has been done in many countries in Latin America). Again, this does not mean that FEPADE's present system is counter productive. It urges that the present system can be improved, and can be made more cost-effective because the infra-structure (organization, committees, etc.) is already developed and functioning.

The necessity to define training requirements more precisely and accordingly, properly prepare appropriate training programs is not as critical for entry-level pre-employment or generic-type training programs - the type normally provided by secondary and post-secondary institutions - as is the case with employer-specific programs. But the output of these traditional institutions can only respond, because of numerous constraints, to a portion of the spectrum of training needs of many employers. Most employers also require, in addition to entry level skills, more specific, specialized training for equipment-process operators, maintenance and repair personnel and many other skills. These specialized programs usually require special training on the specific equipment, in an in-plant production environment. In general, total system performance problems cannot be addressed by specific discrete training courses or programs. Nor do traditional Vo-Tec organizations identify relative criticality enabling appropriate, cost-effective, in view of time and budget constraints, training to occur. These

additional needs represent another level of complexity normally required by highly competitive, cost conscious, labor intensive export-type industries. Apparel production is a perfect example of this type of total production problem.

The KSA report, (June '86) identifies many of the performance components that should be addressed if the local Salvadoran apparel industry were to become more competitive. These include:

- Product and Product Mix
- Quality of Completed Garments
- Quality Control Procedures
- Management and Supervision Skills
- Incentive System
- Management Reports
- Costing Methodology
- Production Equipment
- Methods and Work Aids
- Machine Attachments
- Factory Layout and Flow
- Conveyances
- Plant Loading Procedures
- Throughput Controls
- Operator Selection
- Training Procedures

Short training courses and materials already exist regionally, or abroad, or can readily be developed to meet specific employer needs, for each of the above subjects. Many are never offered by conventional secondary or post-secondary vocational training programs - for a number of reasons - but are regularly offered by autonomous, rapid response, industry specific private sector training organizations as are already found in many Latin American countries. Nor does the average manufacturer require Industrial Engineers, Quality Control Engineers or MBA's to solve these problems. Literate, selected foremen and production supervisors can effectively perform after short courses, in most of these areas.

Many other factors that affect performance were identified in the KSA report. These include lighting, work station space (density), housekeeping, social areas, equipment maintenance, marking and pattern grading, cutting supervision, mechanical staffing, marketing, merchandizing, costing, in-process controls, general and specific production information, flow, etc. All can be addressed by short courses ranging from one day full-time to several days part-time.

Other labor intensive export or "call-back" operations have similar problems though not as thoroughly documented as in the KSA report. Frozen vegetable production and shoe component assembly are representative. Courses such as sewing machine

operator training are only a small, though easily addressed, part of the total performance/training problem.

We must make explicit the need for FEPADE to perform its linkage mission taking into account that effective training cannot be limited to one particular stratum of the skills/occupational spectra. Training for occupations of various educational levels is necessary since the productivity in one particular occupation depends on the proficiency of related occupations. The typical case is the training of line workers vis-a-vis the training of supervisors, foremen or higher level technicians. FEPADE can play a critical role in keeping the internal consistency or balance of the kind of occupational or skill structure that a modern and flexible industry requires to be competitive. It would be a serious mistake to concentrate training in one layer of the educational spectrum for social considerations alone, since the very employability of a well-trained worker depends on the availability of technicians or foremen that would direct his work. The cardinal objective of the training effort, the very essence of FEPADE's existence, is to enhance private sector competitiveness for economic development purposes, not for social or charitable reasons. The social advantages of training will be generated by the economic impact derived from a higher level of employment and productivity.

In conclusion, proper linkage between demand and supply, cannot exist directly or through FEPADE, without the capability to adequately identify and precisely define training and performance requirements. The suggested ways to respond to this demand for additional, non-traditional courses will be addressed below.

3. Recommendations

a) General Recommendations

FEPADE does provide, and can provide an even more important role in the development of El Salvador. This TEAM proposes the following general recommendations to assure such a strengthened capability.

The overall goal is to strengthen the FEPADE capability to stimulate and facilitate the timely and appropriate development and utilization of trained manpower with a focus on those semi-skilled, skilled, and management personnel required to accelerate the cost-effective growth of non-traditional export industries and other priority sectors of the economy as may be identified by FUSADES.

Our general recommendations are focused on strengthening FEPADE's present linkage capability and also developing an additional capability to provide consulting services to employers and

trainers. First we will provide our recommendations for improving the present capability.

i. Committees

Because of the important role that the various committees serve as a linkage vehicle, steps should be taken to maximize their effectiveness. It was observed by the TEAM members that undue emphasis is sometimes placed on relatively minor decisions and less consideration given to other matters that may well set important precedent or policy for future decisions. Procedures, policy statements, agendas, and discussion time-constraint could be established, based on relative priority, cost, future implications, etc. A workshop or seminar could be offered, by an outside consultant, on "The Effective Use of Committees in the Decision Process".

ii. Public Relations

Public Relations is another vital component in developing and maintaining an effective linkage capacity as well as an appropriate image. This department now produces a number of effective publications and press releases. It appears that additions or changes in content based on the market a particular publication addresses could be introduced. For example, content focused on increasing the awareness of the technical process, techniques for developing and utilizing human resources (identifying and defining needs, developing performance objectives and standards, determining the relative priority of needs, evaluating worker performance, incentive systems, etc.) would be useful additions. Perhaps a "Training Techniques" newsletter could be developed.

iii. Data Base

Another vital component is a data base capability. The present computer center can be expanded to provide data useful to several other FEPADE departments. Some areas of present and future information/data need includes:

- Standards for evaluation/approval of training institutions, courses, instructors.
- A list of qualified education/training resources (institutions, programs, courses, instructors, etc.) both local, regional, and abroad.
- A schedule of current and future course offerings (local, regional and abroad).

- A list of graduates, qualifications, current employers, etc.
- A list of students now in training by occupation, institution, etc.
- Performance objectives and standards for all courses.
- Master list of all employers in priority sectors of the economy (non-traditional export by size, occupational needs, etc.).
- Training needs survey results by sector and employer.
- Standard occupational titles and job descriptions with task listings for priority skilled, semi-skilled, and other occupations in priority industries.
- Manpower requirement, resource, placement, and utilization information by occupation and priority sectors of the economy.

iv. Systems and Procedures

Systems and Procedures manuals should be developed, standardized and revised as required to establish a standard policy for:

- Evaluating and approving sources of supply (institutions, programs, courses content, facilities, equipment, management, instructors, graduates).
- Evaluating and approving employers requests for assistance (training needs or defining needs, relative priorities, course duration, content, etc.).
- Evaluation of graduates at the work-place - to provide quality-control information on the process (developer, linkage and employer of human resources).
- Collection and distribution of feed-back information to both trainers and employers of manpower.

v. Training Materials Resource Center (TRMC)

The Training Materials Resource center capacity should be expanded. A beginning has been made. A small library of reference and course materials has been assembled. However a large variety of appropriate training materials and aids (films,

slides, devices, etc.) in Spanish or English is available from many sources in Latin and North America. Directories and listings are available.

This material can be made available on a loan or sale basis or can serve as reference or content material for the development of new programs. A large distribution center sponsored by the International Labor Organization (ILO), CINTERFOR exists in Brazil for use by member nations. Excellent modular format, performance referenced training materials for many occupations as well as videos, are also available from public and private sources abroad.

Another useful function of the TMDRC could be a small reading reference evaluation, visual display room where printed matter and video material can be viewed and evaluated by potential users (FEPADE employers and training firms).

A third service of the TMDRC would involve the modification, development and translation of training programs and materials. Manufacturing firms often purchase equipment for which no training programs exist. Yet trained operators and maintenance mechanics are immediately needed. Frequently the importer or manufacturer does not provide training material or programs or only at the time of initial installation. Manufacturing specifications and/or operators manuals are not satisfactory substitutes. A competent training materials development specialist can readily develop effective and essential training materials from these basic documents.

The second focus of our recommendations will be to provide consulting-training services (smaller firms) or develop or strengthen selected private sector economic priority employers (larger firms) ability to identify, prioritize, and define their training requirements in objectively verifiable terms (job performance requirements vs. job titles). This will require full consulting services and support assistance to small and medium size firms and a lesser consulting emphasis and relatively more training of employer resident staff in some larger firms. Accomplishment of this goal will require a FEPADE capability to advise and or assist selected employers to perform those functions essential to the effective development and utilization of trained manpower. This will include the capability to:

- Analyze total employer operational activities as an integrated, interacting performance system rather than as a series of felt-need, discrete training or manpower needs.

- As a product of this analysis, identify training and manning requirements and their relative criticality and phasing (sequential or simultaneous).
- Define these training/manpower requirements in objectively verifiable terms (the training-performance prescription) and not merely in terms of numbers and job-titles, thereby permitting and/or enabling FEPADE's and supplying institutions, or trainers, and consultants to produce the desired input (appropriately trained and/or skilled manpower) and cost-effective performance results.
- Develop objective performance standards and measurement criteria of currently employed personnel and recently trained graduates (thereby enabling performance evaluation).
- Identify and evaluate the relative cost-effective advantages of alternative approaches/solutions (in-plant training vs. procedural/process changes that reduce the need for trained personnel, contract maintenance/repair services, in-country training, training abroad, use of consultant-trainers, or wait for institutional outputs and other alternatives).
- Evaluate those possible resources within the selected alternative (utilize local training resources) and make a selection based on pre-defined needs and criteria as well as the training resource's capability.
- Implement, monitor, adjust, and redirect the program as required.
- Verify graduates performance - against predefined performance objectives.
- Provide corrective feed back information.
- Identify short- and medium-term future manpower and training requirements.
- Association with Professional Societies: For the fledgling or the professional trainer, several professional societies exist. Most have large memberships. The American Society of Training and Development (ASTD) is a U.S.-based society that has, with USAID assistance, cooperated in the formation of national societies in most countries of the world, regional societies in Asia, Africa, Europe and Latin America and an International Federation of Training and

Development Organizations (IFTDO). Both the ASTD and IFTDO publish monthly journals and many other publications that are the life blood of industrial trainers around the world. Issues contain useful articles aimed at solving performance problems found in all training establishments. FEPADE should subscribe to both ASTD and IFTDO periodicals and maintain a reference file of these periodicals and other primary publications that serve as the "bibles" of industrial trainers. Selected FEPADE and CONACODE staff members should attend the annual ASTD convention which is usually held in August. It provides an excellent opportunity to listen to many papers given by trainers in industry as well as view training films, videos, slide shows and inspect and evaluate hundreds of printed training programs, reference publications, training devices, training simulators and other resources designed for the needs of trainers as opposed to vocational-technical schools (these conventions should also be attended).

b) Specific Recommendations

No training organization can now respond in a flexible timely and appropriate manner to the variety of trained or semi-trained manpower demands of private sector employers either quantitatively or qualitatively.

Nor can the export-oriented entrepreneur adequately identify, and define the relative priority of their quantitative and qualitative manpower needs in objectively verifiable, work-performance terms.

The more astute and successful owner - managers we visited readily admitted their limitations and those of the supplying institutions. As a result, FEPADE is limited to serving as a link or carrier of inadequately defined needs to inadequate or inappropriate supplier. Recommendations must be made that will enable the three major components of the present "system" to perform in a more timely, effective and efficient manner.

What are the major functions or capabilities that must be developed? What organizational capability can serve as a model? In many ways, FEPADE must perform the functions of a comprehensive, full-service human-resources development and utilization department or division of a large corporation or organization not unlike some multi-national firms or national level training-development agencies found in many Latin American countries.

In most lesser developed countries (LDC) only the larger firms, usually multi-national companies, can effectively perform those human resource development (HRD) functions that enable them to compete effectively in the international market place. In El Salvador, El Molino, a Pillsbury subsidiary, is an example of such a firm. Most of their semi-skilled, skilled or management personnel were developed, with the assistance of their parent corporation, on-the-job locally or abroad or at special technical schools that offer numerous courses unique to the milling industry.

Few of the large local corporations, and none of the medium or small local firms now have, or will be able to develop all of those internal capabilities required to identify and address their manpower needs except in a broad and non-specific manner.

A listing of the major functions or capabilities follows. Someone, the trainer, the employer or the linkage organization, must individually or collectively possess these capabilities. They include the ability to:

1. Identify/verify human performance deficiencies at the employer's establishment.
2. Define/confirm training requirements (employer) and their relative priority.
3. Define detailed training/performance objectives for each task.
4. Establish objective performance standard (to evaluate programs and graduates).
5. Evaluate alternative solutions (training in the US, in other countries, in the plant, in FEPADE, in country, abroad).
6. Evaluate by objective standards, the capability of all sources of supply of manpower and training.
7. Approve sources (consultants, establishments, instructors, materials, courses, programs).
8. Maintain a current file of qualified sources of supply.
9. Select appropriate source/solution against requirements and objectives (# 2 & 3).
10. Implement programs, contracts, etc. - approve sources, duration, cost, etc.

11. Monitor and evaluate programs (against requirements, objectives, standards (#2, 3, 4) and their progress.
12. Follow-up at intervals, employed graduates and evaluate performance (against # 3).
13. Provide feedback to supplier.
14. Modify the program/system as required.
15. Forecast future manpower, facility, resource requirements.
16. Develop/maintain current data base sources, (instructors, courses, graduates, etc.).

Our specific recommendations for the strengthening of FEPADE's present capabilities and the development of additional capabilities follow. These will enable FEPADE to perform effectively, as a linkage between the present supply and demand and also will strengthen the sources of supply enabling them to respond in a timely and effective manner to employers needs as well as enhance the ability of employers to identify and define their needs in a more precise and objective manner. Our recommendations include the provision of long-term and short-term consultant-trainer, work-study experiences in the region and abroad, seminars, work shops, training courses and programs, financial support equipment and materials. This should be implemented in two phases.

First Phase

The first phase consisting of technical assistance over a 36-month period will be designed to develop FEPADE's capability to effectively perform, in an increasingly self-sufficient manner, all of those functions required to fulfill its role as a consultant-trainer, catalyst-linkage between the supplier and the employer of trained human resources. This phase will contain three objectives:

- (1) Increase the efficiency and effectiveness of the various producers of trained manpower and increase their ability to respond in a timely and appropriate manner to the training needs of employees of targeted industrial sectors.
- (2) Strengthen employers ability to define their requirements.

- (3) Develop FEPADE's capability to evaluate, assist and advise trainers and employers in developing and utilizing the countries human resources.

Second Phase

The second phase (which could overlap the first phase), involving 12 to 24 months, will consist of decentralization and extension of FEPADE's service capability to selected satellite centers and/or increased utilization of contract service institutions.

It is essential, from a cost-effectiveness standpoint, that FEPADE begin to duplicate its capability by decentralization and/or sub-contracting as quickly as their capability permits. One vehicle effectively used by other developing countries is to staff in-depth and assign full-time counterparts to work closely with satellite center personnel, on a day-by-day, decision-by-decision, plan-by-plan manner so as to obtain maximum utilization of a consultant-advisor capability. Not only will this accelerate the learning process but will decrease the time required to reach full self-sufficiency.

During this phase a number of satellite offices or contract offices should be established as the economy and the political situation indicates. A detailed plan of action will be developed during the first phase of the program by the long term technical advisor.

Manning Requirements

It is recommended that in addition to present resident advisors:

- (1) A long-term industrial training consultant be retained over the duration of the first phase of the contract (see Annex F for position description). This person should have had extensive industrial training experience in the U.S. and abroad, particularly in LDC's. In addition it is considered essential that the consultant-advisor have had consulting responsibility for planning, implementing, operating and/or upgrading a full-service national training agency.
- (2) In addition, a series of short-term training consultants should be provided in the following areas, during the first phase:
 - Training Systems Analysis
 - Industrial Train-the-Trainer
 - On-the-Job Training
 - Training materials development
 - Definition of training and work performance

- Industrial Sector Training Specialists
 - Apparel Industry
 - Agricultural products processing
 - Shoe manufacture/assembly
 - Others as indicated
- HRD Data Base Development
- Training materials and resources

It is recommended that all of these advisor-training specialists be qualified consultant-trainers capable of training FEPADE and other organization staff members and have experience in actually implementing programs that utilize the knowledge and skills that they teach - a relatively rare capability. For example, it is infinitely easier to "teach" a management by objective (MBO) course than to implement a functioning MBO program, that survives over time, in a LDC organization or factory.

TASK 3.

INVESTIGATE, ANALYZE, AND DESCRIBE THE EXISTING CAPABILITY IN BOTH PUBLIC AND PRIVATE SECTORS FOR DETERMINING AND FORECASTING LABOR MARKET MANPOWER REQUIREMENTS, ESPECIALLY TAKING INTO ACCOUNT THE FUSADES ECONOMIC MODEL IN ORDER TO RECOMMEND A STRATEGY AND IMPLEMENTING MECHANISM(S) TO PERIODICALLY FORECAST LABOR MARKET NEEDS

1. Existing Capabilities

As far as we have been able to ascertain, the only institution that attempts to produce middle- or long-term projections or forecasts of manpower is the Ministry of Planning (MIPLAN). Their method, however, consists of the anachronistic Soviet style of central planning based on "material balances" where a demand projection is matched against a supply projection to determine imbalances and presumably act accordingly. This approach is obsolete and has proven ineffective in most circumstances, with the possible exception of some selected occupations, namely, teachers of general education, nurses and physicians.

Based on our discussion in Section II of this report, no forecasting exercises should be attempted in El Salvador to anticipate manpower demand. Such an approach is tacitly opposite to the strategy and philosophy of the FUSADES's economic model. Nonetheless, it is necessary to anticipate labor market trends to respond to them effectively and rapidly.

What FEPADE is currently doing by detecting training demand through market research techniques is an excellent approach that should be complemented by a more systematic scrutiny of labor markets. An attempt to anticipate the long run demand for very specific forms of skilled labor or occupations would be bound to failure, and the waste of resources that such exercises represent. This was demonstrated by the experience of many countries and international organizations during the 1960s and 1970s.

The demand for given occupations and skills is a derived demand for the products they generate, and they change rapidly and with a high degree of unpredictability over time. The most sensible approach to such volatility is to develop a training infrastructure that is attuned to the workings of labor markets to allow for response to changes with minimum delay. A significant part of the ability of an economy to respond to changes in demand for skilled labor (especially of the type that takes longer to train) depends on the way their skilled workers and technicians were trained. Occupations are composed of sets

of skills. If the training is designed in such a way as to emphasize the portability of skills across occupations, the worker himself is better prepared to change occupations and adapt quickly, to a changing environment with minimum time and brief training.

Instead of creating a capability for "forecasting labor market manpower requirements" the development of an effective training infrastructure in El Salvador must be based on quick response, flexibility and versatility, as previously discussed. We must emphasize that the FUSADES's model precludes the identification of "priority sectors" for the economic development of El Salvador. What the model fosters is a business climate that allows the private entrepreneur, by operating freely in the national and international markets, to find those economic activities that are most profitable, a condition that only the entrepreneurs will be able to determine. Given these circumstances, it will not be possible to anticipate what specific skills the entrepreneur will require in his workers. It seems obvious that the entrepreneur's evaluations of investment prospects (opportunities) and investment decisions would be highly facilitated and made less risky, by the existence of an abundant pool of human resources where all occupations are available. This is a luxury that small economies cannot afford.

The solution to this dilemma is that the entrepreneurs can rely on the existence of a pool of human resources that is readily trainable and adaptable because they already have some basic skills and know how to learn quickly and proficiently. This is the crucial element that must be provided by an effective training infrastructure like FEPADE as a complement to capability to respond quickly to changes in demand for skilled labor because it systematically monitors labor market performance.

2. Existing Strategy

Besides the Ministry of Planning manpower projections that we considered obsolete in our previous discussion, the current strategy to determine or anticipate demand for skilled labor is carried out by FEPADE by means of regular surveys and reports by advisory committees.

A limitation of both traditional surveys and trade advisory committee reports is that both are based on felt needs or opinions of the person who replies to the survey or committee questions. This person generally is not qualified by experience or training to provide more than general information although he or she may be a plant manager, personnel officer or advisory committee member. He or she may even be a supervisor or a foreman, with or without appropriate formal or informal training and experience. This person may think he needs a "machinist"

when in reality he only needs a welder, or a lathe operator or a drill press operator who only operates these particular machines on infrequent occasions. Nor does the survey respondent generally know what skill level the job requires, by type of process or operation or other pertinent information.

As a result of felt need information, supply may develop inappropriate facilities, courses and graduates resulting in over-training, under-training, or even unnecessary training.

Sometimes this lack of precision is not of critical importance in non-competitive operations as most employers need some entrants to their labor force with broad basic training. However, in more competitive markets the employers cannot afford to pay for more training than he really needs or for miss-trained workers. So he often develops his own specific and more appropriate training courses, if size and internal capability permits.

3. Recommended Strategy

It is very difficult to accurately predict long-run demand for specific occupations and skills. Few occupations lend themselves to such exercises, the typical being in the medical and teaching professions, simply because the corresponding demands tend to follow demographic trends. The need for long-term forecasts or projections is more pressing when dealing with occupations that require an extended gestation period. However, even in most of these cases, the traditional forecasts based on mechanical and intricate projections or extrapolations of census data and the like are generally inaccurate, use significant amount of resources and can lead to erroneous and costly decisions.

The economic development model proposed by FUSADES clearly states a philosophy based on free markets (for goods and factors of production such as labor). A direct implication of such a philosophy is that the economic development of El Salvador, instead of depending on projections and planning, must depend on the ability of economic agents (firms, investors, consumers, workers, etc.) to adapt to changing economic conditions. Training decisions, therefore, must be made on the bases of observing labor markets to identify scarcities for given occupations.

Current scarcities can be determined by observing the occupation-specific levels of wages paid by employers. Occupations that show rising wage trends in relation to other occupations' wage rates are the ones that must be closely monitored. Nevertheless, scarcities may be temporary, and a professional analysis must be carried out to determine whether they are secular or permanent, in which case a training decision must be made. If prospective trainees know about rising wage trends in certain occupations,

they must be naturally and automatically attracted to the corresponding training programs. The training industry, on the other hand, must be knowledgeable about those trends to be able to respond as quickly and as economically possible to the demand. The dissemination of this kind of information could be included among FEPADE's roles. In other words, to meet current demand, as expressed by scarcities reflected in rising wages, the central strategy is to depend on the initiatives of the interested parties acting upon labor market information.

The anticipation of future demand is another matter. Future scarcities may not be reflected in today's wages for given occupations, but could be anticipated by studies focused on particular industries or occupations. However, we must reconcile ourselves with the fact that many of the future scarcities or demand trends are simply not predictable. If a period of strong economic growth could be anticipated, the most important long-term planning decision is to prepare the trainers themselves, because they are the ones who generally require an extended period of preparation. In specific sectors or occupations ad hoc methods should be applied. For instance, specific investment projects that require specific occupations with advanced skills must be accompanied, in their planning stage, with a concomitant manpower development plan. This, however, is something very different from the typical across-the-board manpower forecasting. In such cases, the investor must know about FEPADE and recruit its assistance on training matters. Instead of having a centralized institution, public or private, producing blind and ill-founded forecasts, the investor himself must provide the training industry with predictions of future demand.

None of the above considerations imply that institutions like FEPADE, FUSADES, or public agencies such as the Ministries of Planning, Labor, Education, and Health and the Social Security administration do not gaze into far away horizons to examine the manpower implications of demographic trends. Census, household survey, and establishment survey data must be analyzed to identify trends that may have training implications for long-run planning or anticipation.

Finally, FEPADE should consider an effort to catalog or install a job title and description system with adequate detailing of task and skill-performance levels to permit their translation into specific training courses and programs, training objectives, performance standards and evaluation. The U.S. Department of Labor system could be utilized, expanded or adapted according to Salvadoran labor market characteristics. These would need to be developed with employers and trainers, and verified, accepted and implemented by them. The first priority for gradually developing such a system could be given to export industries and related occupations. Later, as budget, personnel, and time permits, the program could be expanded to other sectors of economic activity.

With this system in place, objective, meaningful, manpower requirement information can be collected and made available to planners, facilitators, manpower trainers, employment/placement specialists, performance evaluators, and feed-back personnel (FEPADE'S staff).

Our recommended strategy for FEPADE regarding the determination and anticipation of labor market training requirements are summarized in the following points:

- (1) Improve the current training market research surveys to reflect demand for technical-vocational skills more accurately than felt needs.
- (2) Anticipate the demand for the training of technical-vocational trainers and formulate middle and long-run plans if necessary and operationally useful.
- (3) Formulate alternatives that contribute to the improvement of the quality of general education, emphasizing basic skills of the type needed for general economic development.
- (4) Gradually project FEPADE as a center where private firms could obtain assistance regarding their manpower needs, including those contemplating large investment programs that may require long-run training plans for specific occupations.
- (5) Monitor labor market conditions and trends for employment and wages, disseminating relevant information to assist in the decisions of prospective students and trainees in their career options.
- (6) Develop a job title and job description system with adequate identification of task and skill performance levels.
- (7) Examine data from census, household and establishment surveys for trends that may help identify long-term implications for labor market supply and demand.

TASK 4.

INVESTIGATE AND ANALYZE IN ORDER TO MAKE RECOMMENDATIONS FOR IMPROVING THE MECHANISM(S), OR LACK THEREOF, FOR PLACEMENT/EMPLOYMENT RECENTLY TRAINED SKILLED AND SEMI-SKILLED WORKERS WHERE THEY CAN MOST EFFICIENTLY BE UTILIZED

1. The Mechanism for Placement/Employment

There is no apparent formal mechanism in El Salvador for the placement/employment of recently trained skilled and semi-skilled workers. The predominant placement vehicle in El Salvador is through the initiative of the employer who uses three main vehicles to hire manpower: a) announcements (signs) outside the firm's premises, b) newspaper advertisements, and c) personal contacts (asking other workers to recommend acquaintances or relatives when there is a vacancy).

Following the philosophy of the FUSADES economic model, the best placement mechanism is an efficient labor market. This, however, can be achieved in El Salvador by the availability of relevant information to employers and workers. Employers and workers would benefit significantly if the former know where to quickly identify the prospective employees with the required qualifications. Yet, many employers prefer not to widely announce vacancies because of fears of being overwhelmed by long lines of applicants that do not fulfill the job requirements. This is a symptom of a market imperfection (lack of information about actual qualifications) that impedes the employer from making contact with those that may be qualified. The qualified applicant, on the other hand, does not know how to identify a potential employer.

It follows that the relevant information for placement purposes is about the quality of the skilled and semi-skilled applicant, not his simple availability. Employers require a system that offers reliable information in this regard. While placement depends on the availability of vacancies at a given point in time, no placement "mechanism" by itself will be able to place individuals with employers if employers do not consider them sufficiently qualified. Evidence of this is provided by the high demand that Salvadoran employers express for graduates of the Ricaldone Institute. The quality of training of the Ricaldone graduate assures their employment while graduates of the Thomas Jefferson public secondary technical school report high rates of unemployment.

There should not be a need for a placement service for recently trained skilled and semi-skilled workers if the training system is well-tuned to the demand for those kinds of workers. More

than a placement mechanism, the need is for a training infrastructure that avoids training in excess of what the labor markets can absorb. At this point it is essential to understand that training by itself does not generate the employment of the trainee. In the long run, however, the existence of a well-trained labor force, especially one well endowed with basic skills, tends to facilitate or propitiate investments.

Instead of a placement mechanism in the traditional sense, the efficient utilization of recently trained workers must be achieved by a "clearing house" mechanism that gives prospective employers accurate information about graduates and their qualifications. Employers' future reliance on this system will depend on their level of satisfaction about how their requirements are met. Thus, effective "placement" depends on information as well as on the quality of the graduates. Based on these considerations, FEPADE should contemplate the following recommendations:

- (1) Control the quality of the training programs in order to guarantee employer's and workers' satisfaction and future reliance on the system.
- (2) Develop the job title and job description system (proposed in the previous section) to facilitate information and evaluations about workers' qualifications and job performance requirements.
- (3) Develop and maintain a data bank on recent graduates, following up on them for a reasonable period of time to ascertain employment conditions and to derive feedback information to assure relevance of training programs.
- (4) Make employers aware of the existence of the system as it develops, especially for high-priority occupations and skills. The frequency of use by employers of the "clearing house" mechanism will be evidence of its value. Eventually, this service could be financed through payments by its beneficiaries if they consider it valuable enough.
- (5) Encourage graduates to keep their records up to date in the FEPADE data base for future reference by other employers. The clearing efficiency of labor markets should not be concentrated only on recent graduates; as the economy develops on a more competitive basis, employers will need to compete for the best workers, paying better salaries and contributing to the improvement of the standard of living of the best workers. This could be used as an incentive for the

workers to participate in the system long after their graduation from training.

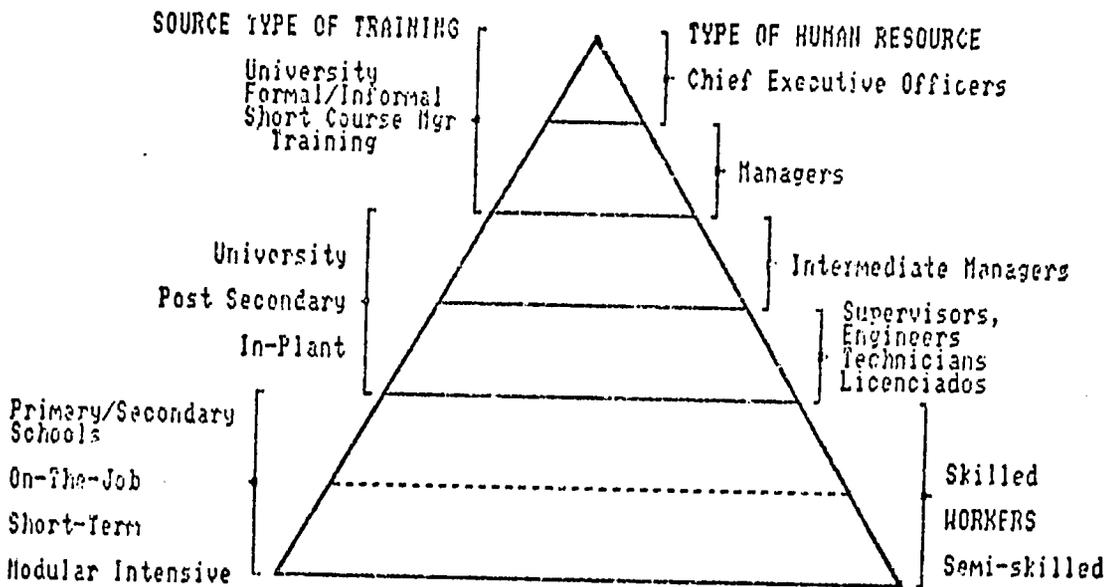
- (6) The data base must be exclusively dedicated to workers whose qualifications are well known. Inclusion of graduates not trained through FEPADE's intervention could be considered only after ensuring that such action would not undermine the reliability and quality of the information.

TASK 5.

INVESTIGATE AND ANALYZE IN ORDER TO MAKE RECOMMENDATIONS FOR EACH OF THE FOUR AREAS ABOVE WITH RESPECT TO HELPING TO DEFINE WHAT FEPADE'S ROLE SHOULD BE IF AID WERE TO FINANCE AN AMENDMENT TO THE EXISTING FEPADE AGREEMENT FOR INCLUDING POST-SECONDARY TECHNICAL EDUCATION/TRAINING

1. Assumption Criteria

FEPADE views their target training groups as a pyramid:



Studies carried out soon after FEPADE's establishment e.g. "Study of the Need for Training at the Technical/Vocational Level in Private Sector Industries in El Salvador", showed the need, and confirmed FEPADE's subjective observations, that FEPADE supported training should first address the skilled, semi-skilled and manager levels. After having initiated training programs in the first year of their operations for semi-skilled and skilled workers and managers, FEPADE began to consider the need for post-secondary education/training to train technician/supervisor or mid-management level personnel.

The documents which the Team reviewed, and interviews which we completed, all refer to and lament the deterioration of the public secondary and post-secondary education/training infrastructure in El Salvador. Post-secondary technical education is mainly offered by two public sector institutions, Escuela Nacional de Agricultura (ENA) and Instituto Tecnológico Centro Americano (ITCA). ENA is dedicated to technical education in agriculture, while ITCA is mostly industrial education. ITCA, the premier post-secondary technical training center of the 1970s, has suffered reduction in space, staffing and up-keep of equipment and facilities. We were advised that ENA has as many faculty as students. The several public secondary schools with vocational programs also have reportedly declined in relevance and output.

The deterioration of the quality and coverage of general education clearly has a negative effect on readiness of the work force or general population to absorb and utilize training opportunities. Current literature in the U.S. laments the decline in quality of the U.S. education system and its traumatic effect on the competitiveness of U.S. products in the world market. In El Salvador the potential for being competitive in the same arena is likewise affected by the quality of output of the general education system. According to the 1985 Ministry of Planning household survey, 26 percent of the employed population reported no formal education, and 21 percent third grade or less. Only 28 percent has more than sixth grade and 16 percent attained higher than ninth. Obviously completion of level of education is not the only criteria for a productive work-force. It is, however, an important factor if the point under consideration is the creation of a post-secondary level institution. Through their CONACODE "window" FEPADE hopefully can add their influence to other efforts to upgrade the quality of general education.

There seems to be consensus that only a few schools presently offer acceptable technical/vocational programs and they are private schools. For example, we confirmed that Ricaldone, a Salesian supported private school, "is held in high regard by students and employers". Employers anticipate their graduates and usually hire them before they graduate. The dependence on a few, acceptable quality private vocational schools may or may not adequately meet the technical level manpower required by an expanding, export-driven economy.

Several questions must be asked:

What is the present demand for a post-secondary education/training institution?

What is likely to be the need for such an institution in the short- and medium-term? How is the need demonstrated?

What are the issues to consider when contemplating the creation of such an institution?

What are the options for a public/private mix of institutions best suited to respond to the post-secondary training need?

What are the requirements of potential employers who will hire the output of the post-secondary institution and how many?

What types of technicians and/or mid-level managers are likely to be needed?

What is the range of courses that the institutions must offer initially and in the longer run?

Where do instructors come from to staff the institution?

How much training do instructors need, and where will they get their training?

What is likely to be the necessary replenishment rate?

Post-secondary institutions in the past, like ITCA have had problems of sustaining their quality level. Is a private sector post-secondary institution/infrastructure likely to face the same problem? How would FEPADE plan for and sustain relevant, quality programs and assure involvement of both the public and private sectors? How soon could an institution(s) become self-sufficient?

The Team concluded that although FEPADE has thought about most of the questions posed above they have not at this point researched or studied the current situation with the depth needed prior to initiating an investment in a post-secondary level institutional capacity.

In our review of the post-secondary education/training level we did not find clear evidence of the substantiated demand for technical/supervisor level personnel in El Salvador. A United Schools of America Report of 1986 showed that a modest number of students are graduated each year from the post-secondary technical level. They did not find significant evidence showing the extent to which the absence of graduates has negatively affected industrial development. Nevertheless, it would be a mistake to underestimate the importance of intermediate technicians and middle-level managers to industry. Private entrepreneurs in El Salvador seem to fill the gaps of intermediate level technicians with the best graduates from

secondary technical schools or with university graduates who cannot find jobs as engineers. FEPADE may want to build on this reality and play a decisive role to attract more unemployed university graduates into technical professions by retraining them abroad in the U.S. or a Spanish-speaking country with a good post-secondary technical education infrastructure, or retraining them later in-country if a post-secondary technical education facility is developed here. An intelligently designed promotional campaign may be effective in "selling" the idea that a good employed technician/manager can be a more highly respected member of society than an unemployed university graduate in engineering, etc. There seems to be a pool of roughly 48,000 unemployed high school and university graduates who may be legitimate targets for this type of a "campaign".

While the Team was in El Salvador, Daniel Carr and Associates completed a study called, "Research of the Demand for Technical/Vocational Training in the Private Sector of El Salvador". The Carr study, which was designed and supported by FEPADE, was carried out in 281 industrial firms in El Salvador. The firms are medium sized, 22-99 employees, large sized, 100 or more employees, and are located in San Salvador, Sonsonate and San Miguel.. Some 149 of the industries are exporters.

The study was designed to elicit evidence of the need for training (immediate and short-term) for workers, technicians, supervisors and professionals in order of priority as viewed by managers of specific industries. Also the managers were asked to identify and rank their need to contract, now and in the short-run, employees in the same categories (see Annex C). They were also queried as to their experience and opinions on the usefulness of training programs and measure of the extent to which industries, as represented by the opinions of managers, would be willing to invest in training.

The results of the study were presented to FEPADE in a preliminary report October 18, by the contractor. Thus the Team did not have opportunity to review results in detail. A preliminary review, however, revealed a modest "need", expressed by industry, for technicians (763), supervisors (293), and professionals (204) and a surprisingly low ranking by the managers (roughly 3+ on a scale of 1 to 10) of the importance of training for technicians, supervisors and mid-level managers. It would be inappropriate to draw firm conclusions from this preliminary look at results from the Carr and Associates research, but the results do clearly underline the importance of a continuing examination of concerns related to preparation of technical, supervisory and mid-level management personnel and to the optional post-secondary institutional arrangements which could be developed to provide the training.

As was noted in our discussion of the FUSADES Economic Model and the role of FEPADE in reference to that model, the nature and dimension of the Salvadoran economy makes necessary a careful and precise review of the potential value of training before investments are made in a training program or a training facility. As the level of specialization increases and the number of specialists needed are fewer, cost effectiveness of training investments are equally more critical and the potential for self-sufficiency of the training institution is reduced. In the absence of persuasive evidence showing that the industrial production system urgently needs and will sustain this need for technical, supervisory, and mid-level management personnel, it is difficult to recommend and support the sizeable investment usually required for post-secondary technical training facilities and programs.

An effective post-secondary technical training institution would represent a major investment for El Salvador, not only for installation expenditures but also for operational costs. The deterioration of the previous form of this type of education is confirmed. A "new beginning", however, would most assuredly require substantial investments by international donors until the time the initiative could be sustained with local resources.

2. FEPADES's Involvement in Post-Secondary Training

It is appropriate for FEPADE to show an interest and begin to study the extent to which supply and demand and other factors argue for the creation of a new post-secondary training institution or capability in El Salvador. The Team has reviewed in Tasks One, Two, Three and Four the institutional record of FEPADE to date. We reviewed their role in the priorities emerging from an export-driven economy as found in the FUSADES economic model; their success as a linkage between the supply of and demand for a better trained labor force; their manpower forecasting role; and their placement/employment/follow-up capability. We have made recommendations for all the task areas. We commend FEPADE for the quality of their actions and for their having established a credible, viable institution with a widening menu of training priorities to consider. Likewise we have recognized and given credit for their having involved the "consumer" at all stages of program development. We recognize the extraordinary significance inherent in the CONACODE initiative. There are also modest indications that FEPADE's present portfolio offers some hope of becoming self-sufficient during the five-year time frame outlined in FEPADE's planning and projections and in the FEPADE/USAID-El Salvador grant agreement.

Given this profile, FEPADE is the most relevant and key institution to catalyze other appropriate organizations and to design and carry out studies basic to decisions regarding post-

secondary training. We urge, however, that FEPADE not commit too much of their effort and resources to this topic prior to consolidating and deepening the quality of their implementation of current programs (Their current five-priority program components).

The Team visualizes FEPADE's staging of proposed actions regarding post-secondary training. The first stage would be a feasibility study period for the accumulation of more data and study results responding to questions like those mentioned earlier in this section. Concomitant with this feasibility study stage, FEPADE may wish to utilize its present methodology and explore, in-plant, the status, training levels, and job functions of the present stock of technicians, supervisors and mid-level managers. Using the training methodology employed in their Management and Administration Component they could train, in-service, the present stock and new personnel with short-term in-country training and longer term training in the United States or third countries. This first stage training could bridge the period until a post-secondary training capability is fully implemented in El Salvador.

The second stage of a process to establish a post-secondary facility would be the design stage which should be managed by FEPADE yet involve other public and private institutions relevant to the topic. FEPADE's control of the design work, with proper technical advice, would more likely result in the creation of a post-secondary training institution designed to devote its major attention to assuring that its training is flexible yet directly responsive to the real needs of El Salvadoran industry. Without this focus, our review and consultation with Salvadoran contacts, suggest the venture would fail or at least be unlikely to reach self-sufficiency.

The third stage would be implementation of the post-secondary educational facility. FEPADE's role here would shift from management and direction of the initiative to technical input and guidance. FEPADE should not run, that is manage, a post-secondary training facility. Participate actively, yes. Manage, no. Quality control, relevance, course or curriculum design, staff training all are reasonable roles for FEPADE to play in any institution that results from the feasibility study and design stages of the effort, but we can not recommend that FEPADE administer such an institution.

In summary, it must be said that further research is needed before significant funding could be addressed to the establishment of a post-secondary technical training institution or infrastructure. FEPADE has shown by its experience and self-perception that it is the institution most indicated for preparing and managing feasibility studies, examining options for institutional design emerging from the studies and guiding,

monitoring, controlling, but not managing, the resulting institution(s).

3. Recommendations

1. Existing data and information are inadequate to substantiate or justify a significant level of investment in the post-secondary technical education level. FEPADE is indicated as the institution with the interest, methodology, independence and motivation to carry out feasibility studies the results of which would give guidance regarding the need and potential for post-secondary training. It is recommended that these feasibility studies be initiated by FEPADE with technical guidance as required. The feasibility studies could help define the recommended size of the institution, territorial coverage, catalog of relevant course offerings, levels of enrollment, source of student body, installation and operating costs, sources of funding including cost recovery schemes, like student loans, and other relevant issues.
2. Our review of FEPADE's operational load suggests caution against syphoning off in-house staff to carry the load of any additional new initiatives and responsibilities implied by a venture like post-secondary level education. FEPADE must guard against weakening their credibility with the consumers of their training. We recommend FEPADE carefully review their 1988-1989 work plan to determine the propitious time for implementing feasibility studies which are prerequisite to a post-secondary initiative.
3. FEPADE should energetically seek private sector funding to pay for the feasibility studies.
4. Prior to USAID/El Salvador consideration of an amendment to the USAID/FEPADE agreement to provide significant funding for a post-secondary training institution in El Salvador there should be evidence available from feasibility studies showing a clear and continuing need for technical/supervisory/mid-level management personnel, assurance that such an institution could become self-sufficient in a reasonable time frame, and indications of a broad private sector commitment to the institution. FEPADE should also demonstrate that the initiative would have impact on peripheral issues which mitigate negatively on the implementation of a post-secondary facility. One is to persuade the Ministry of Education to lift tuition limits. Unless they do so chances for self-sufficiency are weakened.
5. The FEPADE methodology includes institutional arrangements to collaborate with the public school system through the

CONACODE agreement. The quality and sustenance of any post-secondary institution would be strengthened by increasing the quality of the students seeking entrance into that level of training. CONACODE should be used to involve Ministry of Education in the study, design and implementation of the institution if one is created. Their involvement could have a positive impact on their own need to upgrade similar public entities and general education as a whole.

TASK 6.

REVIEW FEPADE'S INSTITUTIONAL CAPABILITY TO ADEQUATELY MANAGE ONGOING ACTIVITIES UNDER THE PROJECT; IN THE LIGHT OF ONGOING ACTIVITIES AND THE MANAGEMENT OVERSIGHT THEY REQUIRE, ASSESS FEPADE'S CAPABILITY TO ADEQUATELY MANAGE A BROADER RANGE OF ACTIVITIES UNDER THE PROPOSED AMENDMENT

1. The Review

The Team reviewed FEPADE's management of their ongoing activities under the AID agreement. As mentioned elsewhere these AID-funded activities include: 1) FEPADE Institutional Strengthening; 2) Vocational-Technical Training; 3) Management-Administrative Training; 4) Scholarships/Educational Credit Program; 5) Training for Export.

The Team's review shows FEPADE having achieved nearly all of their planned outputs for their first year of operation under the AID program grant. Organizationally they have a staff in place in a well-appointed building (purchased with private sector resources) which is well equipped. Space is generous but seems to be efficiently utilized. The staff is motivated, conversant with the purposes of the organization and articulate about their responsibilities in the organization.

As was noted earlier, FEPADE, as a methodology of operation, has incorporated advisors and resources from the private sector into the planning, organization, and implementation of their programs. From the Board of Directors to the ad hoc committees formed for special purposes, FEPADE has become viable as a broker between supply and demand and making training more relevant to the using industry, in part because of the committee process involving FEPADE and private sector persons that make up the committees.

The recent creation of CONACODE, which links FEPADE and the Ministry of Education, extends the concept into the public sector. This move can be anticipated as having potential for a long term positive impact on the quality of public sector training programs.

Our Team members attended meetings of several of the joint technical committees. Their agendas are relevant, topical, and seem to be strategically related to planning, implementation and evaluation, but are frequently cluttered with discussion items better handled by staff actions.

The Team reviewed with each FEPADE department head the process/methodology they use to translate FEPADE's objectives

into action plans. Annual action plans, with interim trimester targets, are developed with advisory committee participation and in-house review. Appropriate consideration is given to budgetary implications.

Internal operational procedures were initially borrowed from a similar agency, FUSADES, whose manuals were used to guide early FEPADE's organizational efforts. These manuals have been modified and are being further revised as references for internal operations. While the Team found initial organizational efforts appropriate, we believe special attention must be given soon to this topic. A strong, organizational base is one of the prerequisites to expanded programs.

FEPADE's implementation programs have clear targets. The Annual Plan for the Second Year of Operation under the AID/FEPADE agreement has just this week, October 17-23, 1988, been approved by AID. The plan, and its supporting budget, was prepared with the participation of all relevant internal offices, was reviewed by the relevant advisory technical committees and approved by the Executive Committee.

For the annual plan, each department prepared: a description of the objectives and activities that will be implemented by the department, the principal outputs for the year, activities to obtain the outputs, an organization chart of staff required to implement the plan, budget by trimester, and the program assumptions on which the annual plan is based.

The Team reviewed this process with each department and is satisfied that a methodology is in place which is fundamental to reaching the goals and objectives of the organization.

FEPADE-supported training programs are defined on the basis of studies carried out at the demand level. The Team did find that the follow-up process needs to be expanded and a sharper feedback process put in place to improve course content and the relevance of future training programs.

FEPADE has had success in their first year. This success has increased the demand for their services. The Capacitación Gerencial Component targets first established for implementation in the 1988-1989 program have had to be dramatically increased because of the increased demands for managerial training that has been requested by participating industries.

The Technical/Vocational Component has also exceeded the projections of annual targets which were proposed in the implementation plan of the FEPADE/USAID agreement.

This young organization has a menu of options for new programs. These options for new programs could be further escalated if the

private sector, export-driven economy were to blossom under a more favorable political environment and a more stable social situation. Discussions within FEPADE suggest an awareness that expansion must be considered carefully and must be based on review and assurance that the quality and institutional credibility of FEPADE will not be compromised by the expansion.

The Team admires and respects the institutional maturity which FEPADE has achieved in such a brief period of time. We urge that their second year of activity include consolidation of their internal management process as a pre-condition to expansion into new program areas. We believe in-house expertise could carry out an internal, functional review which would result in manuals of operations for the organization. We concluded, however, that this could be done more cost effectively using outside technical assistance.

2. Recommendations

a. FEPADE has enjoyed a fast-growing successful first year of activity supported, in part, by USAID grant funding. The opportunity for the organization to expand into other programs is strong and growing.

There is a risk that the organization will be stretched too thin unless they organize internal operations more thoroughly. The Team recommends a management review and operational consolidation be implemented using long term, more than six months, technical assistance. Outside technical assistance would be more cost effective than using FEPADE in-house staff who would have to take time off from their regular responsibilities to do the review.

b. The FUSADES Department of Social and Economic Studies (DEES) is in charge of researching and defining long-term development strategies at the macro level and the sector level. FUSADES, therefore, will be analyzing the education sector of the country and formulating strategies for implementation by FEPADE and similar organizations. FEPADE's role in this process should be active not passive and reactive. FEPADE should have an institutionalized, systematic process for working collaboratively with FUSADES. That collaboration must include a feedback mechanism to provide FUSADES with a micro-economic view of labor market employment and productivity.

c. Before any new activities are considered for implementation by FEPADE, they must be examined for the negative or positive impact they would have on FEPADE's potential for becoming financially self-sufficient.

IV. SUMMARY OF RECOMMENDATIONS

TASK1. FEPADE'S ROLE AND ECONOMIC DEVELOPMENT

1. FEPADE should install a system to follow-up its beneficiaries or users (trainees, institutions and enterprises) and evaluate the developmental impact of its programs before expanding or diversifying its current level of activities. The evaluation methodology must be designed under rigorous principles of economic analysis consistent with the underlying philosophy of the FUSADES's model.
2. The main instrument of a follow-up mechanism is a computerized data base that keeps track of the trainees and their employment histories. FEPADE should develop this system and use it to guide its policy actions and evaluate them on a regular basis. The data base could become an instrument to place trainees in case they are laid-off by their employers or they are trained on their own account before they find employment. The trainees must recognize that it is to their own advantage to keep their files updated and report changes every time they occur. The information in the data base must be designed and organized in a simple and accessible fashion and it could serve to carry out research projects with policy implications for FEPADE, FUSADES, the private sector and, possibly, labor unions, journalists and the government policy makers. The data base could be designed to show the impact of training and productivity, competitiveness and employment, and the improvements in the standard of living of the trainees.
3. In order to support FUSADES's model implementation, FEPADE should also install a system to monitor labor markets performance, employment and salaries in El Salvador. According to the national (geographic) level of coverage that FEPADE's programs can reach, the monitoring of labor market conditions should consider extending to the relevant regions of the country. This may require helping the competent government agencies to develop the information base to perform these activities.
4. FEPADE should continue with its market research surveys to identify training demand and respond to it by arranging the appropriate programs. It should take into account that not all employers are aware of their potential training needs, nor are they necessarily

knowledgeable about how to solve them. In this regard, FEPADE may wish to study the advantages of offering private firms some technical assistance regarding rationalization of their operations to make them more competitive.

5. The combination of labor market monitoring, impact evaluation of training programs and market research activities by FEPADE must enable it to anticipate demand requirements and plan for it on time and effectively. FEPADE could become an institution to help the national training infrastructure to be flexible, responsive, quick and versatile in satisfying the demand for skilled and semi-skilled labor in El Salvador.
6. Whenever possible, FEPADE should count among its staff with the services of an economist trained at Ph.D. level and knowledgeable about labor economics, to help the institution in evaluating its activities and monitor the general economic conditions that affect employment, wages and productivity in the country, and possibly, in some selected regions.
7. FEPADE must be knowledgeable about the non-training economic and non-economic conditions that influence the effectiveness of training programs. Special attention must be given to investment activity and its employment-generation implications in El Salvador, real exchange rates, credit availability, financing and exports, etc.
8. To the maximum extent possible, FEPADE must avoid creating its own training infrastructure whenever a similar infrastructure exists in the country. FEPADE should make maximum use of the available human and physical resources for the training programs it sponsors and coordinates.
9. Increased capital utilization (installed capacities) could be achieved in principle by the use of more than one shift in some industries. The advantage of multiple shifts is in the possibility of increasing output and employment without further investments in buildings and equipment. Even though this has been attempted without success in several enterprises, the idea should not be abandoned. FEPADE could play an important role in helping the managers of firms with such potential to identify the advantages of multiple shifts and organize their resources accordingly.

10. In view of the urgency to accelerate the economic development of El Salvador, FEPADE's training policies should concentrate on selecting those individuals that seem most able to take advantage of the training, whether they are employed adults or high school graduates. By the same token, the highest priority in the delivery of training programs should be given to training the employed or those that can be reasonably expected to be employed shortly after training is completed.

TASK2. FEPADE AND LINKAGE OF SUPPLY TO DEMAND

General Recommendations

Our general recommendations are focused on strengthening FEPADE's present linkage capability and also developing an additional capability to provide consulting services to employers and trainers. First we will provide our recommendations for improving the present capability.

1. Committees

Because of the important role that the various committees serve as a linkage vehicle, steps should be taken to maximize their effectiveness. It was observed by the TEAM members that undue emphasis is sometimes placed on relatively minor decisions and less consideration given to other matters that may well set important precedent or policy for future decisions. Procedures, policy statements, agendas, and discussion time-constraint could be established, based on relative priority, cost, future implications, etc. A workshop or seminar could be offered, by an outside consultant, on "The Effective Use of Committees in the Decision Process".

2. Public Relations

Public Relations is another vital component in developing and maintaining an effective linkage capacity as well as an appropriate image. This department now produces a number of effective publications and press releases. It appears that additions or changes in content based on the market a particular publication addresses could be introduced. For example, content focused on increasing the awareness of the technical process, techniques for developing and utilizing human resources (identifying and defining needs, developing performance objectives and standards, determining the relative priority of needs, evaluating worker performance, incentive systems, etc.)

would be useful additions. Perhaps a "Training Techniques" newsletter could be developed.

3. Data Base

Another vital component is a data base capability. The present computer center can be expanded to provide data useful to several other FEPADE departments. Some areas of present and future information/data need includes:

- Standards for evaluation/approval of training institutions, courses, instructors.
- A list of qualified education/training resources (institutions, programs, courses, instructors, etc.) both local, regional, and abroad.
- A schedule of current and future course offerings (local, regional and abroad).
- A list of graduates, qualifications, current employers, etc.
- A list of students now in training by occupation, institution, etc.
- Performance objectives and standards for all courses.
- Master list of all employers in priority sectors of the economy (non-traditional export by size, occupational needs, etc.).
- Training needs survey results by sector and employer.
- Standard occupational titles and job descriptions with task listings for priority skilled, semi-skilled, and other occupations in priority industries.
- Manpower requirement, resource, placement, and utilization information by occupation and priority sectors of the economy.

4. Systems and Procedures

Systems and Procedures manuals should be developed, standardized and revised as required to establish a standard policy for:

- Evaluating and approving sources of supply (institutions, programs, courses content, facilities, equipment, management, instructors, graduates).

- Evaluating and approving employers requests for assistance (training needs or defining needs, relative priorities, course duration, content, etc.).
- Evaluation of graduates at the work-place - to provide quality-control information on the process (developer, linkage and employer of human resources).
- Collection and distribution of feed-back information to both trainers and employers of manpower.

5. Training Materials Resource

The Training Materials Resource center capacity should be expanded. A beginning has been made. A small library of reference and course materials has been assembled. However a large variety of appropriate training materials and aids (films, slides, devices, etc.) in Spanish or English is available from many sources in Latin and North America. Directories and listings are available.

This material can be made available on a loan or sale basis or can serve as reference or content material for the development of new programs. A distribution center sponsored by the International Labor Organization (ILO), CINTERFOR exists in Brazil for use by member nations. Excellent modular format, performance referenced training materials for many occupations as well as videos, are also available from public and private sources abroad.

Another useful function of the TMDRC could be a small reading reference evaluation, visual display room where printed matter and video material can be viewed and evaluated by potential users (FEPADE employers and training firms).

A third service of the TMDRC would involve the modification, development and translation of training programs and materials. Manufacturing firms often purchase equipment for which no training programs exist. Yet trained operators and maintenance mechanics are immediately needed. Frequently the importer or manufacturer does not provide training material or programs or only at the time of initial installation. Manufacturing specifications and/or operators manuals are not satisfactory substitutes. A competent training materials development specialist can readily develop effective and essential training materials from these basic documents.

The second focus of our recommendations will be to provide consulting-training services (smaller firms) or develop or strengthen selected private sector economic priority employers

(larger firms) ability to identify, prioritize, and define their training requirements in objectively verifiable terms (job performance requirements vs. job titles). This will require full consulting services and support assistance to small and medium size firms and a lesser consulting emphasis and relatively more training of employer resident staff in some larger firms. Accomplishment of this goal will require a FEPADE capability to advise and or assist selected employers to perform those functions essential to the effective development and utilization of trained manpower. This will include the capability to:

- Analyze total employer operational activities as an integrated, interacting performance system rather than as a series of felt-need, discrete training or manpower needs.
- As a product of this analysis, identify training and manning requirements and their relative criticality and phasing (sequential or simultaneous).
- Define these training/manpower requirements in objectively verifiable terms (the training-performance prescription) and not merely in terms of numbers and job-titles, thereby permitting and/or enabling FEPADE's and supplying institutions, or trainers, and consultants to produce the desired input (appropriately trained and/or skilled manpower) and cost-effective performance results.
- Develop objective performance standards and measurement criteria of currently employed personnel and recently trained graduates (thereby enabling performance evaluation).
- Identify and evaluate the relative cost-effective advantages of alternative approaches/solutions (in-plant training vs. procedural/process changes that reduce the need for trained personnel, contract maintenance/repair services, in-country training, training abroad, use of consultant-trainers, or wait for institutional outputs and other alternatives).
- Evaluate those possible resources within the selected alternative (utilize local training resources) and make a selection based on pre-defined needs and criteria as well as the training resource's capability.
- Implement, monitor, adjust, and redirect the program as required.
- Verify graduates performance - against predefined performance objectives.

- Provide corrective feed back information.
- Identify short- and medium-term future manpower and training requirements.
- Association with Professional Societies: For the fledgling or the professional trainer, several professional societies exist. Most have large memberships. The American Society of Training and Development is a U.S.-based society that has with USAID assistance, cooperated in the formation of national societies (most countries of the world) regional societies, (Asia, Africa, Europe and Latin America) and international (the International Federation of Training and Development Organizations - IFTDO). Both the ASTD and IFTDO publish monthly journals and many other publications that are the life blood of industrial trainers around the world. Each issue contains numerous useful articles aimed at solving performance problems found in all establishments. A second U.S. publication "Training" is also very useful. FEPADE should subscribe to both (ASTD and Training periodicals) and maintain a reference file of these periodicals and their primary publications that serve as the "bibles" of industrial trainers - both beginners and advanced. Selected FEPADE staff members should attend the annual ASTD convention which is usually held in August. It provides an excellent opportunity to listen to many papers all given by trainers in industry as well as view many training films, videos, slide shows and inspect and evaluate hundreds of printed training programs, reference publications, training devices, training simulators and other resources designed for the needs of trainers as opposed to vocational-technical schools (these conventions should also be attended).

Specific Recommendations

No training organization can now respond in a flexible timely and appropriate manner to the variety of trained or semi-trained manpower demands of private sector employers either quantitatively or qualitatively.

Nor can the export-oriented entrepreneur adequately identify, and define the relative priority of their quantitative and qualitative manpower needs in objectively verifiable, work-performance terms.

The more astute and successful owner - managers we visited readily admitted their limitations and those of the supplying institutions. As a result, FEPADE is limited to serving as a link or carrier of inadequately defined needs to inadequate or inappropriate supplier. Recommendations must be made that will enable the three major components of the present "system" to perform in a more timely, effective and efficient manner.

What are the major functions or capabilities that must be developed? What organizational capability can serve as a model? In many ways, FEPADE must perform the functions of a comprehensive, full-service human-resources development and utilization department or division of a large corporation or organization not unlike some multi-national firms or national level training-development agencies found in many Latin American countries (INCE, etc.).

In most LDC's, only the larger firms, usually multi-national companies can effectively perform those HRD functions that enable them to compete effectively in the international market place. In El Salvador, El Molino, a Pillsbury subsidiary, is an example of such a firm. Most of their semi-skilled, skilled or management personnel were developed, with the assistance of their parent corporation, on-the-job locally or abroad or at special technical schools that offer numerous special courses unique to the milling industry.

Few of the large local corporations, and none of the medium or small local firms now have, or will be able to develop all of those internal capabilities required to identify and address their manpower needs except in a broad and non-specific manner.

A listing of the major functions or capabilities follows. Someone, the trainer, the employer or the linkage organization must individually or collectively possess these capabilities. They include the ability to:

- Identify/verify human performance deficiencies at the employer's establishment.
- Define/confirm training requirements (employer) and their relative priority.
- Define detailed training/performance objectives for each task.
- Establish objective performance standard (to evaluate programs and graduates).
- Evaluate alternative solutions (training in the US, in other countries, in the plant, in FEPADE, in country, abroad).

- Evaluate by objective standards, the capability of all sources of supply of manpower and training.
- Approve sources (consultants, establishments, instructors, materials, courses, programs).
- Maintain a current file of qualified sources of supply.
- Select appropriate source/solution against requirements and objectives (# 2 & 3).
- Implement programs; contracts, etc. - approve sources, duration, cost, etc.
- Monitor and evaluate programs (against requirements, objectives, standards (#2, 3, 4) and their progress.
- Follow-up at intervals, employed graduates and evaluate performance (against # 3).
- Provide feedback to supplier.
- Modify the program/system as required.
- Forecast future manpower, facility, resource requirements.
- Develop/maintain current data base sources, (instructors, courses, graduates, etc.).

Our specific recommendations for the strengthening of FEPADE's present capabilities and the development of additional capabilities follow. These will enable FEPADE to perform effectively, as a linkage between the present supply and demand and also will strengthen the sources of supply enabling them to respond in a timely and effective manner to employers needs as well as enhance the ability of employees to identify and define their needs in a more precise and objective manner. Our recommendations include the provision of long-term and short-term consultant-trainer, work-study experiences in the region and abroad, seminars, work shops, training courses and programs, financial support equipment and materials. This should be approach in two phases.

First Phase

The first phase consisting of technical assistance over a 36 month period will be designed to develop FEPADE's capability to

effectively perform in an increasingly self-sufficient manner, all of those functions required to fulfill its role as a consultant-trainer, catalyst-linkage between the supplier and the employer of trained human resources. This phase will contain three objectives:

- (1) Increase the efficiency and effectiveness of the various producers of trained manpower and increase their ability to respond in a timely and appropriate manner to the training needs of employees of targeted industrial sectors.
- (2) Strengthen employers ability to define their requirements.
- (3) Develop FEPADE's capability to evaluate, assist and advise trainers and employers in developing and utilizing the countries human resources.

Second Phase

The second phase (which could overlap the first phase), involving 12 to 24 months will consist of decentralization and duplication of FEPADE's service capability to selected satellite centers and/or increased utilization of contract service institutions.

It is essential, from a cost-effectiveness standpoint that FEPADE, begin to duplicate its capability by decentralization and/or sub-contracting as quickly as their capability permits. One vehicle effectively used by other developing countries is the staff in depth and also assign full-time counterparts to work closely with, on a day-by-day, decision-by-decision, plan-by-plan manner so as to obtain maximum utilization of a consultant-advisor capability. Not only will this accelerate the learning process but will decrease the time required for full self-sufficiency.

During this phase a number of satellite offices or contract offices should be established as the economy permits and the political situation indicates. A detailed plan of action will be developed during the first phase of the program by the long-term technical advisor.

Manning Requirements

It is recommended that in addition to present resident advisors:

- (1) A long-term industrial training consultant be retained over the duration of the first phase of the contract. This person should have had extensive industrial training

experience in the U.S. and abroad, particularly in LDC's. In addition it is considered essential that the consultant-advisor have had consulting responsibility for planning, implementing, operating and/or upgrading a full-service national training agency such as FEPADE is destined to become (perhaps modeled after INCE, CENA, or similar organizations).

(2) In addition, a series of short-term training consultants should be provided in the following areas, during the first phase:

- Training Systems Analysis
- Industrial Train-the-Trainer
- On-the-Job Training
- Training materials development
- Definition of training and work performance
- Industrial Sector Training Specialists
 - Apparel Industry
 - Agricultural products processing
 - Shoe manufacture/assembly
 - Others as indicated
- HRD Data Base Development
- Training materials and resources

It is recommended that all of these advisor-training specialists be qualified consultant-trainers capable of training FEPADE and other organization staff members as widely experienced in actually implementing programs that utilize the knowledge and skills that they teach - a relatively rare capability. For example it is infinitely easier to "teach" an MBO course than to implement a functioning MBO program, that survives over time, in a LDC organization or factory.

TASK 3. FORECASTING LABOR MARKET NEEDS

Our recommended strategy for FEPADE regarding the determination and anticipation of labor market training requirements are summarized in the following points:

1. Improve the current training market research surveys to reflect demand for technical-vocational skills more accurately than felt needs.
2. Anticipate the demand for the training of technical-vocational trainers and formulate middle and long-run plans if necessary and operationally useful.

3. Formulate alternatives that contribute to the improvement of the quality of general education, emphasizing basic skills of the type needed for general economic development.
4. Gradually project FEPADE as a center where private firms could obtain assistance regarding their manpower needs, including those contemplating large investment programs that may require long-run training plans for specific occupations.
5. Monitor labor market conditions and trends for employment and wages, disseminating relevant information to assist in the decisions of prospective students and trainees in their career options.
6. Develop a job title and job description system with adequate identification of task and skill performance levels.
7. Examine data from census, household and establishment surveys for trends that may help identify long-term implications for labor market supply and demand.

TASK 4. PLACEMENT/EMPLOYMENT MECHANISMS, FEPADE'S ROLE

FEPADE should contemplate the following recommendations:

1. Control the quality of the training programs in order to guarantee employer's and workers' satisfaction and future reliance on the system.
2. Develop the job title and job description system (proposed in the previous section) to facilitate information and evaluations about workers' qualifications and job performance requirements.
3. Develop and maintain a data bank on recent graduates, following up on them for a reasonable period of time to ascertain employment conditions and to derive feedback information to assure relevance of training programs.
4. Make employers aware of the existence of the system as it develops, especially for high-priority occupations and skills. The frequency of use by employers of the "clearing house" mechanism will be evidence of its value. Eventually, this service could be financed through payments by its beneficiaries if they consider it valuable enough.

5. Encourage graduates to keep their records up to date in the FEPADE data base for future reference by other employers. The clearing efficiency of labor markets should not be concentrated only on recent graduates; as the economy develops on a more competitive basis, employers will need to compete for the best workers, paying better salaries and contributing to the improvement of the standard of living of the best workers. This could be used as an incentive for the workers to participate in the system long after their graduation from training.
6. The data base must be exclusively dedicated to workers whose qualifications are well known. Inclusion of graduates not trained through FEPADE's intervention could be considered only after ensuring that such action would not undermine the reliability and quality of the information.

TASK 5. POST-SECONDARY TECHNICAL VOCATIONAL EDUCATION/TRAINING

1. Existing data and information are inadequate to substantiate or justify a significant level of investment in the post-secondary technical education level. FEPADE is indicated as the institution with the interest, methodology, independence and motivation to carry out feasibility studies the results of which would give guidance regarding the need and potential for post-secondary training. It is recommended that these feasibility studies be initiated by FEPADE with technical guidance as required. The feasibility study could include a definition of size of the institution, territorial coverage, catalog of relevant course offerings, levels of enrollment, source of student body, installation and operating costs, sources of funding including cost recovery schemes and student loans and other relevant issues.
2. Our review of FEPADE's operational load suggests caution against syphoning off in-house staff to carry the load of any additional new initiatives and responsibilities implied a venture like post-secondary level education. FEPADE must guard against weakening their credibility with the consumers of their training. We recommend FEPADE carefully review their 1988-1989 work plan to determine the propitious time for implementing feasibility study activity required by a post-secondary initiative.
3. FEPADE should energetically seek private sector funding to carry out the feasibility of the studies

which the TEAM considers pre-requisite to initiation of a post-secondary training institution.

4. Prior to USAID/El Salvador consideration of an amendment to provide significant funding for a post-secondary training institution in El Salvador there should be evidence available from feasibility studies showing a clear and continuing need for middle level technical supervisory personnel, assurance that such an institution could become self-sufficient in a reasonable time frame, and indications of a broad private sector commitment to the institution. FEPADE should also demonstrate the initiative would have impact on peripheral issues which mitigate negatively on the implementation of a post-secondary facility. One is to persuade the Ministry of Education to lift tuition limits. Unless they do so chances for self-sufficiency are weakened.
5. The FEPADE methodology includes institutional arrangements to collaborate with the public school system through the CONACODE agreement. The quality and sustenance of any post-secondary institution would be strengthened by increasing the quality of the students seeking entrance into that level of training. CONACODE should be used to involve Ministry of Education in the study, design and implementation of the institution if one is created. Their involvement could have a positive impact on their own need to upgrade similar public entities and general education as a whole.

TASK 6. FEPADE'S MANAGEMENT CAPABILITY AND READINESS TO DIRECT A BROADER RANGE OF ACTIVITIES

1. FEPADE has enjoyed a fast-growing successful first year of activity supported, in part, by USAID grant funding. The opportunity for the organization to expand into other programs is strong and growing.

There is a risk that the organization will be stretched too thin unless they organize internal operations more thoroughly. The TEAM recommends a management review and operational consolidation be implemented using long term, more than six months, technical assistance. Outside technical assistance would be more cost effective than doing the task internally using FEPADE in-house staff who would have to take time off from their regular responsibilities to do the review.

2. The FUSADES Department of Social and Economic Studies (DEES) is in charge of researching and defining long-

term development strategies at the macro level and the sector level. FUSADES, therefore, will be analyzing the education sector of the country and formulating strategies for implementation by FEPADE and similar organizations. FEPADE's role in this process should be active not passive and reactive. FEPADE should have an institutionalized systematic process for working collaboratively with FUSADES. That collaboration must include a feedback mechanism to provide FUSADES with a micro-economic view of labor market employment and productivity.

3. Before any new activities are considered for implementation by FEPADE, they must be examined for negative or positive impact they would have on FEPADE's potential for becoming financially self-sufficient.

FUSADE'S PROJECTED STUDY/RESEARCH PLANS

Estudio: Programa Economico y Social

Consultor: Arnold Harbeger

Alcance:

Fase 1: Supervisar la elaboración de los estudios siguientes:
a) Integración de la Política Macroeconómica, b) Intermediación Financiera, c) Sistema Nacional de Inversiones, d) Gasto Público y Política de Precios, e) Política Tributaria, f) Política Industrial, g) Estrategia Social.

Fase 2: Incorporar al documento final los resultados de los estudios, a) Estrategia Agrícola, b) Ventajas Comparativas. Elaborar un documento final del Programa Económico y Social.

Informes de Avance:

- Primer informe de Avance 2a quincena de diciembre 1988
- Reporte final en marzo 1989.

Estudio: Investigaciones Complementarias para integrar y armonizar los diversos estudios

Consultor: Daniel Artana

Alcance:

Efectuar las investigaciones complementarias requeridas por el Dr. Arnold Harbeger. En principio se estudiarán temas tales como: a) regulaciones al mercado laboral, b) regimenes de exoneraciones fiscales, c) costos de la transición en la reforma económica propuesta.

Informes de Avance:

- Primer informe, sobre los costos de la transición en otros países, 2a. quincena de diciembre.
- Informe final de estudios complementarios: 22 de febrero 1989.

Estudio: Integración de Políticas Macroeconómicas

Consultor: Sergio de la Cuadra y Salvador Valdés

Alcance:

Compatibilización macroeconómica de corto plazo de las Reformas Económicas que se propongan en los diversos estudios.

- a) Asesoría al staff del DEES en la realización de un ejercicio de Programación Financiera (con la metodología del FMI) con énfasis en ejercicios básicos para preparar planes de contingencia frente a shocks externos que se transmitan por la cuenta de bienes o a la cuenta de capitales de la balanza de pagos.
- b) Determinar la oportunidad y orden (timing and sequence) de las reformas económicas propuestas, en su conjunto; considerando la coherencia política y económica del programa, además incorporar a la programación financiera simulaciones que consideren los posibles efectos de las reformas económicas que se implementen.
- c) En política monetaria, en la primera etapa de implementación del Programa, mientras no se liberalice el mercado financiero, será necesario dar lineamientos para el manejo de las tasas de interés y expansión del crédito.

Se considerarán aspectos institucionales relacionados con los organismos responsables del manejo de la política monetaria (Junta Monetaria y Banco Central).

Informes de Avance:

- Primer informe de avance sobre el ejercicio de programación financiera en 30-11-88.
- Informe final: antes del 15 enero 1989.

Estudio: Intermediación Financiera

Consultor: Sergio de la Cuadra y Salvador Valdés

Alcance:

1. Justificación de la necesidad de una reforma para liberalizar y privatizar el sector financiero.

2. Implementación de una liberalización y privatización financiera. Se definirá la secuencia temporal de las políticas económicas que deben ser adoptadas, con énfasis en las siguientes etapas:
 - a. Saneamiento previo a la liberalización de las tasas de interés. Incluye aspectos tales como la creación de capacidad de supervisión bancaria, políticas para el manejo de la mora, revisión de los procedimientos legales que rigen la cobranza y segregación del crédito existente concedido para la reforma agraria.
 - b. Procedimientos para la liberalización de las tasas de interés. Incluye aspectos tales como la adaptación de la supervisión bancaria hacia la evaluación del riesgo, crear normas que faciliten la quiebra bancaria, transición desde instrumentos directos de control de crédito por parte del BCR hacia instrumentos indirectos.
 - c. Procedimientos de privatización de bancos e Instituciones de Ahorro y Préstamo. Se incluyen aspectos tales como su financiamiento, la decisión entre un capitalismo popular y la licitación directa, las condiciones de entrada de nuevos bancos y la posibilidad de propiedad extranjera y estatal.

Informes de Avance:

- Primer informe de avance sobre la justificación de la necesidad de la reforma, 30-11-88.
- Informe final antes del 15 de enero 1989.

Estudio: Gasto público, política de precios y las políticas de regulación

Consultor: Daniel Wisecarver

Alcance:

Primera Etapa:

1. Análisis del gasto público que incluye una revisión del marco institucional presupuestario de las distintas reparticiones públicas y una evaluación histórica del gasto para recomendar su racionalización y lograr el impacto mas efectivo factible en la economía. Con énfasis en:

- a. La magnitud del gasto como fracción del producto.
Reconociendo las restricciones de la meta de controlar el déficit, las recaudaciones posibles dentro del sistema tributario, los gastos fijos (obligaciones financieras vigentes, esfuerzo bélico y gastos del sector público no financiero).
 - b. Lograr la coordinación con las metas y posibilidades del programa de gasto social.
 - c. Detectar e incluir en el gasto total: el presupuesto ordinario, SETEFE, transferencias entre Gobierno Central y entidades descentralizadas.
 - d. Enfatizar las implicaciones del déficit fiscal: impuesto, "inflación", endeudamiento interno, utilización de la ayuda externa.
2. Dado el nivel deseado y factible de gasto fiscal, cómo hacerlo mas efectivo y eficiente?
 - a. Implementar un sistema de evaluación de proyectos.
 - b. Priorizar los programas de gastos corrientes.
 - c. Focalizar los gastos hacia áreas prioritarias.
 - d. Descentralizar el proceso presupuestario y hacerlo más ágil y flexible.
 - e. Establecer mecanismos para exigir el autofinanciamiento de empresas públicas y entes autónomas.
 - f. Detectar y eliminar partes del gasto público que significan desperdicios y duplicaciones.
 3. Política tarifaria de empresas públicas y operaciones de instituciones autónomas.
 - a. Diagnóstico del sistema tarifario actual.
 - b. Evaluación de operaciones de instituciones autónomas, como IRA, INCAFE e INAZUCAR.

Diagnóstico de sus políticas de comercialización, precios, mecanismos presupuestarios y recomendaciones para mejorar su eficiencia financiera y económica.
 4. Se investigará en terminos generales las políticas de control de precios y otras regulaciones y restricciones en vigencia que afectan la operación de los mercados en El

Salvador, para buscar métodos de control más eficientes y sugerir eliminación de controles.

Segunda Etapa:

Colaboración con el Dr. A. Harberger en la redacción del informe final.

Informes de Avance:

- Informe total de la 1a. etapa, 2a. quincena de diciembre 1988.
- Entrega del documento final en mayo 1989.

Estudio: Sistema Nacional de Inversiones

Consultor: Ernesto Fontaine

Alcance:

1. Diagnóstico acerca de los procedimientos y estudios que apoyaron en el pasado reciente la aprobación de proyectos públicos de inversión y su inclusión en el Presupuesto de la Nación.
2. Diseñar un Sistema Nacional de Inversiones, lo cual implica:
 - a. Establecer el itinerario que debiera seguir un proyecto de inversión, en cuanto a estudios y aprobación, en cuanto a estudios y aprobación, en sus etapas de identificación, preparación y evaluación a nivel de idea, prefactibilidad y factibilidad.
 - b. Establecer la institucionalidad encargada de supervisar y ejecutar el itinerario.
 - c. Proponer una legislación relativa, tanto al itinerario, como a la aprobación del Organo Ejecutivo y Organo Legislativo de los proyectos que incluyen en la Ley de Presupuesto.
3. Diseñar sistemas regionales y municipales de inversión.
4. Diseñar un programa de adiestramiento en la preparación y evaluación social de proyectos (batería de cursos, contenido, costo e institucionalidad).

Informes de Avance:

- Primer informe: primer semana de noviembre 1988.
- Informe final preliminar: primera semana de enero 1989.
- Reporte final: 31 de marzo 1989.

Estudio: Política Industrial y de Fomento de Exportaciones

Consultor: Osvaldo Schenone

Alcance:

1. Identificación de los instrumentos de protección a la sustitución de importaciones: aranceles, permisos de importación, tipos de cambio preferenciales, cuotas y prohibiciones de importación, exoneración de aranceles sobre insumos.
2. Identificación de los instrumentos de promoción de exportaciones: crédito pre- and post-embarque, certificados de abono tributari, admisión temporaria de insumos, tipos de cambio preferenciales.
3. Cuantificación del impacto del influjo de capitales desde el exterior, sobre el tipo de cambio real e identificar los sectores para los cuales este efecto significa un aumento de la protección, discriminatorio en contra de los sectores más competitivos de la economía.
4. Identificación de las trabas y procedimientos burocráticos que obstaculicen las exportaciones.
5. Cálculo del sesgo antiexportador para una muestra representativa de productos.
6. Costo fiscal de la protección no arancelaria a la sustitución de importaciones y de la promoción de exportaciones. Esta estimación indicará los recursos adicionales que sin presión tributaria puede destinarse al alivio de los costos sociales de la transición.
7. Análisis de los controles de precios y salarios en los mercados internos. Las políticas de liberalización del sector externo, implicarán cambios importantes en los previos relativos de toda la economía.
8. Explicación de los cambios o reconversión que posiblemente sucederán en el sector industrial, dentro de la transición del sector y para viabilizar el aumento de las exportaciones a países fuera del área centroamericana.

9. Analizar las implicaciones de la participación del El Salvador en el MCCA, principalmente en lo que concierne a la protección arancelaria.

Se harán recomendaciones de política en los siguientes campos:

1. Eliminación o reemplazo de los instrumentos no arancelarios de la protección a la sustitución de importaciones.
2. Nivel promedio al cual deben ubicarse todos los aranceles. En relación con la política de tipo de cambio a adoptarse.
3. Dispersión de los aranceles alrededor del nivel escogido. Cronograma de reducción gradual de esta dispersión.
4. Simplificación de procedimientos para exportar y eliminación de tramites innecesarios.
5. Nivel promedio al cual deben ubicarse todos los incentivos a la promoción de exportaciones.
6. Cronograma de la reducción gradual de los incentivos a las exportaciones.
7. Utilización de recursos fiscales para facilitar la reubicación de mano de obra en los sectores que se expanden y contraen.
8. Eliminación gradual de prohibiciones o autorizaciones de exportación simultáneamente con el desmantelamiento de los controles de precios, para cuyo sostén se hubieran requerido las restricciones de exportación.
9. Política de tipo de cambio a adoptarse dentro del proceso de liberalización del Comercio Exterior.
10. Estrategia global para el manejo de las relaciones comerciales con C.A.
11. Modalidades tendientes a facilitar el reacomodo gradual de la estructura productiva, en función de las exportaciones y sustitución eficiente de las importaciones.

Informes de Avance:

- Primer informe (Diagnóstico) el 10 de noviembre 1988.
- Informe final, 2a. quincena de diciembre.

Estudio: Política Tributaria

Consultor: Juan Carlos Méndez

Alcance:

Señalará los cambios que deben efectuarse con el fin de obtener un sistema tributario simplificado, equitativo y, en lo posible neutral en la asignación de recursos.

- a. Realizar un análisis de los problemas tributarios de fondo y presentar proposiciones técnicas que deban contener los aspectos sustantivos de la reforma tributaria propuesta.
- b. Definir las bases gravadas; la cobertura de dichas bases y las tasas a aplicar.
- c. Estimar los ingresos fiscales producto de estos tributos.
- d. No se llegará al nivel de elaborar proyectos de leyes.

Informes de Avance:

- Contrato aun no firmado

Estudio: Estrategia Social

Consultor: Fundación Miguel Kast
Francisco Covarrubias (Generalista)
Ema Budinich (Generalista)
Mercedes Cifuentes (Salud)
Pedro Escudero (Salud)
Pablo Ihnen (Trabajo)
José Pedro Undurraga (Prev. y Seguridad)
Charles Holmes (Vivienda)

Alcance:

- A. Diseño de la estrategia de desarrollo social que incluirá la formulación de las grandes políticas globales, en especial:
 1. Declaración de principios.
 2. Principios éticos y técnicos de la estrategia.
 3. Marco conceptual del desarrollo social.
 4. Crecimiento económico vs. gasto social. Estrategias complementarias y competitivas.

5. Participación privada en el desarrollo social.
6. La participación de los pobres en su propio desarrollo.
7. Sistema de Planificación.
8. Aspectos operativos del desarrollo social.
9. Asesoría metodológica en un diagnóstico socio-económico.

B. Asesoría metodológica en un diagnóstico socio-económico.

1. Diagnóstico intersectorial (global) que deberá incluir antecedentes sobre la situación de la pobreza en el país, caracterización geográfica y poblacional de las familias pobres, descripción de los principales programas sociales y distribución del gasto social.
2. Asesoría metodológica en los diagnósticos sectoriales, de vivienda, salud, empleo y seguridad social. Incluirán evolución histórica, estado actual, organización del sector, extensión y cobertura de los programas sociales, recursos financieros, físicos y humanos, limitaciones geográficas, físicas e institucionales; principales proyectos en ejecución, demanda y déficit del sector.

C. Formulación de objetivos globales y sectoriales, asesorada por un especialista de cada sector.

D. Formulación de políticas globales y sectoriales.

E. Plan de Acciones, estudios básicos, programas y proyectos.

Se identificará un listado tentativo de acciones e ideas de proyecto, se determinarán áreas prioritarias de acción, se perfilarán programas y proyectos.

F. Necesidades de financiamiento. Se determinará un plano de financiamiento coherente a los recursos fiscales y a las posibilidades de apoyo internacional.

G. Diseño a nivel de perfil de algunos programas específicos:

1. Salud

- Análisis de la descentralización administrativa de los servicios de salud
- Programa Materno-infantil, control nutricional.

2. Trabajo

- Programas de capacitación y empleo, estudio de regulaciones laborales.

3. Seguridad Social

Análisis sistema previsional de capitalización individual.

Informes de Avance:

- Primer informe, 4a. semana de octubre.
- Segundo informe, 4a. semana de noviembre.
- Cada consultor dejará un reporte de su visita.

**PURPOSE AND PLANS FOR
THE NATIONAL COMMISSION OF COOPERATION
FOR THE DEVELOPMENT OF EDUCATION (CONACODE)**

1. DESCRIPCION

El presente plan es una iniciativa conjunta del sector privado a través de la Fundación Empresarial para el Desarrollo Educativo (FEPADE) y el Sector Oficial representado por el Ministerio de Educación, con el auspicio de la Agencia para el Desarrollo Internacional (AID); encaminada a contribuir a la superación de la problemática educativa, sistematizando la cooperación que se puede obtener de diversas fuentes y como consecuencia apoyar el desarrollo social y económico del país.

Para ello, se propone la organización de una Comisión Nacional de Cooperación para el Desarrollo de la Educación (CONACODE).

2. ANTECEDENTES

En los meses anteriores se han desarrollado una serie de acciones coordinadas de trabajo entre FEPADE y el Ministerio de Educación, en las cuales se ha puesto de manifiesto, la convicción de que la educación como fenómeno social no es sólo responsabilidad del gobierno, sino que debe ser responsabilidad compartida, y que en dicha tarea, todos tenemos la obligación moral y ciudadana de aportar toda la experiencia y recursos que sea posible, para contribuir a solucionar la problemática educativa nacional.

En la búsqueda de formalizar y consolidar estas iniciativas de acercamiento y cooperación, se han sostenido reuniones técnicas en las cuales se logró identificar actividades prioritarias para la elaboración de un Plan de Trabajo. Estas son:

- Revisión de la Ley General de Educación
- Estudios Sobre:
 - Formación y Capacitación de Docentes
 - Medios Auxiliares al Sistema Educativo
 - Formación Técnica-Vocacional
 - Programación de Valores Morales y Civicos
 - Revisión de Programas de Bachillerato Industrial

3. OBJETIVOS

a. General

Establecer mecanismos de cooperación entre la empresa privada, y el Ministerio de Educación, en la búsqueda de mejorar la calidad de la educación.

b. Específicos

- Integrar la Comisión Nacional de Cooperación para el Desarrollo de la Educación (CONACODE).
- Organizar las diferentes comisiones que sean requeridas para la planificación, implementación, ejecución y evaluación del Plan de Trabajo.
- Atender las áreas prioritarias del sistema educativo nacional que sean determinadas por la CONACODE.

4. METAS

En base a los objetivos anteriormente señalados, se propone las siguientes metas:

- a) Lograr la organización y reconocimiento oficial de CONACODE, en un plazo no mayor de 3 meses.
- b) Determinar las áreas de atención de la CONACODE, en forma simultánea a la aprobación de este plan.
- c) Lograr la formación de las diferentes comisiones de trabajo, a más tardar dos semanas después de aprobado el plan.
- d) Obtener los planes de trabajo de las diferentes comisiones.
- e) Elaborar el Plan Operativo de la CONACODE.
- f) Ejecutar y evaluar el 100% de las acciones programadas.

5. ACTIVIDADES

El presente plan considera implementar las siguientes acciones:

- a. Elaboración del plan de organización.
- b. Presentación y aprobación del plan de organización.
- c. Acreditación formal de representantes institucionales ante la CONACODE.
- d. Determinar áreas de acción de las comisiones.
- e. Organización y estructuración de las comisiones.
- f. Elaboración del Plan de Trabajo por las comisiones.
- g. Revisión y aprobación de los planes de trabajo de las comisiones.
- h. Consolidación del Plan Operativo de la CONACODE.
- i. Ejecución de los planes de trabajo.
- j. Evaluación de los planes.

6. METODOLOGIA

El trabajo general de la CONACODE estará basado en la amplia participación y dinamismo de los diferentes representantes de las instituciones involucradas. Como punto de partida para la elaboración de este plan de la CONACODE y para el inicio del trabajo, se aceptarán las actividades que se han establecido por consenso de los participantes en las primeras asambleas generales y que se mencionan en los antecedentes.

Para la continuidad del trabajo de la CONACODE se presenta la siguiente metodología:

- La CONACODE estará integrada por 10 miembros: el Ministro de Educación, el Presidente de FEPADE, representantes de la Empresa Privada y 4 representantes del Ministerio de Educación.
- Todos los representantes deberán estar debidamente acreditados por sus instituciones.

- Deberá desarrollarse una acción amplia y enérgica de motivación para lograr el fortalecimiento de la CONACODE.
- Los planes operativos de la CONACODE deberán basarse en el análisis objetivo de la realidad educativa nacional.
- Deberá procurarse una adecuada representatividad institucional en la organización de las comisiones.
- Los planes de trabajo y las resoluciones de las comisiones serán sometidas a consideración de la asamblea general para su implementación.

7. PROGRAMACION

Cronograma (ver anexo)

COMISION DE ELABORACION DEL PLAN DE TRABAJO:

Ministerio de Educación

Salvador Antonio Pineda Lima
 Roberto Ottoniel Castellanos
 Mauricio Hernán Cruz Olmedo

AID

Claude Boyd

FEPADE

Cecilia Gallardo de Cano

CRONOGRAMA

Actividades	Tiempo	SEP				OCT				NOV				DIC			
		1ª	2ª	3ª	4ª												
1. Elaboración del Plan de Organización de la CCHACCODE		xx															
2. Presentación y aprobación del Plan de Organización		xx	xx														
3. Acreditación de representantes institucionales ante la CCHACCODE		x															
4. Determinación de áreas de acción en orden prioritario			xx														
5. Organización y estructuración de las comisiones				xx													
6. Elaboración del Plan de trabajo por las comisiones					xx												
7. Revisión y aprobación del Plan de Trabajo de las comisiones					xx	xx											
8. Consolidación de los Planes Operativos de la CCHA-CODE						xx											
9. Ejecución de Planes								xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
10. Evaluación de los Resultados								xx	xx	xx	xx	xx	xx	xx	xx	xx	xx

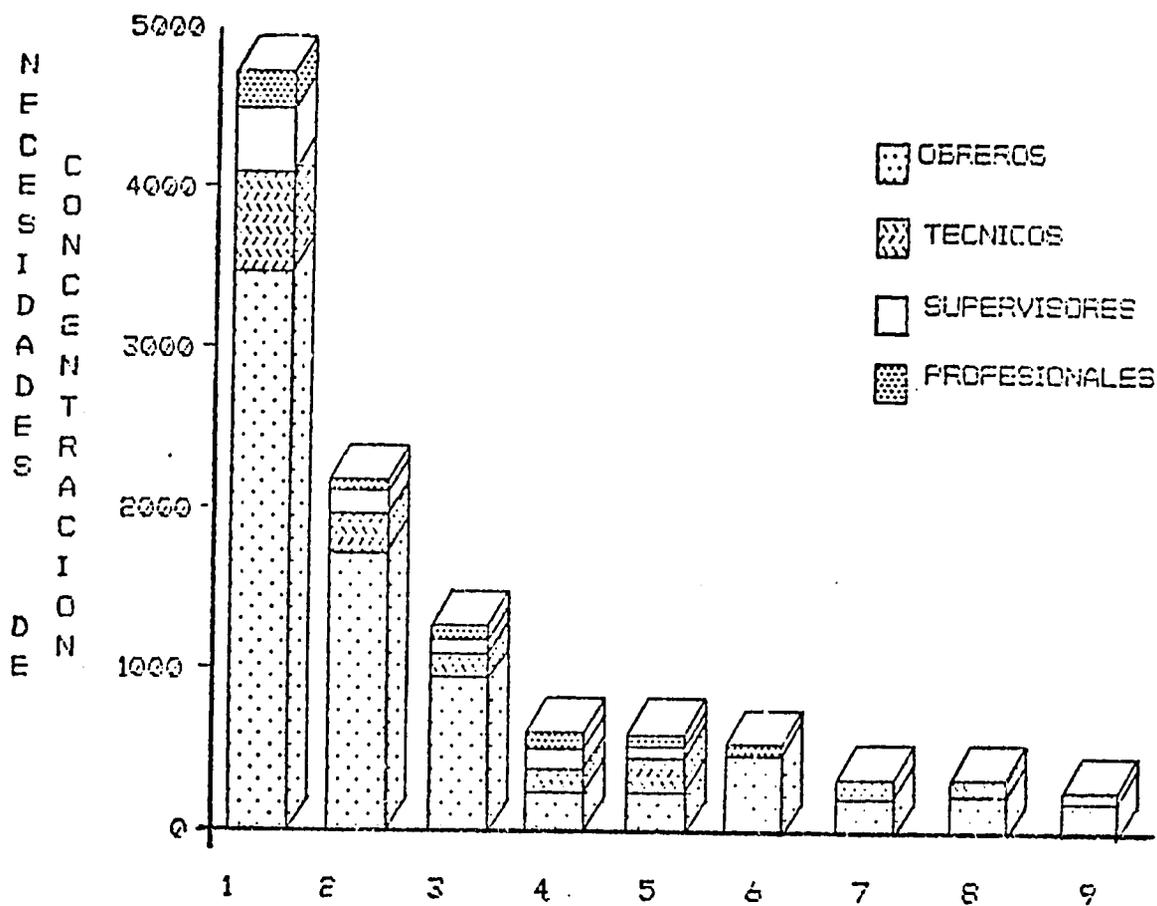
El cuadro que se presenta a continuación muestra el orden prioritario de necesidades de capacitación técnica por nivel para cada uno de los sectores industriales investigados.

INDICES DE NECESIDAD DE CAPACITACION TECNICA
(Escala de 9 Puntos: Alta (7-9), Moderada (4-6), Baja (1-3))

	ACTIVIDADES ECONOMICAS									
	TOTAL	1	2	3	4	5	6	7	8	9
NIVEL: OBRERO										
CARPINTERIA	3.5	2.2	3.0	4.4	1.0	0.0	3.8	0.0	3.8	2.0
CONTROL DE CALIDAD	2.8	3.0	2.6	3.0	3.0	2.7	2.5	2.5	2.5	3.2
MTO. INDUSTRIAL MECANICO	2.6	3.0	1.7	2.4	2.4	2.8	2.9	5.1	2.9	2.6
MTO. INDUSTRIAL EDIFICIOS	2.6	2.9	1.8	2.8	3.0	2.9	3.2	1.0	2.2	2.5
MTO. INDUSTRIAL ELECTRICO	2.3	3.1	1.5	1.9	2.6	2.5	2.4	1.0	2.2	2.2
IMPRESION INDUSTRIAL	2.3	1.0	1.7	0.0	2.4	3.4	3.7	0.0	1.0	2.3
MTO. INDUSTRIAL ELECTRONICO	1.9	2.3	1.4	1.9	2.1	2.3	2.2	1.0	1.5	1.4
(FUENTE: CUADROS Nos. 2, 21, 40, 59, 78, 97, 114)										
NIVEL: TECNICO										
CONTROL DE CALIDAD	3.3	3.2	3.1	3.9	3.6	3.2	2.8	2.5	3.2	3.3
MTO. INDUSTRIAL ELECTRICO	3.2	3.5	3.0	2.9	2.8	3.3	2.4	2.8	3.3	2.5
MTO. INDUSTRIAL MECANICO	2.9	3.3	2.4	2.7	2.6	3.4	3.2	4.3	2.7	3.1
CARPINTERIA	2.9	1.0	1.7	3.9	1.0	0.0	3.8	0.0	2.4	1.0
MTO. INDUSTRIAL ELECTRONICO	2.5	2.8	2.1	2.2	2.9	2.7	2.0	1.8	2.0	1.4
IMPRESION INDUSTRIAL	2.3	1.0	1.7	0.0	2.3	3.5	3.7	0.0	1.2	2.6
MTO. INDUSTRIAL EDIFICIOS	2.2	2.5	1.7	2.5	2.2	2.6	2.5	1.6	2.0	2.5
(FUENTE: CUADROS Nos. 3, 22, 41, 60, 98, 115)										
NIVEL: SUPERVISOR										
CONTROL DE CALIDAD	3.7	3.2	4.0	5.0	4.5	3.6	3.9	2.5	3.4	2.6
CARPINTERIA	2.7	1.0	1.0	3.2	1.0	0.0	3.0	0.0	3.1	2.2
MTO. INDUSTRIAL MECANICO	2.5	2.6	1.9	2.1	2.3	2.9	2.5	5.1	2.4	2.5
MTO. INDUSTRIAL ELECTRICO	2.4	2.9	1.9	2.0	2.6	2.4	2.1	1.8	2.5	2.2
IMPRESION INDUSTRIAL	2.3	1.0	1.7	0.0	2.4	3.1	3.7	0.0	1.0	2.6
MTO. INDUSTRIAL ELECTRONICO	2.2	2.5	1.8	2.1	2.5	2.5	1.8	1.0	1.9	1.5
MTO. INDUSTRIAL EDIFICIOS	2.1	2.2	1.6	2.1	2.2	2.4	2.5	1.8	1.9	2.1
(FUENTE: CUADROS Nos. 4, 23, 61, 80, 99, 116)										
NIVEL: PROFESIONAL										
CONTROL DE CALIDAD	3.6	3.7	3.3	5.5	4.1	3.7	2.3	2.5	3.2	3.4
MTO. INDUSTRIAL MECANICO	2.2	2.3	1.7	1.8	2.0	2.7	2.0	1.8	2.0	2.2
MTO. INDUSTRIAL ELECTRONICO	2.1	2.4	1.6	2.1	2.6	2.4	1.7	1.0	1.9	1.5
MTO. INDUSTRIAL ELECTRICO	2.1	2.5	2.0	1.7	2.1	2.3	1.7	3.0	1.7	2.4
CARPINTERIA	2.1	1.0	1.0	2.7	1.0	0.0	3.0	0.0	1.6	0.8
IMPRESION INDUSTRIAL	2.0	1.0	1.4	0.0	2.0	3.2	3.7	0.0	1.0	2.6
MTO. INDUSTRIAL EDIFICIOS	1.8	2.1	1.4	1.7	1.7	2.1	1.7	1.0	1.6	2.4
(FUENTE: CUADROS Nos. 5, 24, 43, 62, 81, 100, 117)										

Productos alimenticios, bebidas y tabaco (1), Textiles, confección y cuero (2), Productos de madera (3), Productos de papel y editoriales (4), Productos químicos y plásticos (5), Productos minerales no metálicos (6), Metales básicos (7), Productos metálicos y maquinaria/equipo (8), Otras industrias (9).

NECESIDADES DE CONTRATACION POR NIVEL Y AREA



- | | | | | | |
|---|----------|---|-------------|---|-----------|
| 1 | TOTAL | 4 | CALIDAD | 7 | ELECTRICO |
| 2 | MECANICO | 5 | ELECTRON. | 8 | IMPRESION |
| 3 | EXPORT. | 6 | CARPINTERIA | 9 | EDIFICIOS |

LIST OF CONTACTS, INTERVIEWS AND SITE VISITS

ANNEX D

AGAPE, Sonsonate	Fr. Flavian Mucci	Director
ANGELITAS		Operations Manager
ANGELITAS		President
COEXPORT	Silvia H. Cuéllar Sicilia	Director Ejecutivo, Corporación de Exportadores de El Salvador
CONACODE	All Members	
D.C. ASSOCIATES	Daniel Carr	President
EMPRESARIOS JUVENILES	National Meeting	
EXPORTER OF FLOWERS	Gustavo Longoria	President
FABRICA HOLINERA		President
FABRICA INCATECU		Manager
FEPADE	Adalberto Diaz, Ing.	Manager, Tech. Voc. Dept.
	Ana María Abrego, Lic.	Asst. Management Develop.
	Carlos Aguirrecurreta, Lic.	Training Advisor
	Helena de Gutierrez	Manager, Communications
	J. Eduardo Castañeda	Executive Director
	Juan Carlos Mateu	Manager, Mgmt. Trng. Dept.
	Moy de Guerra Hinds	Educredito
	Roberto Palomo	President
	Tom C. Colburn	Advisor, Executive Director
	Trg. Course - Observed Instructor and Participants	Supervisors and Instructors - Sewing Machine Trg. Courses
	Wilma Ludwig, Dr.	Advisor, Tech. Voc. Dept.
	Coralia Schorneberg	Finance Director
FUSADES	Mauricio González Orellana	Economist, Department of Economic and Social Studies
FUSADES	Mirna Liévano	Manager, Department of Economic and Social Studies
FUSADES	Roberto Soriano	Board of Directors
FUSADES	Sandra R. V. de Barraza	Jefe Sección Social, Departamento de Estudios Económicos y Sociales
INDUSTRIAS TEXTILES	Tránsito Hernández Esquivel	General Coordinator for Production
INDUSTRIAS TEXTILES	María Olympia Azmitia de García	Manager Industrial Relations and Personnel
ITCA	Maymo Rasiel Meléndez, Lic.	Director
MINISTRY OF PLANNING	Manuel Robles Guardado	General Director of Planning
QUALITY FOODS	Max Guillermo Novoa Y.	Chief Executive Officer
RICALDONE	Father Corro Melendez	Director
RTAC-II-FEPADE	Juan Carlos Mateu	Director
SALVADOREÑA, S.A.	Roman Quirós	Presidente
SUELAS DE EL SALVADOR	Theresa Giamattei de Patres	General Manager Owner
TECH-VOCAT. COMMITTEE	All Members	Members Advisory Committee
THOS. JEFFERSON SCHOOL		Director, Voc. Educ. Dept.
U. NEW MEXICO	Loretta Jacome	Advisor
USAID	Anna Albanen	Project Officer (FUSADES)
USAID	Claude Boyd	Educational Advisor
USAID	Jim Rausch	FUSADES Contract, Consultant

USAID
USAID
USAID
USAID
USAID
USAID
USAID

Juan J. Buttari
Norma Velasquez
Spike Stevensen
Leo Garza
Henry Bassford
Bill Kaschak
John Kurd

Economist
Economist
Private Sector Development
Education & Training Director
Director
Assistant Director
Assistant Director

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"Directorio de Asociados, 1988.
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11. FEPADE
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"La Educación y el Sector Privado: Capacitación para Obtener Competitividad y Productividad, Propuesta de FEPADE a la AID", Julio, 1987.
14. FEPADE
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"Reglamento de Crédito Educativo del Convenio AID/519-0315", Departamento de Crédito Educativo Draft", Octubre, 1988.
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17. FUSADES/DEES
"Contratos de Asistencia Técnica Externa, Resumen del Alcance de los Estudios a Realizar", Septiembre, 1988.
18. FUSADES
"Términos de Referencia, Análisis del Sistema Educativo, II Fase", 1988.
19. Instituto Técnico Ricaldone
"Cursos Modulares de Formación Profesional", 1988.
20. ITCA
"Matrícula de Nuevo y Antiguo Ingreso, Deserción Absoluta y Porcentual por Carrera del ITCA", Septiembre, 1988.
21. Kurt Salmon Associates, Inc.
"Manufacturing and Marketing. Diagnostic of Men's Wear and Women's Wear Sectors of El Salvador's Apparel Industry", prepared for FUSADES/PRIDEX El Salvador, June, 1986.
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"Informe de Asistencia Técnica a la FEPADE", Abril, 1988.
24. Ministerio de Educación
"Educación Universitaria en Cifras", Enero, 1988.
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"Guía para la Selección de Carreras", 1988.

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"Informe Preliminar de la Encuesta de Coyuntura Evolución y Expectativas Industriales Primero y Segundo Trimestre de 1988", Septiembre, 1988.
27. State University of New York, College of Technology at Alfred
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29. Sección Social-DEES/FUSADES
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30. Ministerio de Educación
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31. COEXPORT
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34. Ministerio de Planificación
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POSITION DESCRIPTION

LONG TERM INDUSTRIAL TRAINING ADVISOR

1. GENERAL DUTIES

Develop, implement and administer a program of technical assistance that provides one long-term (36-month assignment) advisor and several short-term (3 months) consultant-trainer, equipment, materials, scholarships, work-study experiences, training programs and workshops. These inputs will be designed to strengthen FEPADE's present linkage capability and extend their capability to provide consultant-training services to employers, training organizations, and trainees. This program will result in a significantly improved ability of employers to identify and define their specific training needs in objective job-performance terms thereby enabling training organizations and services to develop training programs that precisely address the real demands of priority industries.

2. SPECIFIC DUTIES

The long-term advisor will be responsible for:

- A) Developing and implementing a plan of action for the proposed technical assistance. This will include development of:
 - 1) A time-based plan with a detailed listing of tasks, activities and goals for the long and short term advisors over the life of the project.
 - 2) Position descriptions with general and specific duties, experience and education requirements for each of the proposed short term consultant-trainers.
 - 3) Preparation of all periodic performance, budget, planning and management information, evaluation and control reports as required by FEPADE, AID and effective management practices.
 - 4) Developing and maintaining effective communication linkage with appropriate FEPADE management staff

as well as producers and consumers of trained manpower in priority, sectors of the economy.

- 5) Analyze and define FEPADE's quantitative and qualitative staff requirements and make recommendations regarding qualifications, selection, training, utilization of their human and material resources.
- 6) Periodically evaluate progress toward previously defined goals and recommend and/or implement those changes in staffing, policy, consultant utilization, (frequency, duration, counterpart effectiveness) linkage functions, budget allocation, priorities and other factors as may be required to assure goal accomplishments.
- 7) Perform, on a daily basis any and all administrative, advisory, consultative services as required to assure accomplishment of defined goals.

3. EXPERIENCE REQUIREMENTS

- A. The long-term advisor should possess five or more year's experience in the design and management of similar assistance programs in lesser developed countries. Preferably the experience would be in Central and South America. Experience as project manager or team leader or a technical assistance program to INCE, Instituto Nacional de Cooperación Educativa or a similar organization would be most desirable.
- B. Specifically, in addition to project-management experience, the long term advisor should have had direct personal experience (one or more years) as a technical specialist, consultant, advisor or trainer in lesser developed countries (preferably in Latin America) in the following professional areas:
 - 1) Conducting industrial training requirements analysis.
 - 2) Presenting train-the-trainer program.
 - 3) Installing on-the-job training programs.
 - 4) Establishing a training material development and resource center or department.

- 5) Developing job performance criteria and installing job-performance evaluation systems at the national, industry sector or employer level.
- 6) Designing and implementing, at the national, regional, or institutional level, a computerized human resources development and utilization data base.
- 7) Specific industry experience, (as a staff trainer, consultant trainer, training program developer, training requirements analyst, etc.) in one or more of the following areas:
 - Apparel/textile production.
 - Food products production/processing.
 - Plant flow, layout, conveyances.
 - Packaging equipment.
 - Food handling sanitation, hygiene.
 - Plant safety, fire, industrial hygiene.
 - Operator selection and training (OJT).
 - Quality inspection and control.
 - Preventative and repair maintenance.
 - Wage, salary and incentive systems.
 - Industrial and trade-union relations.
 - Organization-function analysis.
 - The training-systems or holistic approach.
 - Shoe manufacture.
 - Marketing and sales.
 - Personnel policy.
 - Management development.

4. EDUCATION/TRAINING REQUIREMENTS

- A. BA/BS (graduate studies desirable) in Experimental/Industrial Psychology, Industrial Engineering, Industrial Training/HRD.
- B. Extensive training in the various functions of industrial training (and H.R.D.) as provided by courses, programs, workshops and seminars as offered by the American Society of Training and Development, Training and Management Consulting Firms, the American Management Association, and selected universities.
- C. Functional capability to work effectively in Spanish as demonstrated by successful completion of consulting advisory or direct-hire assignments in Central or South America (5 or more years).