

MULTILATERAL INVESTMENT FUND

URUGUAY
(TC-95-05-37-4)

EXECUTIVE SUMMARY

PROGRAM TITLE: Human resources and training program for the forestry sector

MIF FACILITY: Human Resources (Facility II)

BENEFICIARIES AND EXECUTING AGENCIES: Universidad Católica del Uruguay Dámaso Antonio Larrañaga (UCUDAL) and the Organization for Industrial, Spiritual, and Cultural Advancement (OISCA-Uruguay)

PROJECT AMOUNT: (in U.S. dollars)

	<u>UCUDAL</u>	<u>OISCA-Uruguay</u>	<u>TOTAL</u>
MIF (nonreimbursable):	581,500	933,000	1,514,500
Local counterpart contribution:	346,000	94,500	440,500
Total:	927,500	1,027,500	1,955,000

END BENEFICIARIES: The program's end beneficiaries will be middle-level supervisors and workers employed in the wood-based industry, as well as private institutions in the sector and schoolchildren participating in the children's forestry program.

OBJECTIVES: The program's general objective is to enhance forestry-subsector productivity under a national regulatory framework that supports both the industry and environmental preservation, by upgrading worker skills.

DESCRIPTION: The program comprises two projects:

UCUDAL Project: Specialized technical training. This project will be carried out by UCUDAL and will provide training for workers and middle-level technical staff through courses aimed at skills development and upgrading, to apprise them of modern forestry and wood-industry techniques.

OISCA-Uruguay Project: Youth and Sustainable Development. This project will be carried out by OISCA-Uruguay and will provide international training for trainers, with an eye to supporting the private

sector's role in development of this subsector, in addition to an educational campaign that will include planting trees at schools in 18 of Uruguay's *departamentos*.

RISKS:

The potential risks facing the program have to do with the implementation phase, bearing in mind that: (a) the local office of the NGO Organization for Industrial, Spiritual, and Cultural Advancement (OISCA) was set up relatively recently in Uruguay and does not have much experience yet; and (b) there may not be enough candidates willing to pay the unsubsidized portion of the course fees, since the study grants for unemployed young people may be too low.

The likelihood of these risks materializing is lessened by the fact that OISCA has vast international experience in programs of this type. Moreover, special consulting services will be hired to assist in planning and the selection of beneficiaries. Support will also be provided by the Program Advisory Board to publicize and promote courses and supply information on job opportunities in the sector.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Special contractual conditions. As a condition precedent to the first disbursement of program resources (under both projects), the Program Advisory Board referred to in paragraph 3.23 is to have been set up. Release of the first disbursement under each project will be contingent on the hiring of the respective coordinator (paragraph 3.29). Prior to the first disbursement under the OISCA-Uruguay project, the executing agency is to provide evidence that: (a) it has signed an agreement with Laboratorio Tecnológico del Uruguay for managing the program; and (b) OISCA-International has agreed in writing to provide support for project execution (paragraph 3.29).

**TIME FRAME FOR
EXECUTION AND
DISBURSEMENT:**

The program will be carried out over a period of 24 months, and program disbursements will be completed within 30 months.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environment Committee, at its meeting of August 22, 1995, classified this as a Category III operation, and approved the plan of operations at its meeting on November 8, 1995.

I. COUNTRY ELIGIBILITY

- 1.1 The Donors Committee declared Uruguay eligible for all financing modalities under the Multilateral Investment Fund on October 6, 1993.

II. BACKGROUND

- 2.1 The forestry subsector. Agriculture is one of the cornerstones of Uruguay's economy: it accounts for 13% of the country's GDP, provides employment for 17% of the economically active population, and is the main source of foreign exchange, generating some 80% of the nation's export revenue. Proven levels of return coupled with government-sponsored support initiatives have made forestry and the forest industry agriculture's fastest growing subsector.
- 2.2 Lumber and wood product exports have enjoyed sustained growth, jumping from US\$2,180,000 in 1988 to an all-time historical high of US\$11,895,000 in 1994. In 1990 (the last year for which data are available), gross forest-based output accounted for 2.4% of overall GDP and 18.4% of agricultural GDP. The engine driving this growth has been the robust investment achieved under the National Forestry Plan. Indeed, since the Forests Act was passed in 1988, private domestic investment in new and existing plantations has mushroomed from US\$1.3 million to US\$14.7 million in 1994, for a cumulative total of US\$43.9 million over the last six years.
- 2.3 Despite this sustained growth, the lumber industry has not been able to keep pace with competition on foreign markets. Most of the initiatives undertaken in this direction have fallen short of their goals, hindered by such restraints as low levels of worker skills at all stages (from nursery management up through the processing of forest products), the shortage of skilled technical staff in industry, seasonality of employment (dependent on production cycles), and inadequate rural road networks.
- 2.4 Uruguay's lumber industry is made up primarily of small-scale, family-run sawmills that are characterized by rudimentary technology and poor quality output. The industry is very dependent on the economic situation and trends in the agriculture and construction sectors.
- 2.5 Support for the subsector through national-level reform. The regulatory framework governing Uruguay's forestry subsector is embodied, for all intents and purposes, in the Forests Act (Law 15,939 of December 28, 1987). Besides declaring forests and forest management to be in the national interest, this legislation governs all matters pertaining to forests, parks, and other wooded areas, and assigns responsibility for formulating and implementing

national forestry policy to the Ministry of Agriculture and Fisheries (through its Bureau of Forests), which has been entrusted with specific tasks aimed at promoting forestry development. The act also creates a series of tax incentives designed to foster private investment and sets up a Forestry Fund to channel monies for the aforesaid purposes.

- 2.6 The National Forestry Plan entailed an initial investment of US\$46.5 million, with the World Bank providing US\$27 million of that amount. Today, the government administers some US\$3 million in small-project funds set up with international cooperation, including a US\$350,000 cooperation program for productive-sector development underwritten by the European Union, the World Bank (through the PRENADER Natural Resources Management Program), and the IDB, to support implementation of the Regional Program for Forestry Development Options (PRAIF), through the National Preinvestment Fund (FONADEP).
- 2.7 All these market incentives, though, have focused on the fiscal sphere and have had a negligible impact on the development of human capital. As a result, the sector has not been able to marshal an appropriate response to the demand for skilled labor needed in order to promote the forestry subsector. There is, then, a large identified and continuous demand for up-to-date training courses that include topics on national-resource management and productivity.
- 2.8 Institutional strategies for human resources training. As an integral part of the effort to promote sustainable development in the subsector, two institutional strategies have been devised. One seeks short-term results and aims to provide specialized skills training to currently employed workers through courses on specific topics to be offered at existing training institutions. Under this strategy, natural-resource and environmental management would be included in existing curricula. The second strategy takes a longer view and advocates specific actions - with support from NGOs - intended to ensure sustained forestry development. The idea behind promoting activities and actions that ensure grassroots involvement is to tap new avenues for keeping communities informed of issues such as sustainable development and how this is relevant to the subsector.
- 2.9 Short supply of training opportunities. Studies on the forestry subsector have revealed that one of the factors impeding further development in this area is the low skills level of currently employed workers. At the same time, the market suffers from a severe shortage of training possibilities that could help close this gap. Both the Consejo de Educación Técnico Profesional [Vocational Education Council] (CETP) and the Universidad de la República offer full-length programs as part of their regular curricula, but these courses are very general in scope; the university courses, in fact, are offered only at the graduate level as a

specialization under the School of Agricultural Science. When external funding has been available, the Ministry of Agriculture's Bureau of Forests, working in conjunction with such NGOs as the Centro Interdisciplinario de Estudios sobre el Desarrollo del Uruguay [Interdisciplinary Center for Studies on Development in Uruguay] (CIEDUR), has sponsored special courses on forestry-related issues (e.g. use of chain saws, fire prevention). The Consejo de Capacitación Profesional [Skills Training Council] (COCAP) has also offered short training courses for lumber companies on request.

- 2.10 In a display of its commitment to broadening the supply of such training opportunities, the Universidad Católica del Uruguay Dámaso Antonio Larrañaga (UCUDAL) sponsored a series of events in 1993 and 1994 designed to provide state-of-the-art training in this area. The events were attended by over 150 professionals, producers, and workers from the forestry subsector, and were carried out under an agreement with the Spanish Agency for Ibero-American Cooperation and the Ministry of Agriculture's Bureau of Forests, with support from the Consorcio de Exportadores de Madera [Lumber Exporters Association] and the Universidad de la República's School of Agricultural Science. In 1994, UCUDAL held two courses of its own, one on forest soils and one on drying and sawing. The course on soils was offered again in 1995, and the last of the events to be held under the Spanish cooperation program – which will be directed toward forestry professionals and business operators – is now being scheduled.
- 2.11 NGO strategy. Pursuing a strategy built around sustainable development, a number of NGOs and grassroots organizations have embarked on an effort to lend support to the forestry sector with a view to sustained yet ecologically sound operations. In the process, Laboratorio Tecnológico Uruguayo and a group of NGOs have joined forces to launch a two-pronged development program that would (i) train youth leaders who could have a catalytic effect in organizing and strengthening institutions and in ensuring sustainable development on a national scale, and (ii) provide for forestry-related activities that focus on environmental education for young people nationwide.
- 2.12 In December 1993, the Organization for Industrial, Spiritual, and Cultural Advancement (OISCA) opened up a local branch in Uruguay under the auspices of Laboratorio Tecnológico del Uruguay, for the purpose of providing guidance for these institutions. The idea behind opening a local office was to promote and implement OISCA's unique model for rural grassroots development. OISCA-Uruguay has already launched a children's forestry program, along with member and volunteer training activities in a full spectrum of topics pertaining to the judicious and sustainable use of natural resources. A full description of OISCA's model and its global network and activities can be found in Annex II.

- 2.13 The Organization for Industrial, Spiritual, and Cultural Advancement (OISCA) is a Japan-based NGO that has achieved worldwide recognition for its contributions to sustainable development, chiefly through its training programs and transfer of appropriate technologies. Two of its core areas of activity involve promoting rural productivity and human resources development, namely: (i) training of trainers and leaders to serve as outreach and community development agents, trained in the volunteer approach of the OISCA model, and (ii) a broader-based education in the philosophy of sustainable rural development, imparted through the children's forestry program. That program has been under way in Uruguay for three years now, and OISCA-Uruguay feels that it has laid the foundations for launching a training program for trainers and leaders.
- 2.14 The potential benefits of these strategies provide the backdrop for the training program being proposed here, which targets workers, middle-level supervisors, and youth leaders in the forestry subsector. The Universidad Católica del Uruguay Dámaso Antonio Larrañaga and OISCA-Uruguay have asked the Bank for support for the program in the form of MIF financing.

III. THE PROGRAM

A. Objectives

- 3.1 The program's general objective is to enhance productivity in the forestry subsector within a national regulatory framework that supports both this industry and environmental protection. Specifically, the program will seek to establish new working methods and to strengthen institutional capacity for training the necessary human resources with an eye to promoting self-sustainability in the lumber industry.

B. Description

- 3.2 To ensure that these objectives are properly attained, UCUDAL and OISCA-Uruguay will carry out the following projects:
- (i) UCUDAL will implement a project that will provide training for workers and middle-level technical staff by means of skills upgrading courses, and
 - (ii) OISCA-Uruguay will carry out a project that focuses on fostering the development of youth leaders and organizing a nationwide educational campaign that will include activities promoting environmental conservation.

1. UCUDAL Project: Specialized technical training (US\$581,500)

- 3.3 **Components.** This project will concentrate on (i) providing technical assistance for the development of curricula and course materials, with due regard to environmental and natural-resource management issues; (ii) holding special training courses to transfer forestry sector know-how, with an eye to boosting company productivity; and (iii) promoting interagency development of training providers, by studying and implementing formats that encourage cooperation and ensure that sources of training are geared to the demand for semiskilled labor. Study grants will be made available to unemployed individuals who wish to attend these training courses; workers who are currently employed in the subsector will have to defray their own costs for attending the courses, seeking financial support from their employers when possible.
- 3.4 **Beneficiaries.** This project's target beneficiaries will be the middle-level supervisors and workers employed in the forestry sector, as well as unemployed young people who wish to gain skills through the courses offered under the program. Some 60% of the beneficiaries are expected to be employees of private forest-product companies, while the remainder will be unemployed (at least in the formal job market) or newcomers to the job market. Ability to pay for the courses will be the sole selection criterion for candidates holding jobs. The program eligibility criteria for the other beneficiaries (i.e., the 40% made up of currently unemployed individuals who will receive study grants to participate in the program) will include the requirement that the candidate be from a low-income family, that he or she has not finished high school, is at least 18 years of age, and shows potential and motivation.
- 3.5 **Targets.** The specialized technical training project will have the following targets: (a) at least 750 workers and middle-level supervisors are to receive training in various innovative technologies associated with forestation and the wood-based industry; (b) 49 courses that include the basics of natural-resource management are to be held; and (c) advanced, ecologically sound forestation technologies are to be promoted by means of publications and workshops for the industry.
- 3.6 **Activities.** To achieve these targets, the following activities will be carried out under the UCUDAL project:
- a. Technical assistance. Specialized technical support will be offered, aimed at ensuring that curricula include content on sustainable natural-resource management and at promoting the dissemination of information on environmental preservation and heightening community awareness in this area.

- b. Technical courses. Skills training will be provided through 49 courses (some traveling, some classroom-based): 20 on forestry topics and 29 on lumber industry operations. The traveling courses will be offered on site at lumber mills, while the classroom courses will be held at the Catholic University's Agricultural Management Institute (UCUDAL/IGAP). The courses will examine cultivation techniques as they relate to nursery and plantation management, and sawmill operations, e.g., use of equipment, quality control, technology, safety, cutting/treatment/drying of wood, and operations management. An estimated 3,000 hours of classroom instruction are expected to be offered.
 - c. Institutional development. Links would be established between institutions, and cooperation arrangements set up with universities and other institutions in the region for the purpose of organizing academic activities in forestry-related topics of common interest. The budget includes 12 person-months of local consulting services for institutional development and publicity and promotional activities.
- 3.7 The training to be provided under this project will offer different content and methods and focus on a different target public than training programs currently available in Uruguay. The final designs and course startup will receive support from outside consultants. Courses will be delivered by local instructors, with support from specialized OISCA-International technical staff. The budget includes 12 person-months of OISCA international technical staff time to build environmental issues into the curriculum.
- 3.8 The project will be overseen by a coordinator. An international training consultant will be hired (12 person-months) to assist the coordinator in aspects of institutional strengthening as concerns curriculum design for the technical courses and specific support for instructors. Environmental protection issues will be incorporated into curricula by local experts who will receive support from such institutions as INIA and Laboratorio Tecnológico del Uruguay, under the respective agreements. These consulting services include participation in the training courses and assistance in the preparation of publications and materials.
- 3.9 Financial support for program candidates who are unemployed will be determined on the basis of eligibility criteria that take into account the candidate's experience, aptitudes, and need. The project coordinator will make recommendations based on these criteria prior to the startup of the cycle of courses.

2. OISCA-Uruguay Project: Youth and sustainable development
(US\$933,000)
- 3.10 **Components.** This project has two components: (a) international training for trainers, with a view to strengthening the institutional capacity of the region's NGOs and ensuring program sustainability and expansion, and (b) an educational campaign designed to imbue the school-aged population with a greater respect for nature.
- 3.11 **Beneficiaries.** The beneficiaries of this project will be 10 young community leaders associated with the forestry subsector, and 1,800 children at 36 rural schools. To participate in the leadership and train-the-trainer component, candidates must be between the ages of 20 and 30 and have finished high school. Consideration will also be given to their current skills level, as gauged by their performance in project courses, as well as their initiative, interest, commitment, motivation, and leadership qualities. Participants will be selected from a list drawn up by OISCA experts and approved by the Program Advisory Board.
- 3.12 **Targets.** The following targets have been set for this project: (i) 12-month study grants to attend specialized training courses on sustainable forestry and the forestry industry will be awarded to 10 youth leaders, who will return to their communities to serve as trainers; and (ii) establishment of a national education and awareness program for young people, focusing on the importance of environmental protection.
- 3.13 **Activities.** To meet these targets, the following activities will be carried out:
- a. International training for trainers. As a complement to the technical-training component and in support of the private sector's role in the development of this subsector, study grants will be awarded for selective on-the-job training (organized and overseen by OISCA) for 10 leaders: five in the area of forestry operations and five in wood-based industries. Grant recipients will be selected on the basis of the criteria that OISCA sets for its programs, which include: leadership skills, aptitude and interest in the area (as shown by candidates' performance in the courses), and commitment to return to their communities to disseminate their newly acquired knowledge. (See Annex II for details on OISCA's selection methodology.)
 - b. Educational campaign: school-based forestry programs. Under this component, which will be nationwide in scope, tree plantations will be set up at primary schools in the country's 18 *departamentos*. The purpose is to imbue rural children, starting at a young age, with a greater respect for nature as a means of promoting environmental preservation.

- 3.14 A total of 10 youth leaders (two groups of five each) will take part in the international-training-for-trainers program, under the auspices of OISCA-International. This one-year training program has two stages. The first three months are a transition period to allow participants to adjust to their new setting; during this stage, basic courses will be offered that enable participants to directly apply their newly acquired knowledge. The second stage, which lasts nine months, will focus on strictly technical issues and will be held 80% outside the classroom in a hands-on training environment.
- 3.15 This project, too, will have a coordinator, who will be responsible for (a) ensuring coordination between the program and the cooperating institutions (especially OISCA-Uruguay) and monitoring compliance with the respective agreements; (b) providing logistical support for the trainer-training component and selection of youth leaders who are to receive training abroad; and (c) carrying out and monitoring activities associated with the children's forestry component at schools. The coordinator will receive 12 person-months of funded support in the form of international consulting services, in addition to the volunteer services provided by OISCA-Uruguay.

C. Executing agencies

1. UCUDAL Project: Specialized technical training

- 3.16 This project is to be carried out by the Universidad Católica del Uruguay Dámaso Antonio Larrañaga (UCUDAL), a private university that has provided academic support since 1985 for training courses in comprehensive farm management activities. These training courses were developed by the university's Agricultural Management Institute [Instituto de Gestión Agropecuaria] (IGAP), and provide various formats for semitechnical and technical training.
- 3.17 UCUDAL currently has facilities available in the department of Tacuarembó (northern central Uruguay), where the IGAP is located. There has been a marked demand recently for both general and tailored training courses in forestry-related topics. This demand has not been met owing to a shortage of local instructors able to teach the courses. By virtue of its stated purposes and level of technical expertise, the IGAP is the logical choice for overseeing and promoting the training activities contemplated under the present project.
- 3.18 UCUDAL is party to a series of international cooperation agreements, most notably with: (a) Madrid's Universidad Politécnica, with technical and financial support from the Spanish Agency for Ibero-American Cooperation, for training courses on tree nurseries, seeds, and lumber cutting and drying; (b) Canada's Laval University, which provides academic support (under a technical cooperation agreement) for the project to set up a Forestry

Engineering School in Uruguay, and the design of research and educational programs; and (c) horizontal technical cooperation with Argentina, which included a course on lumber drying and cutting.

2. OISCA-Uruguay Project: Youth and sustainable development

- 3.19 This project is to be carried out by OISCA-Uruguay, a nonprofit organization that is devoted - like its parent organization in Japan - to promoting sustainable development through training programs and international cooperation. In the time since it was set up in 1993, OISCA-Uruguay has distinguished itself in the area of NGO-promoted development by means of such activities as: (i) a project to develop agroindustrial products, and (ii) a school tree-planting and forestry project.
- 3.20 OISCA-Uruguay will receive support from OISCA-International in order to carry out this project. With over 34 years of experience working with development programs, OISCA-International meets the conditions for serving as technical advisory agency for the project in question. This worldwide recognition and respect for its work stems from an operating philosophy founded on the premise that if international cooperation is to be sustainable it must be participatory and rooted in volunteer service. OISCA's approach to development is to work from the land and from primary industries, such as agriculture, forestry, and fishing. Pursuing such a policy, OISCA has provided training to over 3,000 individuals at its training centers in Japan, and has sponsored thousands of volunteers who have traveled to developing countries in the Far East and, more recently, Latin America.
- 3.21 OISCA-Uruguay will also receive support from Laboratorio Tecnológico del Uruguay (LATU), to assist with project management. Set up in 1965, LATU is the result of a joint effort undertaken by the public and private sectors in Uruguay. It was created for the purpose of performing analyses and tests to certify the quality of Uruguayan industrialized exports and for conducting applied research and studies aimed at enhancing raw material processing, by developing and adapting new technologies and disseminating them throughout the industrial sector.
- 3.22 In the three months following first disbursement, each executing agency is to submit to the Bank its work plan, schedule of activities, and evaluation methodology. Progress reports are to be submitted each six months, accompanied by the reports prepared by consultants hired with Bank funds. The final project report is to be submitted 30 days after project completion.

D. Program Advisory Board

- 3.23 Both projects will receive support from the Program Advisory Board as well as technical support from international experts. The Program Advisory Board will be made up of seven persons, most of

whom will be from the private sector (e.g., Association of Lumber-Exporting Firms and other companies in the subsector), a representative of UCUDAL and a representative of OISCA-Uruguay, and other members of the community. The board will have an important advocacy role vis-à-vis the public, the business sector, and the program's various agents and stakeholders. The board should not, however, be involved in the day-to-day aspects of program administration; rather it will have an advisory and guiding function concerning implementation strategies, programming of activities, necessary evaluation and impact studies, and dissemination strategies.

- 3.24 The Program Advisory Board will meet every six months (for a total of four times during the program's duration). It will be responsible for general program supervision, with special emphasis on follow-up and monitoring of the academic plans and training so as to guarantee the program's sustainability and to make sure that its targets are met. The Program Advisory Board will be chaired on an alternating basis by UCUDAL and OISCA-Uruguay, which will be in charge of the board's meetings and activities.

E. Financial reports

- 3.25 Within the 90 days following the close of each year during program execution and within the 90 days following the date of disbursement in full, the executing agencies are to submit to the Bank a financial report indicating how the Bank's contribution and the local counterpart were used. These reports are to be audited by a firm of independent auditors to the Bank's satisfaction.

F. Cost and financing

- 3.26 The total cost of the program is estimated at US\$1,955,000. It is requested that US\$1,514,000 of that amount be financed with nonreimbursable MIF funding. Program proceeds will be distributed as follows:

	MIF	LOCAL COUNTERPART	TOTAL
UCUDAL	581,500	346,000	927,500
OISCA-Uruguay	933,000	94,500	1,027,500
TOTAL	1,514,500	440,500	1,955,000

- 3.27 Cost recovery. The counterpart contribution will be provided in the form of capital investments, rental of facilities and equipment, operating expenses, and local taxes on in-country procurements. The traveling courses will be held at company-owned facilities at no cost to the program. UCUDAL will make its own

staff and facilities available for program activities. The technical-training component under the UCUDAL project includes a cost-recovery feature, i.e., forest-product companies, trade associations, and other participants will have to pay a fee for the courses. This feature is a policy instrument aimed at strengthening the training market. In this regard, the tuition policy should be flexible and geared toward identifying the optimal level of financial support. During the first stages of the program, beneficiaries employed in the sector (i.e., workers on payroll) will have 50% of the cost of the courses subsidized. For unemployed program participants, the study grants will cover 85% of the course costs.

- 3.28 The following table presents a summary version of the estimated budget:

Program budget
(in U.S. dollars)

	MIF	LOCAL CONTRIBUTION	TOTAL
1. <u>UCUDAL Project</u>			
2. Individual consultants	206,500	88,400	294,900
3. Grant recipients and participants	20,000	35,000	55,000
6. General support	252,000	219,600	471,600
7. Publications	23,000	3,000	26,000
8. Consultants for program evaluation	20,000	-	20,000
98. Contingencies	60,000	-	60,000
Total	581,500	346,000	927,500
2. <u>OISCA-Uruguay Project</u>			
2. Individual consultants	300,000	20,500	320,500
3. Grant recipients and participants	460,000	-	460,000
6. General support	143,000	74,000	217,000
8. Consultants for program evaluation	20,000	-	20,000
98. Contingencies	10,000	-	10,000
Total	933,000	94,500	1,027,500
Grand total	1,514,500	440,500	1,955,000
Percentage share	77.5%	22.5%	100%

G. Disbursements

- 3.29 Establishment of the Program Advisory Board will be a condition precedent to first disbursement (under both projects). The first disbursement of Bank proceeds for each project will be contingent on the hiring of the respective coordinator. As a condition precedent to first disbursement under the OISCA-Uruguay project, the executing agency is to present evidence that (a) it has signed

an agreement with Laboratorio Tecnológico del Uruguay for managing the program; and that (b) OISCA-International has agreed in writing to provide support for project execution.

- 3.30 The program will be carried out over a period of 24 months and disbursements will be made over a period of 30 months, both periods reckoned as of the effective date of the agreement.
- 3.31 Program funds will be disbursed pursuant to Bank procedures and the MIF's eligibility guidelines, and administered by UCUDAL and OISCA-Uruguay. Upon written request, a revolving fund may be set up for a sum equivalent to 10% of the grant amount.
- 3.32 Bank procedures will be followed for procuring all goods and consulting services under the program.

IV. VIABILITY, SUSTAINABILITY, AND RISKS

A. Viability

- 4.1 UCUDAL has the necessary human, material, and financial resources to ensure proper program execution. It meets all the conditions for carrying out this project by virtue of its teaching excellence, connections with the academic and financial communities, and its experience in the training area. Furthermore, it has (through its Agricultural Management Institute) the requisite infrastructure and capacity to oversee the project and the institutional coordination agreements in support of project execution, despite the fact that it has only recently been accorded full university status.
- 4.2 OISCA-Uruguay, as was mentioned earlier, will receive technical support from OISCA-International and administrative support from Laboratorio Tecnológico del Uruguay, which have over 30 years of experience with training programs of this type.

B. Sustainability

- 4.3 Solid regulatory support coupled with the internal momentum of training activities to be created under the program will help to ensure the program's sustainability. By expanding UCUDAL's core curriculum to include courses in this area, the foundations will be laid for developing a technical program in forestry science, with majors in agricultural production and engineering.
- 4.4 The incremental activities growing out of the program - for instance, the continued existence of the Program Advisory Board - will help to maintain an open line of communication with businesses in the forestry subsector and with NGO representatives. This will make it possible for work to continue in the area of training

actions for this subsector, which will be financed out of the university's budget.

- 4.5 The cost-recovery feature will send a strong signal to the market regarding the need to invest in human resources development and update employee skills. The financial aid offered under the program will be geared toward promoting the design of new courses, the development of new materials, and the revision of existing curriculum offerings.

C. Risks

- 4.6 The potential risks that the program faces are essentially of two types: (i) internal facets of program implementation, e.g., the fact that OISCA has only recently established a presence in Uruguay and the local team's limited experience with administering international training for trainers, and (ii) there might not be enough candidates willing to pay the unsubsidized portion of the course fee, since the study grants offered to unemployed young people might be too low.
- 4.7 The likelihood of these risks materializing is lessened by two facts: (i) OISCA-International has vast experience with this type of program, and OISCA-Uruguay and UCUDAL have assigned high priority to the program and have a shared interest in ensuring its success. Furthermore, the budget includes 12 person-months of consulting services to assist in planning and the selection of beneficiaries; (ii) With support from the Program Advisory Board, a publicity campaign will be launched to disseminate information on the courses and job opportunities in the sector, which will serve as an incentive to attract and spark the interest of unemployed young people.

V. COMPLIANCE WITH PROGRAM ELIGIBILITY CRITERIA

A. General criteria for program eligibility

- 5.1 Given the program's objectives and expected results, the use of MIF funds is fully compatible with the general objective of supporting expansion of the private sector and a flexible and productive work force, as mentioned in Article I(b) of the Agreement Establishing the MIF, which refers to the implementation of development strategies that encourage increased private investment and are targeted at alleviating poverty.

B. Eligibility criteria for the Human Resources Facility

- 5.2 The program meets the criteria for funding under the Human Resources Facility, as stated in Article III, Section 3(b), of the

Agreement Establishing the MIF, since the training it proposes is intended to meet the needs of an expanding private-sector activity, specifically the forestry sector.

VI. CONSISTENCY WITH THE BANK'S COUNTRY STRATEGY

- 6.1 The proposed program is compatible with the Bank's strategy for Uruguay in that it targets one of the priority features of the strategy: fostering conditions that are conducive to private investment in efforts to reconfigure and modernize export-oriented sectors of the economy, in this instance forestry and forest products. The success of such endeavors will depend to a great extent on the availability of skilled labor both for forestry production and for the industrialization of forest products.
- 6.2 The program also holds priority for the Bank in that it will contribute toward sustainable development in Uruguay by broadening the productive base in the forestry subsector and by virtue of its links with actions already receiving Bank support in the areas of generation and transfer of technology (loan 524/OC-UR).

VII. AVAILABILITY OF MIF RESOURCES

- 7.1 Financing modality. The program will receive partial funding on a grant basis in view of the following: (i) the Donors Committee declared Uruguay eligible for all modalities of MIF funding on October 6, 1993; (ii) according to section III of the country eligibility memorandum, Uruguay meets the eligibility criteria for receiving a grant at the national level; and (iii) the project will have an important catalytic impact on investment flows, as required under Article 3, Section 5(a) of the Agreement Establishing the MIF, with regard to its objective of creating a climate for private-sector expansion. The validity of these criteria was confirmed by the Donors Committee at a meeting held on March 30, 1994 (MIF/GN-23).

VIII. EVALUATION

- 8.1 In order to ensure proper monitoring and evaluation, the program includes the following elements:
 - A. Semiannual reports
- 8.2 Within the 30 days following the end of each six-month period, the executing agencies are to submit a summary of the work done during

the period, including information on activities carried out, progress made toward attaining the objectives of the program, and the status of training and beneficiary selection activities. Information should also be provided on any problems encountered, as well as the steps taken or proposed to deal with them. The report should also include an outline of the work to be carried out during the following six months.

B. Final evaluation

- 8.3 The evaluation methodology and indicators that are to be used will be developed by the project coordinators during their first four months on duty. UCUDAL and OISCA-Uruguay will present these items to the Program Advisory Board and, subsequently, to the MIF for approval. They also agree to ensure access to all information and documentation that may be required in order to properly evaluate the project. Based on the aforementioned indicators, the project coordinators, with support from Bank officers assigned to the program, will define the basic guidelines for the final evaluation.
- 8.4 During the last month of program execution, the status of program activities will be assessed by individual consultants or consulting firms hired by UCUDAL and OISCA-Uruguay, in accordance with criteria agreed upon with the Bank.

Human Resources and Training Program for the Forestry Sector

LOGICAL FRAMEWORK

General Objective	Verifiable Indicators	Means of Verification	Assumptions
Increase lumber-sector productivity in a sustainable fashion	<p>Analysis of impact on participants (work stability, etc.)</p> <p>Institutional analysis, including description of links between sector institutions and industry; continuity of project activities</p> <p>Analysis of financial sustainability, including study of cost recovery and greater demand for courses on forestry-related topics</p>	<p>Follow-up studies on direct beneficiaries</p> <p>Qualitative study of targets set for interinstitutional coordination and expansion of the youth program</p> <p>Study of expansion and improvement of curricula, and level of self-financing of courses offered by UCUDAL and other training centers</p>	<p>Ratification of the Forests</p> <p>Continued national and international demand for forestry products</p>
Specific Objectives			
Devise new methodologies and generate institutional capacity for training the necessary human resources to ensure sustainable development in the lumber industry	<p>Execution of the projects:</p> <p>UCUDAL: Specialized technical training</p> <p>OISCA-Uruguay: Youth and sustainable development</p>	<p>Results of the projects:</p> <p>UCUDAL: Specialized technical training</p> <p>OISCA-Uruguay: Youth and sustainable development</p>	

LOGICAL FRAMEWORK (cont.)

Components and Activities	Beneficiaries/Selection Criteria	Verifiable Indicators	Means of Verification	Assumptions
1. UCUDAL: Specialized technical training (a) Technical assistance for curriculum development and preparation of materials in various specialties and sustainable development (b) Training courses on the technology transfer in the lumber sector, including a study grants for participants (c) Interinstitutional development of training centers in the lumber sector	Middle-level supervisors and workers employed in the sector (60%). Selection criteria: cost of the courses Unemployed workers or first-time job-seekers (40%). Selection criteria: cost of the courses, must come from a low-income family and not have finished high school, be at least 18 years of age, and display motivation and potential	(a) 750 workers and supervisors (60%) and unemployed and new job-seekers (40%) trained (b) 49 courses developed, including topics on natural-resource management (c) Promotion — by means of publications and workshops for the industry — of advanced forestation methods and technologies that are ecologically sound	(a) publication of course catalogs (b) number of workers and supervisors who register and who complete the courses (c) number of publications distributed, and persons registered in workshops	Continued expansion of the forestry subsector in Uruguay Limited supply of training and shortage of up-to-date courses
2. OISCA-Uruguay: Youth and sustainable development (a) International training for trainers (youth leaders) to promote sustainable development (b) Education campaign on environmental protection and children's forestry programs	(a) Selection criteria: candidates must have completed high school and be between the ages of 20 and 30. Leaders to be selected in accordance with OISCA methodology (e.g., skills, initiative, motivation, and leadership)	(a) 10 leaders trained abroad (b) Materials published and distributed, and tree planting programs set up at 36 schools	(a) number of leaders completing the training (b) materials distributed and number of schools with tree planting programs	Integral role of NGOs in strategy for human resources development in rural areas

DESCRIPTION OF THE OISCA MODEL

OISCA, the Organization for Industrial, Spiritual and Cultural Advancement, is a non-governmental organization (NGO), which has thirty years of experience in providing training and technical assistance through grass-roots, voluntary organizations in the fields of rural and sustainable development. OISCA was established in Japan in 1962 to provide technical assistance in agricultural development throughout Asia. Since that time, OISCA international program has increased, to include various overseas chapters and training centers, as well as four training centers and one school (OISCA School for Global Cooperation) in Japan. The number of country chapters has grown to around twenty, and over 5,000 international volunteers are part of the OISCA network.

The OISCA Principle of Action. The main philosophy of OISCA is that international cooperation is best achieved through voluntary and participatory development. The technical assistance method of OISCA encourages a partnership arrangement whereby international consultants work side-by-side with the local counterpart. The teaching methodology of the technical assistance is based on learning-by-doing techniques which are part of the Japanese work culture. It is often referred to as "guiding us by living with us". The training philosophy incorporates the on-the-job training models, whereby practical and specialized skills learning is placed into a work context. The fundamental element of all OISCA programs is its commitment, volunteerism and dedication of its trainees and facilitator. Its program is oriented to a holistic approach to human resource development, where one must address the human, social and economic needs of people.

OISCA Model of Services. The OISCA training program has grown from a simple project of technical assistance to a wide range of training programs, such as youth training, specialized skills training, training of trainers/facilitator, on-the-job training, and the children's forestry program. The basic model of services is the following: 1) initial technical assistance to OISCA chapters in the wide range of activities to support rural and sustainable development; 2) the training of trainers/leaders in the OISCA volunteer approach, as well as providing specialized skills to rural educators and extension agents; 3) the continued support of in the trainers/leaders in their home countries, with the expectation of expanding the volunteer programs of the OISCA chapter as well as other rural and environmental NGOs.

Emphasis on Youth Leadership and Volunteerism. The OISCA approach to learning places attention on the selection of community leaders at the rural level to be part of their network of volunteers, and the development of this individual and his/her community. For this reason, the selection of OISCA volunteers is based on qualitative evaluation of the individual youth, and assessment of their possible impact in their community and country. As part of the selection of the participants, personal characteristics, recommendations and observations are the most

ANNEX II

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important aspects of the screening. Also, basic issues relate to the age, education level, and cultural skills. Most often, participants are screened as they participate in the OISCA local programs.

OISCA International Priorities. Through its OISCA International affiliates as well as its OISCA Alumni Organization, OISCA maintains direct links to around 40 developing countries worldwide. In order to provide guidance and assistance to this network, OISCA has recently stated two main priorities in its global program:

- Children's Forestry program. With the support of local governments and communities, and active contributions of OISCA members, former trainees and volunteers, this program has been successfully implemented, with a growing number of participating schools. Since 1991, approximately 500 trainees have been trained to support this program worldwide. This program is the central activity to begin environmental education projects in the country through volunteer NGO networks.

- Support to OISCA trainers. The expansion of rural and sustainable development activities is entrusted in the trained volunteers which make up the OISCA network, and then return to their local chapters to train other NGOs. As of today, approximately 5,000 trainees have been trained either at the OISCA centers in developing countries, or in Japan. A wide range of activities are supported by OISCA to provide continued education to these trainers, through conferences, forums, newsletters, and other communication.

Activities in Latin America. Since 1993, various Latin American countries have begun OISCA-related activities, connected to the Children's Forestry and Trainers program. The OISCA Brazil chapter was established in April, 1993. At this initial stage, OISCA Brazil is launching the Children's Forestry Program on a small scale. The educational institution working in coordination with the OISCA Brazil chapter is the Centro Educacional No. 1 de Planaltina.

A second chapter of OISCA International was established in December, 1993. Under the leadership of the Laboratorio Tecnológico del Uruguay (LATU) and a group of other NGOs, OISCA Uruguay was established. Similar to the Brazil program, the activities of the Children's Forestry Program have been initiated with schools and community organization throughout the country. For purposes of executing the screening and selection of youth leaders, OISCA Uruguay will coordinate with the Catholic University and its IGAP program.

PROPOSED RESOLUTION

URUGUAY. NONREIMBURSABLE TECHNICAL COOPERATION FOR
THE SPECIALIZED TECHNICAL TRAINING PROJECT WITHIN THE HUMAN RESOURCES AND
TRAINING PROGRAM FOR THE FORESTRY SECTOR

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary 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 with the Universidad Católica del Uruguay Dámaso Antonio Larrañaga (UCUDAL) of Montevideo, Uruguay, for the Specialized Technical Training Project within the Human Resources and Training Program for the Forestry Sector.

2. That up to the sum of US\$581,500 is authorized for the purposes of this resolution, chargeable to the Human Resources Facility of the Multilateral Investment Fund.

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

PROPOSED RESOLUTION

URUGUAY. NONREIMBURSABLE TECHNICAL COOPERATION FOR
THE YOUTH AND SUSTAINABLE DEVELOPMENT PROJECT WITHIN THE HUMAN RESOURCES
AND TRAINING PROGRAM FOR THE FORESTRY SECTOR

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary 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 with the Organization for Industrial, Spiritual, and Cultural Advancement in Uruguay (OISCA-Uruguay) for the Youth and Sustainable Development Project within the Human Resources and Training Program for the Forestry Sector.

2. That up to the sum of US\$933,000 is authorized for the purposes of this resolution, chargeable to the Human Resources Facility of the Multilateral Investment Fund.

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