

## PROGRAM FOR STRENGTHENING THE TRAINING MARKET

(TC-96-03-15-2)

### EXECUTIVE SUMMARY

**MIF FACILITY:** Human Resources Facility (Facility II)

**EXECUTING AGENCIES:** Eastern Republic of Uruguay through the Ministry of Labor and Social Security (MTSS), Talleres Don Bosco (TDB), and Asociación Cultural y Técnica (ACT)

**BENEFICIARIES:** Institutions and agencies linked to the training market

**OBJECTIVES:** The general objective of the program is to make the training services provided by the private sector more efficient and more effective. The specific objective of the program is to promote the development of the training market by means of two subprograms.

The specific objective of **Subprogram A - Development of the Regulatory Framework** is to create instruments for organizing the market and achieving greater control of the quality of training services available.

The specific objective of **Subprogram B - Strengthening of the training services curriculum** consists in strengthening the services supplied by two leading institutions in the training market so that they can subsequently serve as models for other training institutions in the country.

**DESCRIPTION:** Subprogram A will be divided into three components designed to establish a regulatory framework for the training market by means of: (i) preparation of a proposal for a national system of competencies that sets standards and furnishes employers with information on a job applicant's skills and abilities; (ii) implementation of a single registry of training institutions (RUEC) in order to organize the supply and increase the quality of services to users, generating relevant, transparent information on available services; and (iii) dissemination of experiences and strategies that will be carried out under the program to contribute to the consolidation and sustainability of the initiatives undertaken,

with broad, active participation of the various public and private institutions in the market.

Subprogram B will consist of updating the curriculum, training teachers, modernizing management, and forging links with the private sector, including in-service training programs. These activities will be carried out by two leading institutions in different segments of the training market: (i) Talleres Don Bosco; and (ii) Asociación Cultural y Técnica, through the Escuela de Hotelería y Turismo del Plata.

**FINANCING:**

Modality: grant

	Beneficiary US\$	MIF US\$	Total US\$
Subprogram A	234,000	500,000	734,000
Subprogram B	686,000	1,600,000	2,286,000
Evaluation	<u>30,000</u>	<u>100,000</u>	<u>130,000</u>
Total:	950,000	2,200,000	3,150,000

**APPROVAL OF  
PROFILE I:**

October 9, 1996

**IMPLEMENTATION  
SCHEDULE:**

The period for program execution will be 24 months, and the period for disbursement will be 30 months.

**SOCIAL AND  
ENVIRONMENTAL  
IMPACT:**

This operation was considered by the Environment and Social Impact Committee on April 18, 1997, and the Committee's recommendations were incorporated into the design of the program (see paragraph 5.4).

**BENEFITS AND  
RISKS:**

Among the expected benefits of the program will be the creation of instruments to organize the training market and improve quality control of the services available. In addition, two leading institutions will benefit directly from the restructuring of their training curriculum, the results of which will be disseminated during program execution.

Notwithstanding the institutional capacity at each level involved in program execution, there is a risk that the interagency coordination will not have the depth and cooperation needed for effective implementation of the program. The institutions in question (TDB, ACT, and DINA E) do not have previous experience in working together. However, during the design phase of the program, preparatory meetings were held at which a consensus was reached on the objectives of the program and the respective

functions. The selection of qualified personnel for the Program Coordinating Unit (PCU) and the sector executing agencies will strengthen the coordination activities and minimize this risk (see paragraph 5.3).

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

Conditions precedent to the first disbursement (see paragraph 4.16).

- a. The MTSS shall demonstrate to the Bank that:
  - (i) the Operating Regulations for the program have been adopted.
- b. Prior to the first disbursement for Subprogram A, the MTSS shall demonstrate to the Bank that:
  - (i) the general coordinator for the PCU has been hired; and
  - (ii) the Advisory Board has been established.
- c. Prior to the first disbursement for Subprogram B, the TDB and ACT will demonstrate to the Bank that coordinators have been hired for the Sector Executing Units (SEUs).

**EXCEPTIONS TO BANK  
POLICY:**

Contracting Instituto de Estudios Empresariales de Montevideo directly is considered justified in view of its specialized technical capacity and experience with curriculum design for managers in the hotel and tourism sector (see paragraph 4.14).

## I. COUNTRY ELIGIBILITY

- 1.1 On October 6, 1993, the Donors Committee declared Uruguay eligible for all forms of financing from the Multilateral Investment Fund (MIF).

## II. FRAME OF REFERENCE

### A. Background

- 2.1 The strategy of the Uruguayan government has been geared to achieving macroeconomic balance in an economy that is open to international trade, especially in the region as a member of MERCOSUR. The performance of certain key sectors of the economy will be vital in order to achieve sustained export-based growth. These sectors range from traditional areas such as agriculture, agribusiness, and manufacturing, particularly in cities and towns in the interior of the country to tourism and other areas in which growth has been strong.
- 2.2 In stressing export development, the government is seeking to capitalize on its comparative advantages in terms of human capital, since Uruguay has one of the highest levels of schooling in the region. To strengthen its comparative advantages still further, the Uruguayan government has introduced sweeping changes to the country's educational system in recent years. Specifically, it is in the process of modernizing the curriculum, teaching methods, and educational management, thereby developing a broader supply of more highly qualified human capital based on training and development.
- 2.3 Historically, the State has been a prominent player in the supply of training and nonformal education, in addition to its responsibility for providing formal education. However, in light of the current reform of the government apparatus, the State has been scaling down its involvement in various sectors, and promoting more participation by the private sector in the supply of goods and services. Hence, Uruguay has set as an objective the development of a training market with the active participation of private training institutions together with the ongoing modernization of the formal education system. According to data for 1995, only 30% of training courses are given by the public sector, with the remaining 70% being provided by the private sector. 1/

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1/ A study entitled "Analysis of Supply and Demand for Training in Uruguay", conducted by Equipos Consultores Asociados was funded by the Bank with resources from operation ATN/SF-3877-UR. See final report, OPP-FAS, Montevideo, October 1996.

B. Training in Uruguay: an emerging market

- 2.4 At the present time, the supply of training in the Uruguayan market is characterized by a high degree of heterogeneity. At least 819 training institutions have been identified, offering about 4,000 courses annually, mostly in computers and languages. The training activities respond to ad hoc demand – some are carried out outside a stable institutional framework. The training market is not transparent and functions in an environment in which only minimal information is available, owing in part to the fact that it is the least regulated area of the educational system. There is no body that effectively regulates it or any quality control of the services provided by the training institutions. Consequently, users have no suitable way of making informed decisions on which courses are best suited to their needs or the needs of the market.
- 2.5 The public perception and that of the students of the training institutions is that training is essential for obtaining employment or getting ahead in a job. Over 20% of the urban economically active population attended some kind of training activity in the last two years – mainly women (65%) between the ages of 15 and 24 (73%). However, there is no reliable way to gauge the impact of this training on productivity, employability, etc. There is no system of professional certification to document an individual's capacity to perform the functions of the job.
- 2.6 There are few public or private incentives to encourage training, particularly for low-income groups, given the dearth of subsidies and scholarships. Hence, 95% of the costs are covered by users and/or employers which, although desirable from a financial standpoint, may make the system inequitable since those who are most likely to benefit from training cannot afford it.
- 2.7 In addition to private resources for the training market, there is a Worker Retraining Fund that is funded with contributions of up to 0.25% of compensation, contributed equally by workers and employers in the private sector. The Fund, which is administered by the National Employment Commission, has approximately \$20 million. In 1996, the law governing the Fund was amended to expand the activities eligible for financing, in an effort to target low-income groups, workers in companies or sectors accorded priority, and workers entitled to training under collective bargaining agreements reached with their employers. These reforms will result in a significant increase in the amount of funding available for training.
- 2.8 Another problem is that the productive sector has no direct influence on the design of training courses, or on their ongoing upgrading. Employers do not give any feedback to the training institutions on the quality of the courses or any guidance as to the skills needed in the market.

- 2.9 Given the strategic priority being assigned to improving its human resource base, Uruguay is seeking to remedy these shortcomings in the training system. It recognizes that this can only be achieved through a mature market of private suppliers, subject to a proper regulatory agency, that effectively addresses the need to train skilled manpower and is capable of adapting quickly to the changing priorities of a competitive modern economy.

C. Lessons learned from the Bank's experience

- 2.10 The Bank's experience with training in the region has enabled it to propose actions to help develop a diversified, high-quality training market that adequately responds to user demand and supplements the formal education systems.
- 2.11 Experience shows that support for individual trainers or small training institutions makes it impossible to build on long-term experiences and is not conducive to ongoing learning, both essential features of good training institutions. When most of the courses in a training market are offered by individual providers, courses are designed and given individually, without much preparation or prospect of their being offered again. These factors are detrimental to investment in good teaching materials and the continuous improvement in teaching strategies and methods that are the norm of competent training systems. 2/
- 2.12 Given the objectives of the Uruguayan government and the Bank in education and training, the factors described above suggest a need for such programs and projects as proposed in this document, which seek to make human resources training in the country more effective and more efficient. The ultimate aim of training is to boost productivity. The justification for a training policy is that it improves employability with an ensuing increase in productivity and competitiveness. There is ample evidence to support the conclusion that a well-trained worker produces more and that a labor force with low levels of skills will impede growth even in a favorable economic climate.

### III. THE PROGRAM

A. Objectives

- 3.1 The general purpose of the program is to ensure that private training services are supplied more efficiently and more

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2/ Claudio de Moura Castro. "Proyecto Joven: New Solutions and Some Surprises", internal document of the Inter-American Development Bank, January 24, 1997 version.

effectively. The specific objective of the program is to promote the ongoing development of the training market by means of:

- (i) organization and initiation of activities that make it possible to exercise greater control over the quality of training services through the establishment of a national system of competencies, the creation of a training institution register, and the dissemination of "best practices" and
- (ii) support for Talleres Don Bosco and Asociación Cultural y Técnica, two leading institutions in the sector, through Escuela de Hotelería y Turismo del Plata, by promoting curricular innovation and developing, implementing, and evaluating new strategies and training products that facilitate greater linkage between supply and actual demand in the production market.

B. Description

- 3.2 The program will be divided into two subprograms: (i) Subprogram A: development of a regulatory framework; and (ii) Subprogram B: strengthening of the training services curriculum. The proceeds of the program will be used to hire consultants, purchase equipment and software, and disseminate the knowledge gained from the activities described below:

1. Subprogram A: development of a regulatory framework  
(US\$734,000)

- 3.3 Subprogram A will comprise three components designed to help establish a regulatory framework for the training market through: (i) a proposal for a National System of Competencies to establish standards and inform employers of the skills and abilities of applicants for a position; (ii) establishment of a single register of training institutions (RUEC) in order to increase the quality of user services, generating relevant, transparent information on current supply. It is important to note that the RUEC is not intended to act as a screening process that would limit access for new institutions; and (iii) the sharing of experiences and strategies developed under the program, in order to contribute to the consolidation and sustainability of the activities undertaken, with broad, active participation by the institutional players in the market.

- 3.4 **Component I: National System of Competencies.** This component will consist of the following activities:

- (i) A study will be conducted to compare competency systems used in other countries, their main achievements,

problems and conditions for viability, implementation, and examples of practical use of the system.

- (ii) Dissemination activities will be carried out to provide information and training to the technical and managerial personnel of the training institutions in the procedures and systems utilized in developing skills through courses, workshops, seminars, and publications; programming of courses and workshops with specialists (academics and institutional authorities) in countries that have introduced national competency systems. Visits will be organized for local technical experts and specialists to other countries with similar characteristics so that they can familiarize themselves directly with the successes, problems, and main instruments available. In addition, materials will be published on related topics which will have to be translated and edited for widespread circulation among the directors and teachers of institutions linked to the market.
- (iii) A technical proposal will be designed and a strategy established for implementing the National System of Competencies and for promoting national consensus-building. The strategy will be reviewed and discussed by the advisory board for the program. Seminars will also be held to discuss the proposals with training experts, representatives of business and workers' associations, and educators;
- (iv) The agencies concerned will approve the proposed system including the functions that the various players involved in the system must perform and the commitments that must be made to implement the system.

**3.5 Component II: Single Register of Training Institutions (RUECs).**  
This component will include the following activities:

- (i) a legal study and evaluation of the alternatives for harmonizing the different registers already in place;
- (ii) the technical design of a single register of training institutions, that functions as a benchmark for the National System of Competencies, the guidelines and instruments of the RUEC will be designed with technical experts who will be hired with the proceeds of the loan;



- (iii) a proposal for a regulatory framework for the RUEC, prepared in consultation with the Ministry of Education and Culture and the agencies concerned; and
- (iv) implementation of the RUEC, introducing it in courses arranged directly by the National Employment Commission (DINAE) or through its decentralized programs, which include the Worker Retraining Fund. In other words, to take part in the program and have access to resources from the Fund, training institutions must be registered with the RUEC.

3.6 **Component III: Support for the dissemination of the program results.** The activities of this component will include dissemination of the results of both subprograms by means of an information and education campaign targeting sector agencies and training institutions across the country. The results of the evaluation activities that are carried out to encourage other training companies to make changes to their management, organization, and course content will be made known in brochures, publications, and courses (see chapter IX, "Evaluation").

3.7 Lastly, the activities of subprogram A will be coordinated and supplemented with other activities in progress with support from the Bank, such as the strengthening of a window on the job market, an activity that is being funded with resources from the program for strengthening in social areas. The design of the RUEC will be coordinated with the studies and other activities planned as part of the central government modernization program (see chapter VII).

2. Subprogram B: Strengthening of the training services curriculum (US\$2,286,000)

3.8 This subprogram will cover activities for updating the curriculum, training teachers, modernizing management and establishing linkages with the private sector, including in-service training, which will be promoted by Talleres Don Bosco and Asociación Cultural y Técnica, through the Escuela de Hotelería y Turismo del Plata (EHTP). These two institutions were selected, among other factors, on the basis of their potential for being able to share a wealth of experience with other training institutions, serving as models to be replicated elsewhere in the country and for the leadership role they play in different segments of the training market. In addition, the two institutions are the ones that requested the program, thereby displaying interest and a willingness to carry out the activities described in the following paragraphs.

3.9 Talleres Don Bosco (TDB) is an establishment with over 100 years of experience in the field of training. Its purpose is to provide comprehensive training for young people, particularly from low-income groups, with a focus on technical, artistic, and industrial

training. The young people it trains come mainly from parts of the country other than Metropolitan Montevideo and thanks to TDB they return to work in their communities upon completion of their studies. TDB has a teaching staff, most of whom are former graduates of TDB, with extensive experience in vocational training, curriculum development, and assessment of vocational competency. TDB is one of the few establishments that does performs this type of integrated assessment.

- 3.10 Asociación Cultural y Técnica (ACT), a legally incorporated nonprofit association founded in 1965, seeks to promote training activities for young people. It has thus helped implement the EHTP with a view to providing top quality training to a broad array of operators in the tourist industry, a sector of high and discriminating demand. There is no other private program linked so closely to entrepreneurs that offers courses in manpower training for tourism. As in the case of TDB, EHTP serves clients that are for the most part young people from low-income families from outside the Metropolitan Montevideo area. However, EHTP's clientele is exclusively female and TDB's male.
- 3.11 Owing to their high profile and sound institutional presence, these two training institutions will help provide the demonstration effect that the program seeks to achieve: TDB as an established institution undergoing institutional restructuring and reform of its curriculum as an incentive to other institutions to emulate its example; and EHTP as a newer, more specialized training institution in a move to attract new providers to the market.
- 3.12 **Component I: Improvement of the TDB curriculum.** This component will include the following activities:
  - (i) Formulation and implementation of a strategic and educational plan. A market study will be conducted, that includes an assessment of the needs of the manufacturing sector, the purpose of which will be to enable TDB to function as a research and teacher training center through the implementation of classroom and workshop projects. Also included will be the design of a training and development system for the faculty and for management, as well as the development of mechanisms for improving the curriculum in the four technical areas in which courses are offered.
  - (ii) Curricular development and preparation of the teaching material needed to provide solid vocational training. These materials will be produced taking into account the assessment of needs and will serve as a support to meet demand in the manufacturing sector. Institutions that are leaders in technical and vocational training outside the country will be identified in order to

establish links with them and exchange trainers with a view to developing the teaching staff. Study trips abroad will be organized, and curriculum design groups will be set up with the help of consultants and representatives from the manufacturing sector.

- (iii) Upgrading of the library and purchase of teaching materials to supplement the new courses, purchase of new teaching equipment for the graphic arts and automobile mechanics workshops.
- (iv) Overall improvement in the administration of management, finance, communications, human resources, and products and services. A system will be set up for follow-up on graduates and job placement, as a pilot program for the evaluation system to be implemented by the National Employment Commission (see paragraph 9.2). Mechanisms for linkage with the private sector will be put in place to formalize the introduction and expansion of in-service training for students. A management support team will be established to improve the use and organization of TDB's infrastructure, with emphasis on financial sustainability. Greater management capacity will be sought in carrying out projects, a move that entails greater capacity for decision-making, registration, monitoring and evaluation, management of communications and human resources, administration of financial resources, and service management.

3.13 To be able to initiate the process of modernization that will transform the TDB into a model technical education center, priority will be assigned to achieving a sound curriculum, adapted to the needs of manufacturing as well as mechanisms and equipment upgraded with state-of-the-art methods and materials. The overall structure of the school will be reformed to make it market-oriented, with improvements to its financial accounting and information systems. There is also a pressing need to identify new sources of financing, including revising the mechanisms for calculating user charges to students and third parties.

3.14 **Component II: Strengthening of the curriculum of EHTP.** This component will include the following activities:

- (i) an analysis of the need for and development of a training plan for teaching personnel at the Escuela Hotelería y Turismo del Plata, an analysis of the human resources requirements in the tourism sector and development of an introductory course for management that would heighten awareness of the need for and the

benefits of introducing quality systems and promoting training;

- (ii) adjustment of the curriculum for an introductory program in human resources for management, design of a curriculum for teacher training, with courses provided abroad by establishments on the cutting edge; hiring international consultants to provide follow-up on the teacher training, and organizing workshops to report on new areas of knowledge to the sector and other training institutions.
- (iii) preparation of a modular curriculum for middle management based on job descriptions; preparation of career profiles and organization of curriculum design groups to draw up modular courses for middle management in the hotel and food service subsectors that would cover the following subjects: system of overall quality control in services, marketing, hotel maintenance, occupational health and the environment.
- (iv) establishment of a management and labor market information system, identification of equipment for multipurpose classrooms and installation of a language laboratory, hiring of a management and information system to establish a labor market data center for the sector, and to facilitate job placement, implementation of graduate follow-up system to feed the evaluation system in the DINAE (see paragraph 9.2), and mechanisms for linkage with the private sector firmly established as a means of upgrading the courses offered and to modify them to respond to demand. Outfitting of the multipurpose classroom for conferences and events and installation of a language laboratory.

#### C. Cost and financing

- 3.15 The program budget amounts to US\$3.15 million (Annex IV-3 is available on request in RE1/S01 files). The MIF will provide nonreimbursable financing of up to the equivalent of US\$2.2 million for the program. A breakdown of the budget by category of expense and program needs is given in the following table.
- 3.16 The local counterpart contribution will be used to hire counterpart staff for the PCU and the SEUs as well as to pay for furniture, materials, and supplies for the program. In addition, any internal taxes payable on goods and services procured for the program will be part of the local counterpart.

**PROGRAM BUDGET**  
(in thousands of US\$)

CATEGORY OF EXPENSE	MIF	LOCAL	TOTAL
<b><u>Subprogram A: Development of regulatory framework</u></b>	<b><u>500</u></b>	<b><u>234</u></b>	<b><u>734</u></b>
2.0 Consultants	307	74	381
5.0 Travel	20		20
6.0 General support	43	115	158
7.3 Publications		20	20
97. Special programs	100		100
98. Contingencies	30	25	55
<b><u>Subprogram B: Strengthening curriculum offered</u></b>	<b><u>1,600</u></b>	<b><u>686</u></b>	<b><u>2,286</u></b>
<b>Component I: Talleres Don Bosco</b>	<b>800</b>	<b>337</b>	<b>1,137</b>
1.0 Fees, professional services	30	7	37
2.0 Consultants	244	60	304
5.0 Travel	25	50	75
6.0 General support	381	180	561
97. Special programs	55	15	70
98. Contingencies	65	25	90
<b>Component II: Asociación Cultural y Técnica</b>	<b>800</b>	<b>349</b>	<b>1,149</b>
1.0 Fees, consulting firms	130	33	163
2.0 Consultants	277	113	390
5.0 Travel	41.5		41.5
6.0 General support	210	164	374
97. Special programs	72.5	15	87.5
98. Contingencies	69	24	93
<b>Subtotal (Subprogram A + Subprogram B)</b>	<b>2,100</b>	<b>920</b>	<b>3,020</b>
<b>Evaluation</b>	<b>100</b>	<b>30</b>	<b>130</b>
8.2 Remuneration	100	30	130
<b>TOTAL</b>	<b>2,200</b>	<b>950</b>	<b>3,150</b>

#### IV. IMPLEMENTATION OF THE PROGRAM

- 4.1 Coexecuting agencies of the program. The coexecuting agencies of the program will be the Ministry of Labor and Social Security (MTSS), through the National Employment Commission (DINAE), and Talleres Don Bosco and Asociación Cultural y Técnica. It will take a total of 24 months to implement the program (see Annexes IV-1 and IV-2, which are available in RE1/SO1 files).
- 4.2 The MTSS, through the DINAE, will be responsible for examining, promoting, and coordinating active policies on employment and vocational training. Its efforts focus on the technical areas of research, guidance, and vocational training. The MTSS's strategy for human resources training centers on: (i) helping to establish a vocational training system; (ii) making retraining available to both unemployed workers and employed workers seeking retraining, particularly those that are entitled to training under collective bargaining agreements with their employers; and (iii) offering training to groups having difficulty finding employment or in jobs with limited prospects. The retraining and training will not be offered directly by the DINAE but by other training institutions under contract.
- 4.3 The MTSS receives advisory assistance from the National Employment Board (JUNAE), which is chaired by the Director of the National Employment Commission. The members of the JUNAE are a representative of business and one from labor. As noted earlier, the board's main function is administering the resources of the Worker Retraining Fund.
- 4.4 Program Coordinating Unit. The MTSS will be responsible for program execution. A program coordinating unit (PCU) will be set up in the DINAE, in charge of implementing activities under subprogram A and coordinating the activities planned for subprogram B.
- 4.5 The PCU will have the following structure: (i) a technical unit, consisting of a general coordinator, two consultants in education and labor, and a specialist in evaluation and follow-up, and (ii) an administrative unit comprising an operations manager, a systems analyst, and an administrative assistant. The MTSS will provide administrative and logistical support for the PCU.
- 4.6 The PCU will provide information on the activities and results of the program, including the two workshops organized with establishments in the system and participating training institutions. The PCU will consult with the Sector Executing Units (SEUs) on all activities having to do with dissemination or publication of subprogram B activities.

- 4.7 The PCU will ensure proper linkage with the Bank and the MIF in all technical, operational, and contractual aspects of the program. In addition, it will coordinate the implementation of subprogram B through the two SEUs, each of which will be responsible for implementing one component of the subprogram. It will prepare publications and organize conferences to disseminate the results of the apprenticeships and accomplishments of subprogram B, in conjunction with the SEUs.
- 4.8 The PCU will have the collaboration and support of an advisory board consisting of delegates of the Vocational Technical Education Council (CETP) of the National Administration for Public Education (ANEP), business associations, and trade unions, and representatives of training institutions. Considering its role as a major player in the labor, employment, and training market in the region, a representative of the Inter-American Center for Research and Documentation on Vocational Training (CINTERFOR), an institution attached to the International Labour Organisation, will also sit on the advisory board. The PCU will consult with the Bank in deciding what size the board should be. Board members will be entitled to attend meetings but without the right to vote. Nonetheless, any proposal concerning the National System of Competencies will require the backing of the ANEP.
- 4.9 **Subprogram B: Strengthening of the curriculum.** In their capacity as coexecuting agencies for subprogram B, Talleres Don Bosco and Asociación Cultural y Técnica will each have technical and administrative responsibility for carrying out one component of the subprogram.
- 4.10 **Implementing mechanism.** Component I will be carried out under the supervision of the Sector Executing Unit of Talleres Don Bosco (SEU/TDB). The SEU/TDB will be in charge of coordinating all aspects of design, establishment, and implementation of the component. It will report directly to the Director and Administrator of TDB, and work closely with the other areas of the program. It will administer the resources for the component, will seek additional contributions from public institutions and private companies, various national and international agencies, and NGOs. It will provide advisory assistance, hire enough qualified staff and consultants to ensure that the subprogram runs smoothly, and set up a follow-up and monitoring system for subprogram oversight, supervision, and evaluation.
- 4.11 The SEU/TDB will have the following staff: (i) a consultant-coordinator hired specifically for the subprogram, (ii) a consultant in charge of subprogram management, including drafting reports for TDB and the Bank, (iii) a consultant in technical education, whose functions will include devising initiatives to facilitate attendance at the TDB courses by women, (iv) an institutional analyst, (v) a consultant in information systems,

(vi) a consultant in market studies, (vii) a consultant for operations evaluation, (viii) short-term local and international specialists in specific fields to support the institutional and curriculum reform, and (ix) a teaching support team, which will provide advisory assistance in decision-making in specific areas of teaching and vocational training.

- 4.12 Contact will be established as needed to secure input from the manufacturing sector in curriculum design. Other experiences with model centers in other parts of the world will be shared. In particular, a sector advisory committee will be established with representatives from the business community, trade unions, and professional associations, former students, and representatives from other areas of training offered by TDB. Subcommittees will be formed to analyze the course content and the curriculum in each of the four areas served by the institution as well as any new areas that may be added to the new proposed curriculum. A subcommittee will be set up to study courses on maintenance of machinery used in the hotel trade and tourism.
- 4.13 Like component I, component II will be carried out under the supervision of a Sector Executing Unit from the Escuela de Hotelería y Turismo del Plata (SEU/EHTP). The SEU/EHTP will be in charge of coordinating all aspects of design, establishment, and implementation of the component, and will report directly to the Director of EHTP, working closely with all other areas of the program. It will administer the component resources, provide advisory assistance, hire the necessary qualified staff and consultants to ensure that the subprogram proceeds smoothly, and set up a follow-up and monitoring system for subprogram oversight, supervision, and evaluation.
- 4.14 The SEU/EHTP will receive the following support: (i) a consultant hired with the program resources (24 months), (ii) a training analyst (9 months), (iii) a consultant in management and total quality (6 months), (iv) a specialist in management information and monitoring systems (12 months), (v) four specialists in curriculum development whose duties will include devising initiatives to facilitate attendance by men at the courses offered by the EHTP (4 months each), and (vi) a human resources specialist (3 months). The Institute for Business Studies of Montevideo (IEEM) will be hired, as well, to design an introductory course in human resources for management and to develop modular courses for middle management in the hotel trade and tourism in total quality systems in services, marketing, hotel maintenance, occupational health, and the environment. Given its specialized technical capacity and experience with curriculum design in areas that are relatively new to the country, the hiring of the IEEM is considered justified.
- 4.15 Component II will also have a CCS to support the SEU/EHTP. During the design phase of the program, contacts were made with trade union representatives in order to encourage more active



participation by the manufacturing sector in curriculum design. It was initially agreed that the CCS would include representatives of the Federation of Hotel Operators, the National Hotel Association, the Punta del Este Hoteliers' Association, the Universidad del Trabajo, and the Ministry of Tourism, and representatives from the business and food services sectors. Analysis subcommittees will be set up to help prepare job descriptions and develop courses and curriculums for the two areas being served by the institution: the hotel trade and food services. In a spirit of cooperation, the SEU/EHTP will lend support to the TDB subcommittee which will study the courses on maintenance of machinery used in the hotel trade and tourism.

A. Guidelines for use of the contribution from the Bank and the MIF

- 4.16 **Conditions precedent to the first disbursement.** Prior to the first disbursement of the program, the MTSS shall demonstrate to the Bank that the program Operating Regulations have been adopted. Before the first disbursement of funds for subprogram A, the MTSS shall also demonstrate that a general coordinator has been hired for the PCU and that the advisory board is in place. As a prerequisite for disbursement of funding for subprogram B, the TDB and the ACT shall demonstrate to the Bank that a coordinator has been hired by each Sector Executing Unit.
- 4.17 **Procurement.** Procurement of goods and services for each subprogram shall be done in accordance with the Bank's standard procedures.
- 4.18 **Terms.** The term for execution of the program will be 24 months and the term for disbursement of the technical-cooperation funding 30 months, from the effective date of the agreement between the Government of Uruguay and the Bank.

B. Monitoring

- 4.19 **Reports.** The executing agency of the program shall submit the following reports to the Bank for its approval:
- a. **Initial report**, setting out the program action plan, including the schedule for hiring consultants, a description of the activities to be carried out, the expected results, and the implementation schedule.
  - b. **Progress reports**, within 60 days of the end of each semiannual period, including a description of the progress made towards achieving the objectives and the products agreed on.
  - c. **Financial reports**, within 60 days of the end of each year of program execution, and within 60 days of its completion, containing the audited financial statements of the program.

- d. **Final report**, within 60 days of program completion, describing the activities performed, the outcome of the program and each subprogram, and the actual extent to which the planned objectives were accomplished.

## V. FEASIBILITY AND RISK

- 5.1 **Demand for training.** Demand for training in Uruguay will continue to increase owing to a number of factors that include: (i) the very high value that Uruguayan society places on training, (ii) the technological changes in the production process which are increasingly important to competitiveness, (iii) the continued liberalization of the economy and regional integration, and (iv) macroeconomic adjustment, which can result in significant changes in demand for certain technical skills and abilities.
- 5.2 **Institutional capacity.** The human, material, and financial resources available to execute the program are sufficient. The MTSS has had previous experience with externally funded technical-cooperation projects. This capacity will also be enhanced by the active and coordinated participation of the various key players in the areas of education, training, and labor. Hence, the program will benefit from the experience of all of the participants.
- 5.3 **Risks.** Despite the institutional capacity at each level of program execution, there is a risk that the interagency cooperation will lack the depth and coordination needed to ensure that the program is implemented efficiently. Although the TDB, the ACT, and the DINAE have no experience working together, a consensus on the program objectives and the respective functions of all the participants was reached at the preparatory meetings held during the program design phase. This risk will be further minimized through the careful selection of qualified personnel for the PCU and the SEU, thereby strengthening coordination.
- 5.4 **Social and environmental impact.** Given its nature, the program is not expected to have any adverse social or environmental effects. In fact, steps have been taken to generate a favorable impact in both areas. Specifically, consideration will be given to introducing aspects of environmental education in the upgraded curriculum and the teacher training portion of the EHTP component. As far as its social impact is concerned, the two subprogram B components will encourage women to attend TDB courses and men to attend ACT courses. This will mean that women as well as men will receive training in nontraditional areas of work. Gender-based initiatives will also be taken to make the system more equitable. The development of human capital is one way of reducing poverty and improving income distribution. As part of their mission, ACT and TDB will recruit and offer study grants to low-income young people

from all parts of the country other than the Metropolitan Montevideo area.

#### **VI. COMPLIANCE WITH PROJECT ELIGIBILITY CRITERIA**

- 6.1 **General program eligibility criteria.** Bearing in mind the objectives and expected results of the program, the funding to support the regulatory framework and promote curriculum development is fully compatible with the MIF's general objective (in accordance with Article I(b) and (d)(ii) of the Agreement Establishing the MIF) of implementing development strategies based on sound economic policies and bearing certain of the costs associated with strategies to expand the private sector, thereby increasing employment opportunities.
- 6.2 **Eligibility criteria for the Human Resources Facility.** The present proposal satisfies the financing criteria of the Human Resources Facility, specifically Article III, section 3, which stipulates that funding may be granted for development of the human resources base needed for increased investment flows, an expanded private sector, and strengthening of vocational training and other similar institutions.

#### **VII. COMPATIBILITY WITH THE BANK'S COUNTRY STRATEGY**

- 7.1 One area of priority in the Bank's country strategy (CP/1013-2) is raising worker productivity through investment in human capital and encouraging greater participation by the private sector in creating a more flexible and more equitable system that can respond to the shifting needs of a modern economy. To this end, the country has launched a reform of the formal education system with the help of the Bank, through various programs that are mentioned in paragraph 7.2.
- 7.2 The proposed program is compatible with this strategy insofar as it seeks to increase the supply of private training services available on a permanent basis and to help develop the country's human resource base. It also complements and contributes to the objectives of other Bank and MIF projects, including the activities planned for the labor component of the program to strengthen the social areas (811/OC-UR), the strengthening of training-related areas with the support of the Vocational Training Board (704/OC-UR), technical education (799/OC-UR), and the secondary education modernization program (922/OC-UR). MIF resources have been used for activities such as training and business development programs for young people (ATN/MH-4525-UR and ATN/MH-4526-UR).

#### VIII. AVAILABILITY OF MIF RESOURCES

- 8.1 **Financing modality.** The program will be financed by means of a grant. On October 6, 1993, the Donors Committee declared Uruguay eligible for all forms of MIF financing.
- 8.2 **Allocation of MIF resources.** There are no restrictions on the allocation of MIF resources to Uruguay or to the program in question.

#### IX. EVALUATION

- 9.1 The budget includes US\$130,000 to fund the evaluation phases of the program, as described below.
- 9.2 **Initial evaluation.** The MIF and the executing agencies will decide on the indicators to be used to monitor the program. Within three months of the effective date of the agreement, the Bank will hire consultants to frame a methodology for evaluating the program. As part of the evaluation activities, a monitoring system to gauge the quality of the training services will be established in the DINAIE. The rate at which graduates of training courses are able to find employment will be used as an indicator of quality. In accomplishing this objective, two control groups will be formed, possibly with graduates of training institutions in the public system (i.e. Universidad del Trabajo) and workers who have not taken any training activities.
- 9.3 **Mid-term and final evaluation.** The results of the program will be analyzed by consultants hired by the Bank using program resources. The analysis will be based on a mid-term evaluation performed 12 months after program initiation, and a final evaluation upon its completion. Each stage of the evaluation may include opinion surveys. Apart from the quality indicator, other indicators to be used may include: (i) the number of private training institutions that have adjusted their curriculums and taken steps to achieve greater linkage with the private sector, (ii) the number of new training institutions that have entered the market, (iii) the number of training institutions that have registered with the RUEC, and (iv) the number of activities aimed at further developing the market (i.e. public and private initiatives for the creation of a system of standardized worker certification, and the establishment of a private institution that would serve as a regulatory agency in certifying the training institutions). With respect to subprogram B, other indicators may include: (v) the rate at which graduates of TDB and EHTP are able to find gainful employment, (vi) improvements in the financial situation and administration of the two institutions (i.e. lower administrative costs, larger

client base, etc.), (vii) the increase in the percentage of graduates participating in in-service training, (viii) the institutionalization of the sector advisory committees after program completion, and (ix) agreements with companies whereby specialized courses are offered to workers. The executing agencies have agreed to provide full access to any information and documentation that may be needed for this activity.

**LOGICAL FRAMEWORK  
TRAINING MARKET STRENGTHENING PROGRAM**

SUMMARY OF INDICATORS	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>OBJECTIVE OF THE PROGRAM</b> Efficient and more services from private institutions.	<ol style="list-style-type: none"> <li>1. Number of private training institutions that have adjusted their curriculum and taken steps to establish closer linkage with private sector.</li> <li>2. Number of new training institutions that have entered the market.</li> <li>3. Number of activities to further develop the market such as joint public-private initiatives to establish a worker standardization and certification system and to create a private institution that would serve as an independent regulatory agency for certification of training institutions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Evaluation reports and public opinion surveys.</li> </ol>	
<b>OBJECTIVE OF SUBPROGRAM A</b> Policies and mechanisms created and regulated and training market linked private sector.	<ol style="list-style-type: none"> <li>1. National System of Competencies formally established as an institution</li> <li>2. Registry of training institutions incorporated into the training system and used in employment and retraining programs.</li> <li>3. Establishment of a monitoring system within the DINAE to gauge the rate at which training graduates find employment as an indicator of quality.</li> </ol>	<ol style="list-style-type: none"> <li>1. Resolution/Decree approving guidelines and action plan.</li> <li>2. Resolution establishing the RUEC.</li> <li>3. Confirmation of invitation to training institutions for registration with the RUEC.</li> <li>4. Evaluation with control groups.</li> </ol>	<ol style="list-style-type: none"> <li>1. The ANEP and work associations take process of preparing proposals.</li> </ol>
<b>PRODUCTS:</b> National System of Competencies in the process of being implemented.	<ol style="list-style-type: none"> <li>1.1 An issues paper prepared for discussion by 12/98.</li> <li>1.2 The MTSS and the ANEP agree on the guidelines and action plan for setting the National System of Competencies in motion by 6/99.</li> </ol>	<ol style="list-style-type: none"> <li>1. Discussion paper</li> <li>2. Action plan of National System of Competencies.</li> </ol>	
<b>PRODUCTS:</b> Establishment of Single Registry of Training Institutions.	<ol style="list-style-type: none"> <li>2.1 The system designed and the guidelines for its implementation agreed on by 6/98.</li> <li>2.2 The RUEC is functioning with at least 200 members by 12/98.</li> <li>2.3 An initial evaluation of the results achieved by 6/99, including a proposal for improvement of the system.</li> </ol>	<ol style="list-style-type: none"> <li>1. Regulation approving the proposed operation of the RUEC.</li> <li>2. Registration of training institutions.</li> </ol>	
<b>PRODUCTS:</b> Policies and strategies for strengthening the training system disseminated and implemented.	<ol style="list-style-type: none"> <li>3.1 Publication of in-service training and mechanisms to be used for Subprogram B.</li> <li>3.2 Information seminars and workshops organized.</li> </ol>	<ol style="list-style-type: none"> <li>1. Documents published.</li> <li>2. Registration of participants.</li> </ol>	

SUMMARY OF INDICATORS	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
OBJECTIVE OF SUBPROGRAM B and institutional strengthened at two training institutions.	For the two institutions, TDB and ACT/EHTP: 1. Improvements in rate at which graduates find employment. 2. Percentage of students that take part in in-service training. 3. Improvements in their financial and administrative condition (i.e. lower administrative costs, wider client base). 4. Institutionalization of sector advisory boards after completion of program. 5. Agreements entered into with companies for specialized courses for workers.	1. Evaluation of system for follow-up on TDB and EHTP graduates. 2. Mid-term and final evaluation of program. 3. Financial evaluations. 4. Registration of graduates.	1. Manufacturing sector involved with the objectives of the Subprogram.
strengthened in terms of curriculum, management, and linkage with manufacturing and educational	<b>PRODUCTS:</b> 1.1 Implementation of TDB Strategic and Education Plan begun prior to month 12 and completed by month 21 of the program. 1.2 TDB furnishes training in sector "on the cutting edge" with a proposal for upgraded education, including teaching material and equipment to match. 1.3 TDB prepares mechanisms for linkage with private sector that are operational by month 21 of program. 1.4 TDB prepares a proposal to improve its organization and financial management for its sustainability, implementing it by month 24 of program.	1. Strategic and Education Plan document. 2. Official and subject programs. 3. Management improvement plan.	1. Teachers and technical staff are motivated to repeat their programs to accompany the institutional restructuring process.
EHTP strengthened in terms of curriculum, teacher training, management, and linkage with tourism sector educational system.	2.1 Implementation of curriculum program for management in human resources and middle management in hotel trade and food services in months 6 and 12 of program. 2.2 EHTP has a teaching staff with upgraded skills and through information seminars with international experts shares lessons and expertise with other training institutions after month 6 of the program. 2.3 EHTP has the support of the CCS in preparing mechanisms for linkage with tourism sector and sets them in operation. 2.4 EHTP has a multipurpose classroom equipped with language laboratories that makes it possible to expand services offered starting in month 18. 2.5 EHTP establishes management and monitoring system for follow-up on graduates starting in month 18.	1. Curriculum program based on job descriptions. 2. Registration of participants in courses. 3. Management plan and graduate follow-up reports. 4. Job information center for sector established (EHTP).	

**PROPOSED RESOLUTION**

**URUGUAY. TECHNICAL COOPERATION PROGRAM FOR THE  
STRENGTHENING OF THE TRAINING MARKET**

**The Donors Committee of the Multilateral Investment Fund**

**RESOLVES:**

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the República Oriental del Uruguay, Talleres Don Bosco (TDB) and the Asociación Cultural y Técnica (ACT), and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document MIF/AT-\_\_\_\_ with respect to a technical cooperation, the purpose of which is a Program for the Strengthening of the Training Market.

2. That up to the amount of US\$2,200,000 is authorized for the purpose of this resolution, chargeable to the Human Resources Facility of the Multilateral Investment Fund, which will be distributed as follows: República Oriental del Uruguay: US\$600,000; TDB:US\$800,000; ACT:US\$800,000.

3. That the above mentioned sum is to be provided on a non-reimbursable basis.