

**ELEMENTS FOR A CAREER EDUCATION STRATEGY  
IN THE CENTRAL AMERICAN ISTHMUS**

(TC-95-07-27-1)

**EXECUTIVE SUMMARY**

**REQUESTER:** Countries of the Central American isthmus: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama

**EXECUTING AGENCY:** Inter-American Development Bank

**BENEFICIARIES:** Governments of the countries of the Central American isthmus

<b>FINANCING:</b>	IDB:	US\$	0
	European Union:	US\$	950,000
	Local counterpart funding:	<u>US\$</u>	<u>0</u>
	Total:	US\$	950,000

<b>TERMS:</b>	Execution period:	12 months
	Disbursement period:	15 months

**ENVIRONMENTAL CLASSIFICATION:** The Environment Committee, at its meeting of October 24, 1995, classified this project as a Category II operation.

**OBJECTIVES:** To promote dialogue among the countries of the Central American isthmus in order to identify career education strategies. These strategies will have to foster cooperation among countries and contribute to increasing the competitiveness of their economies, and also to help their populations enter and remain in the work force.

**DESCRIPTION:** The following activities will be financed:

Component 1 - Strengthening of the capacity for effective dialogue: preparation of the political, technical, and administrative groundwork for implementing the project; development of concepts and information on the mechanisms for facilitating dialogue among the countries on a new topic for regional cooperation: career education.

Results expected: (a) formation of a key group responsible for ensuring the countries' support and participation and for determining the organizations and individuals who will participate;

(b) assimilation of the project objectives and concepts; and (c) assimilation of information on basic mechanisms for facilitating dialogue and implementing cooperative activities.

**Component 2 - Preparation of an analytic frame of reference for career education:** Against the backdrop of the countries' economic development policies and trends, the supply of and demand for employment and skills will be analyzed and compared with social policies, especially education policy. Similarities and differences among countries and groups of countries will be highlighted, in order to help define spheres of cooperation and formulate regional or subregional policies on career education. The main institutions involved in career education will also be analyzed, focusing on their potential for and receptiveness to modernization.

**Results expected:** (a) evaluation of the dynamics of the labor markets and of the productive sectors' employment-generating potential; (b) analysis of the institutions involved in career education and of possible reorganization and enhancement of resource use; and (c) review of the similarities and differences among countries.

**Component 3 - Exchange of experience and definition of lines of action:** The purpose of this component is twofold: first, to determine lines of action and prepare project profiles; and second, to draw up plans for regional or subregional cooperation and dialogue. The issues to be addressed are: (a) serving microenterprises and small businesses; (b) mechanisms for securing and transferring technology; (c) supply of and demand for employment and skills; and (d) national career education system.

**Results expected:** (a) regional or subregional project profiles, to be submitted to the Regional Consultative Group for Central America, for evaluation and identification of possible sources of financing; and (b) creation of a permanent regional forum for exchange of experience in career education.

**BENEFITS:**

The benefits of the project will be: (a) closer cooperation among governments, institutions engaged in career education, employers and employees; (b) economies of scale, particularly in the development of methodologies and strategies; (c) division of responsibilities among countries for development of education models, and preparation of

curricula and teaching materials; (d) improvement and reorganization, in each country, of resource use; (e) stimulation of an ongoing dialogue on issues pertaining to career education; and (f) formulation of an analytic frame of reference for evaluating financing proposals and/or supporting activities.

**RISKS:**

The risks stem from the complexity of the topic and from its regional treatment. The main ones are: (a) unwillingness of one or more countries to participate; (b) academic or political treatment of the issues without practical results; (c) lack of consensus among the countries concerning lines of action; and (d) lack of continuity after project completion.

**THE BANK'S  
STRATEGY IN  
THE REGION:**

The regional programming paper for Central America assigns priority to strengthening of subregional integration by means of intensification of intraregional free trade and harmonization of the area in terms of economic legislation and regulatory frameworks. A second priority is two areas of regional cooperation: support for social development and natural resource management. Specifically, the "regional human resource training strategy for Central America" project is programmed in the social development area. This proposal for elements for a career education strategy in the Central American isthmus was presented to GCR-CA on October 13, 1995.

**POVERTY TARGETING:**

The project indirectly targets low-income groups because the career education strategy resulting from the dialogue to be fostered under this technical cooperation operation would have a positive impact on these groups by helping them enter the labor force and/or increase their incomes.

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

- a. A mid-term risk assessment will be conducted five months after the effective date of the contract, to determine the feasibility of the project in terms of the commitment and willingness of those involved to promote an environment of consensus. Any significant deficiency observed will be notified to the authorities for them to correct it within 30 days; should they fail to do so, the Bank will consider full or partial suspension of project execution. The contracts with the administrator, the consultant technical coordinator and the consultant outreach worker will contain contingency clauses reflecting this condition.

- b. Once the operation is approved, the Bank will sign a letter of understanding with each of the requesting countries.
- c. Prior to verification and ratification of the European Union's eligibility conditions, the Bank would, in order to expedite the start-up of the operation, advance up to US\$75,000 in funding. Once the European Union has ratified the operation's eligibility for disbursement, it would reimburse that sum to the Bank.

## I. BACKGROUND

### A. Regional economic situation

- 1.1 The sharp international economic downturn and political crisis of the 1980s revealed a considerable degree of fatigue in the traditional integration and socioeconomic development models of the Central American isthmus. This situation was compounded by the vigorous emergence of the Asian countries as trading powers and the formation of regional markets in Europe and North America, creating a globalization of trade that requires increasingly drastic changes in economic and social structure.
- 1.2 As a result, after enthusiastically embracing "inward-looking development" for almost two decades, in the mid-1980s Central America began to prepare to compete in the world economy with a new "open regionalism". The Caribbean Basin Initiative of the early 1980s gave a significant boost to exports to the United States. However, the volume of exports needed to offset the imbalances required wider-ranging reforms designed to increase factor productivity and the competitiveness of the end products.
- 1.3 More recently, the North American Free Trade Agreement between Canada, Mexico, and the United States created uncertainties by seeming to divert trade and investments to Mexico. However, in actual fact it has served more to point up the need to be competitive and to negotiate international alliances.
- 1.4 To this end, and with the express intention of doing so en bloc, the countries of the Central American isthmus are redefining the meaning of "integration" within a new frame of reference that presumes the subordination of regional development to national development. This frame seeks reduction of tariff and nontariff barriers to intraregional trade and a greater openness to the rest of the world where trade is concerned.
- 1.5 As a vehicle for reaching these goals, the new integration model aims to increase the economies' competitiveness, facilitate access to new markets through joint negotiation, and avoid duplication of efforts in infrastructure investments (ports, for instance), in research and development, and now in human resource training. This new approach to integration is also abandoning the rigidity of the traditional trade agreements and treaties. At present, regional activities are increasingly being carried out for specific purposes and partial objectives, and with different subgroups of participating countries.
- 1.6 Within this new order of ideas, the majority of the countries are endeavoring to revitalize their economies by reorganizing the production apparatus and boosting productivity and product quality and competitiveness, on the one hand, and by reducing State

involvement in productive activity on the other. The private sector is viewed as the "engine of growth", capable of increasing employment, productivity, and, therefore, income.

- 1.7 This perspective requires large-scale growth and modernization processes, based on technology changes, upgrading of the quality of the work force, and promotion of social equity. Machinery-intensive processes must give way to those that emphasize use of the work force, since it is there that the region has a comparative advantage. However, an abundant labor supply alone is not enough. In Honduras, a typical case, the average worker has only 3.9 years of basic education. The implication for productivity and, therefore, the need to upgrade the quality of these inputs is clear.
- 1.8 However, as is apparent from Annex 1, the rates of poverty and extreme poverty, malnutrition, and infant mortality, life expectancy, illiteracy, and average number of years' schooling, in the majority of the countries, are indicative of their limited ability to develop a robust economy.

B. The national career education model

- 1.9 "Career education" is a term that denotes the activities carried out in formal and informal education to produce or providing further training to semiskilled or skilled workers, technicians, and middle management personnel in the productive sectors of the economy. 1/
- 1.10 Activities for career education in Central America - as in almost all of Latin America - are carried out in four contexts: (a) in official vocational training institutions; (b) in technical schools; (c) in nongovernmental organizations (NGOs); and (d) through private sector initiatives.
- 1.11 With the inward-looking model, specialized vocational training institutions (VTIs) arose in Latin America, starting in Brazil and Argentina in the early 1940s. Unlike the first of these institutions, which were set up by business, industrial, and trade associations, practically all the others were established as autonomous, decentralized government agencies and all shared the same basic characteristics: (a) independence from the regular education systems; (b) primary linkage with the ministries of labor; (c) tripartite administration (government, employers, and employees); and (d) financing based on contributions by businesses, collected in the majority of cases through the national pension or social security systems and calculated as a percentage (varying from 0.5% to 2%) of payroll.

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1/ Vocational training and worker training are considered equivalent concepts.

- 1.12 The Central American VTIs, with the years they were established, are: INA (Instituto Nacional de Aprendizaje) [National Apprenticeship Institute], Costa Rica, 1965; INSAFORP (Instituto Salvadoreño de Formación Profesional) [Salvadorian Vocational Training Institute], El Salvador, 1993; INTECAP (Instituto Técnico de Capacitación y Productividad) [Technical Institute for Training and Productivity], Guatemala, 1972; INFOP (Instituto Nacional de Formación Profesional) [National Vocational Training Institute], Honduras, 1972; INATEC (Instituto Nacional Tecnológico) [National Technology Institute], Nicaragua, 1990; and INAFORP (Instituto Nacional de Formación Profesional) [National Vocational Training Institute], Panama, 1983.
- 1.13 By the mid-1940s, technical vocational training also began to expand within the regular education system, generally under the jurisdiction of the ministries of education, as an alternative to conventional secondary education, with a view to providing the labor markets with middle-level personnel.
- 1.14 Religious institutions have also played an important part in career education. In Central America, a major role was played by the La Salle Congregation, an education institution with a long history of training young persons from different social classes for employment.
- 1.15 In addition, NGOs have increased their participation in the supply of career education services. They have also been the main institutions seeking to meet the informal sector's needs.
- 1.16 Private sector initiatives have also played a significant part, but have not followed any clearcut pattern. There is no systematized information available on direct investments by business and industry in employee training, but there are indications that on-the-job training is on the rise, possibly because of its cost-effectiveness.
- 1.17 The private sector has also developed training institutions supported by private funds, such as CADERH (Centro Asesor para el Desarrollo de Recursos Humanos) [Advisory Center for Human Resource Development] in Honduras. As regards training of technicians and middle-management staff, special mention should be made of FEPADE (Fundación Empresarial para el Desarrollo Educativo) [Business Foundation for Education Development], in El Salvador; GEMAH (Gerentes y Empresarios Asociados) [Associated Managers and Entrepreneurs], in Honduras; and CINDE (Coalición Costarricense de Iniciativas de Desarrollo) [Costa Rican Development Initiatives Coalition], in Costa Rica. Many of these institutions received considerable assistance from USAID in their consolidation stages and have succeeded in covering their recurrent expenditures by charging fees for services.

C. Problems with current models

- 1.18 The crisis in the economic and social development model was also accompanied by a crisis of the vocational training institutions. The rapid pace of technological change created a need for new productive structures that would incorporate them, leading to a structural reform of the economy. The training institutions, however, did not undergo similar changes and have not been able to provide the rapid, targeted responses the situation required.
- 1.19 The formal sector's vitality faded and it lost the capacity to generate sufficient jobs, while the informal sector grew by leaps and bounds. The governments responded by assigning the VTIs responsibility for providing support to the groups that were designated as "economically and socially disadvantaged."
- 1.20 Today, the VTIs have stable and, in many countries, abundant financing. However, their organizational structure is such that it limits their ability to adopt more flexible approaches and they tend to be wedded to their excessively academic and traditional teaching model. 2/
- 1.21 Moreover, technical and vocational education, provided by the formal education system, ended up being used as a new, more costly, means for access to higher education.
- 1.22 Different providers of career education have taken some initiatives for cooperation, but these are not systematic. Many VTIs are seeking to change their role from executing agencies to supervisory or regulatory authorities for the career education system: this is the case with the INA in Costa Rica, for instance. The merging of the technical education and training subsystems by INATEC, in Nicaragua, has still not yet been thoroughly evaluated. As a result, it is not clear what reforms should be made in the VTIs, especially in view of the risk of disrupting a worker training system without having a sure alternative to put in its place.
- 1.23 In brief, none of the countries has a systematic approach for: (a) coordinating the activities of all parties so as to constitute a true career education system; (b) researching, disseminating, and absorbing the "best practices" in career education worldwide and in the neighboring countries; (c) upgrading the quality of education of the work force; (d) reorganizing the use of the resources contributed by the private sector, the State budget, and grants from external sources. It must also be borne in mind that education institutions tend to be slow to change and that the

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2/ On the other hand, both the VTIs and the NGOs perform an important function in furthering social peace and strengthening of the domestic market by helping certain segments of the population enter the productive work force.



results of policy reforms will only be appreciated in the long term. There is accordingly a need to devise systems that are swifter, more flexible, and capable of linking the supply of training to the demands of the productive sectors.

D. Toward a regional career education strategy

- 1.24 As a response to the situation described and among various activities for human resource development launched by the countries, the Summit of the Presidents of Central American Countries and Panama held in Puntarenas, Costa Rica, in 1990, created the Regional Consultative Group for Central America (GCR-CA) under the direction of the IDB. One of the GCR-CA's main objectives is to achieve greater coordination of activities and of multilateral and bilateral assistance. The IDB was requested to assist in four main areas, one of which is human resource development, under a regional strategy. The European Union has offered to fund this effort. On October 13, 1995, the general lines of this proposal were submitted to the GCR-CA.
- 1.25 The object of the proposal set forth in this document is to identify elements that will help to define a career education strategy, on the understanding that in the new regional economic integration framework, career education policies are, and must continue to be, a national responsibility. At the same time, these national responsibilities could benefit from certain common contents, approaches, cooperation, and joint efforts. The proposal does not presume harmonization of economic legislation or labor regulations or seek to develop one more subregional institution.
- 1.26 This proposal does, however, presume that given the economic, climatic, ecological, geopolitical, and sociocultural patterns of the region, there are opportunities for cooperation among the countries, even though it may not always be possible to exploit them all at once. This is the case, for example, with the recent agreement between Panama and Costa Rica to administer a zone jointly in order to improve the environment and develop ecotourism. <sup>3/</sup> Another instance of regional cooperation could be the design and application of methods for improving reading and math skills in the context of basic career education. Additional possibilities include improving information services and preparing statistics to help monitor trends in the labor markets.
- 1.27 The national efforts could thus benefit from opportunities for regional or subregional cooperation. To the extent that these opportunities are identified and agreements are reached on them, they will be contributing to the efforts in progress to bring about harmonization of policies in the Central American isthmus.

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<sup>3/</sup> The agreement was signed by the presidents in 1979 but specific joint actions were not taken until 1995.

- 1.28 The strategy is based on the premise that career education only achieves its potential when there is a significant increase in market-driven demand for particular skills. No such increases in worker skills are therefore to be expected in the absence of a strong demand for labor based, in turn, on rational expectations as to economic growth.
- 1.29 This is the context in which this plan of operations proposes a dialogue for identifying elements to develop a regional career education strategy in the Central American isthmus. For this proposal to achieve the desired results, the dialogue will have to be based on accurate information about the dynamics of the labor markets and the possibilities of an adequate supply of training: This dialogue will have to be based on practical discussions of topics of interest for the countries or groups of countries, in order to define clear lines of action that can be converted into plans for cooperation and ongoing dialogue at both the regional and subregional levels.

## II. OBJECTIVE

- 2.1 The objective of the project is to promote dialogue among the countries of the Central American isthmus in order to identify career education strategies. These strategies will foster cooperation among countries and contribute to enhancing the competitiveness of their economies, while also helping their populations to enter and remain in the productive labor force.

## III. DESCRIPTION OF THE PROJECT

### A. Components

- 3.1 To achieve the above-described objective, the project will be executed through three components.

#### **Component 1 - Strengthening of the capacity for effective dialogue**

- 3.2 Under this component, the political, technical, and administrative groundwork will be prepared for implementation of the project, development of concepts and information on mechanisms for facilitating the dialogue among the countries on a new topic for regional cooperation, career education.
- 3.3 **Results expected:** (a) formation of a key group, responsible for ensuring the countries' support and participation and for determining the organizations and individuals who will participate in the different project activities; (b) assimilation of the project

objectives and concepts; and (c) assimilation of information on basic mechanisms for facilitating dialogue and implementing cooperative activities.

**Component 2 - Preparation of an analytic frame of reference for career education**

- 3.4 Against the backdrop of the countries' economic development policies and trends, under this component, the supply of and demand for employment and skills will be analyzed, and compared with economic and social policies, and especially education policy, that support them. The similarities and differences among countries and groups of countries will be highlighted, in order to help define spheres of cooperation and formulate regional or subregional career education strategies. The main career education institutions and their potential for and receptiveness to modernization will also be analyzed.
- 3.5 **Results expected:** (a) evaluation of the dynamics of the labor markets and of the potential of the productive sectors and branches for employment generation; (b) analysis of the career education institutions and of possible reorganization and enhancement of the use of the resources; and (c) review of the similarities and differences among countries.

**Component 3 - Exchange of experience and definition of lines of action**

- 3.6 The purpose of this component is twofold: first, to determine lines of action and prepare project profiles, and second, to draw up plans for regional or subregional cooperation and dialogue. The issues to be addressed are: (a) serving microenterprises and small businesses; (b) mechanisms for securing and transferring technology; (c) supply of and demand for employment and skills; and (d) national career education system.
- 3.7 **Results expected:** (a) regional or subregional project profiles, to be submitted to the GCR-CA for evaluation and identification of possible sources of financing; and (b) creation of a permanent regional forum for exchange of experience and expertise in career education.

**B. Organization and execution**

- 3.8 The project will be executed over a 12-month period.
- 3.9 RE2/SO2 will be responsible for project execution, with support from INT/ITD, and will hire an administrator who will be responsible for the implementation, monitoring, and coordination of the project, especially financial, logistic, and administrative matters. A consultant technical coordinator who is a specialist in

career education will also be hired and will be responsible for technical project activities, and a consultant project outreach worker, who will direct project identification and preparation in the countries. The contracts with the administrator, the consultant technical coordinator, and the consultant outreach worker will include contingency clauses to cover the findings of the mid-term risk assessment, so that they may be suspended or canceled if necessary.

- 3.10 Upon project startup, a group called the key group will be made up of individuals from the public and private sectors who are actively involved in career education. Key group members must be available to meet frequently and must have recognized credibility in each of the countries. The group will ensure the countries' support and participation and will be responsible for identifying the organizations and individuals who are to participate in the various project activities.
- 3.11 The project must be based on three categories of participants: technical specialists, users of the career education services (employers and workers), and decision-makers.
- 3.12 Consultants specialized in career education will act as facilitators in the workshops held under the project. International specialists will be invited to give occasional talks on technical topics. The IDB/INDES (Latin American Institute for Social Development) could provide support for the activities designed to strengthen the capacity for effective dialogue. The IDB Country Offices will provide support for the activities carried out in their particular countries.

#### C. Monitoring

- 3.13 Owing to the degree of complexity of this project, the RE2/SO2 team will closely monitor the progress of the program activities in conjunction with the respective Country Office. In addition, a **mid-term risk assessment** will be conducted to determine the feasibility of the project as regards the commitment and willingness of those involved to promote an environment of consensus.

The consultant coordinator will closely monitor all the technical project activities and will verify the reports produced, submitting them with his opinion to the project administrator. The administrator, in his turn, will keep the Project Team Leader informed about project execution on an ongoing basis.

- 3.14 The consultant outreach worker will closely monitor (and direct) the identification of possible projects based on the diagnostic studies. He will also monitor and assist in project preparation, using formats acceptable to the GCR-CA.

- 3.15 At least once every three months, or whenever circumstances so warrant, the project team will meet with the administrator and with the consultant technical coordinator in the field in order to discuss project execution with the countries.
- 3.16 Five months after project startup, the countries' actual willingness to participate will be assessed, and continuation of the project will depend on the findings. The assessment, which will be the main part of the mid-term risk assessment, will be conducted by the project team, the administrator, and the consultant technical coordinator.
- 3.17 The project team, the administrator, and the consultant technical coordinator will work together to select the international specialists, and conduct the initial workshop and the general workshop on conclusions.

**D. Cost and financing**

- 3.18 The project will be financed by a European Union grant of US\$950,000.
- 3.19 Contracts for the consultants and services will be awarded following the Bank's standard procedures.
- 3.20 A consolidated table of the estimated project costs is presented below:

**Budget Categories (US\$)**

Category	Total
2. Individual consultants	583,600
2.2 Remuneration	583,600
International consultants	296,600
National consultants	287,000
6. General support	78,600
6.1 Facilities	15,000
6.3 Equipment	11,000
6.6 Support staff	52,600
7. Publications	70,200
8. Individual consultants for coordination and administration	141,600
8.2 Remuneration	141,600
98. Contingencies	76,000
<b>TOTAL</b>	<b>950,000</b>

#### IV. BENEFITS AND RISKS

- 4.1 The benefits that will result from this project are: (a) closer cooperation among governments, career education institutions, employers and employees; (b) economies of scale, particularly in the development of methodologies and strategies based on approaches that have proven successful in other countries with similar cultures and problems; (c) division of responsibilities among countries, for the complex and costly studies needed to develop education models and to prepare curricula and teaching materials; (d) improvement and reorganization, in each country, of the use of resources, contributed by the private sector, the State budget, and grants from international cooperation; (e) stimulation of an ongoing dialogue among the countries on issues pertaining to career education; and (f) formulation of a frame of reference for analyzing proposals and identifying or supporting activities connected with the issues.
- 4.2 The risks of the project stem from the complexity of the subject and from its regional treatment. The main risks are: (a) unwillingness of one or more countries to participate; (b) academic or political treatment of the issues without practical results; (c) lack of consensus among the countries regarding the lines of action to be followed; and (d) lack of continuity after project completion.

#### V. EVALUATION

- 5.1 In view of the nature of the project, since an investigative-type evaluation will not be possible, the following indicators will be used to determine its success: (a) submission and dissemination, in and among the countries, of the reports on each of the activities; (b) effective participation of the main agents involved in career education in each of the countries, in the regional technical workshops; (c) development of lines of action to be pursued in subsequent stages by means of regional or subregional cooperation; and (d) the actual continuation of the work after project completion.

### STATISTICS ON CENTRAL AMERICA

INDICATORS	YEAR	BELIZE	COSTA RICA	EL SALVADOR	GUATEMALA	HONDURAS	NICARAGUA	PANAMA
Total population (thousands)	1994	209	3,334	5,641	10,322	5,497	4,275	2,611
Rural population (% of total)	1994	53.0	52.0	52.7	59.4	53.1	33.1	44.6
Life expectancy (years)	1992	68.7	76.2	66.3	64.8	65.8	66.6	72.8
Infant mortality (%)	1992	4.1	1.4	4.0	6.2	4.9	5.6	2.1
Child malnutrition (% of population up to 5 years) (2)	1985	5.7	6.0	21.6	43.6	20.8	10.5	16.0
Per capita GDP (US\$)	1994	2,627	2,180	1,398	1,255	576	449	2,642
Growth of per capita GDP (1)	1975/1985	-9.9*	-3.3	-25.2	-5.6	11.4	-39.9	21.7
	1985/1994	48.1	18.0	17.9	4.7	1.0	-33.4	2.1
Poverty (% of total population)	1980	-	22.7	70.2	63.0	67.6	63.0	52.6
	1990	-	20.7	75.4	75.0	76.5	74.4	54.2
Extreme poverty (% of total pop.)	1980	-	13.6	51.1	31.5	56.8	33.3	26.3
	1990	-	10.3	52.3	52.2	62.7	41.0	25.0
Share in GDP (%) (1)	1994							
Agriculture		22.3	15.6	13.8	24.4	21.5	33.3	9.9
Industry		27.4	26.1	25.8	19.7	27.0	21.3	18.1
Services		50.3	58.3	60.4	55.9	51.6	45.4	71.9
Work force (thousands)	1992	54	1,087	2,306	2,816	1,709	1,490	921
Unemployment rate (%)	1993	9.6	4.0	8.1	5.5	5.9	21.8	12.5
Illiteracy rate (%)	1990	9.2	7.2	27.0	44.9	26.9	13.9	10.7
Enrollment rate (% of pop. of age to enroll, by level)	1990							
Primary		93.0	86.0	70.0	79.0	91.0	73.0	90.0
Secondary		35.0	41.0	26.0	21.0	32.0	26.0	59.0
Higher		9.0	27.0	17.0	9.0	10.0	10.0	22.0
Years of schooling (average)	1990	-	5.7	4.1	4.1	3.9	4.3	6.7
Public spending on education (% by level) (3)	1990							
Primary		-	31.0	-	50.0	54.0	56.0	37.0
Secondary		-	17.0	-	15.0	19.0	12.0	23.0
Higher		-	36.0	-	35.0	21.0	32.0	21.0

Sources: IDB, Central America, Regional Programming Paper, 1995

(1) IDB, Pocket Profiles, 1995.

(2) World Bank, Social Indicators of Development, 1995.

(3) IDB, Latin America in Graphs, 1994 - 1995.

- Information not available. \*1980/1985

## DESCRIPTION OF THE COMPONENTS

### COMPONENT 1: STRENGTHENING OF THE CAPACITY FOR EFFECTIVE DIALOGUE

#### Objective

To prepare the political, technical, and administrative groundwork for implementation of the project; to promote assimilation of concepts and information on mechanisms for promoting dialogue among the countries on this new subject for regional cooperation, career education.

#### Activities

(a) A key group will be established, made up of persons from the public and private sectors who are actively involved in career education. The group members must be available for frequent meetings and have recognized credibility in each of the countries. The group will be responsible for ensuring the countries' support and participation and for identifying the organizations and individuals who will participate in the different project activities, taking into account the fact that the project must be based on three categories of participants: technical specialists, users of the career education services (employers and employees) and decision-makers.

(b) An initial workshop will be held at which the current main challenges in career education will be presented, together with the objectives, concepts, and activities that make up the project, and the participants will be provided with information on basic mechanisms for facilitating dialogue and conducting cooperative activities.

(c) An administrator will be hired to oversee implementation, monitoring, and coordination of the project, especially financial, logistic, and administrative matters, with support from the IDB Country Offices in the countries, and a consultant technical coordinator specialized in career education will be hired to supervise technical project activities.

#### Execution

(a) Five persons per country are expected participate in the key group.

(b) The initial workshop will have to be held at IDB headquarters in Washington over a two- or three-day period.

(c) An international specialist will have to be invited to present an overview of the current situation of career education; the project team will present the project's objectives, concepts, and activities; the IDB/INDES will handle the presentation of the information on basic mechanisms for facilitating dialogue and conducting cooperative activities.



- (d) At the end of the initial workshop, the key group will select from among its members the persons who will form the direct and operational link between the IDB and the national organizations and groups in each country.
- (e) The two main project support staff – the administrator and the consultant technical coordinator – will be hired by RE2/SO2.

## **COMPONENT 2: PREPARATION OF AN ANALYTIC FRAME OF REFERENCE FOR CAREER EDUCATION**

### **Objective**

To analyze the supply of and demand for employment and skills in the countries of the Central American isthmus, against the backdrop of the countries' economic development policies and trends and comparing them with their social policies and especially their education policies; to underscore similarities and differences among countries and groups of countries, in order to contribute to identification of spheres of cooperation and the formulation of regional or subregional career education strategies; and to evaluate the main career education institutions and their potential for and receptiveness to modernization.

### **SUBCOMPONENT 2.1: Diagnostic study of the labor market and of the career education supply in the countries of the Central American isthmus**

#### **Objective**

To evaluate, for each country of the Central American isthmus and on a comparative basis among the countries, the dynamics of the labor markets and the employment-generation potential of the different sectors and productive branches; and to produce an extensive inventory of the supply of career education in the countries.

#### **Activities**

The diagnostic study will be required to provide information on the following topics: labor market dynamics, basic characteristics of the labor codes, and sources of vocational training.

**Labor market dynamics:** analyze the supply of and demand for employment, in light of national and regional economic and social development policies; examine the potential of the different sectors and branches of activity of the informal sector and of microenterprises and small businesses for generating employment; identify the trends in skill requirements; and determine characteristics of the working-age population as regards demographic factors (gender, age), education level, and earnings, as well as unemployment.

**Basic characteristics of the labor codes:** examine the main features of the labor systems, those that represent advantages and disadvantages for job creation and stimulating training.

**Supply of worker training:** describe, in general terms, the career education supply, including the public and private institutional mechanisms, and formal and nonformal education; and identify the main institutions (public, private, religious, community) offering worker training services.

#### **Execution**

- (a) The diagnostic study will be conducted on the basis of the information available and specific surveys (of entrepreneurs, heads of public and private agencies, labor leaders, and other personalities).
- (b) The project administrator will be responsible for hiring a consultant, institution, or consulting firm that will be able to conduct the diagnostic study throughout the region, so that, in addition to the analysis of the situation of each country, a comparative analysis can be made covering all the countries and ensuring a uniform approach.
- (c) The consultant project technical coordinator will first prepare guidelines for the diagnostic study and review the draft.
- (d) The study is to be completed in a three-month period; a draft is to be submitted at the end of the second month.

**SUBCOMPONENT 2.2: Analysis of the career education institutions in the countries of the Central American isthmus and possibilities for innovation**

#### **Objective**

To deepen the analysis of the main vocational training institutions, and of their potential for and receptiveness to modernization. 4/

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4/ **Modernization** is understood to mean the development of "new ways of addressing and even channeling the change needed in the technical production apparatus" of the countries in order to upgrade its quality, productivity, and competitiveness. Cf. INA - Instituto Nacional de Aprendizaje. **Proyecto de transformación institucional** [Project for institutional transformation]. San José, September 1995.

## Activities

The study must cover the six official vocational training institutions 5/ and other institutions that actually play a significant role in career education in the region (about 10 or 12 institutions):

It must detail these institutions' policies, the legal and administrative context in which they operate, their sources of funding, costs, organizational structure, main operating strategies, the impact they have on employment, and the quality of their personnel.

In the case of the official institutions, it must verify the degree to which they act as governing bodies or as regulatory agencies for career education, the main obstacles and difficulties they face in performing this role, their relationship with the productive sectors, and their readiness and flexibility for change.

## Execution

- (a) The six official institutions have already been identified and the others will be identified in the course of the diagnostic study referred to in subcomponent 2.1.
- (b) The study will be based on the information available and on specific surveys conducted in the institutions, in enterprises, and among representatives of business associations and trade unions.
- (c) The project administrator will be responsible for hiring a consultant, an institution, or a consulting firm that can conduct the study in all the institutions, so as to produce a comparative analysis and ensure a uniform approach.
- (d) The consultant project technical coordinator will first prepare guidelines for the study and review the draft.
- (e) The study is to be completed within a three-month period; the draft will be submitted at the end of the second month.

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5/ INA (Instituto Nacional de Aprendizaje) [National Apprenticeship Institute] in Costa Rica; INSAFORP (Instituto Salvadoreño de Formación Profesional) [Salvadorian Vocational Training Institute] in El Salvador; INTECAP (Instituto Técnico de Capacitación y Productividad) [Technical Institute for Training and Productivity] in Guatemala; INFOP (Instituto Nacional de Formación Profesional) [National Vocational Training Institute] in Honduras; INATEC (Instituto Nacional Tecnológico) [National Technology Institute] in Nicaragua; and INAFORP (Instituto Nacional de Formación Profesional) [National Vocational Training Institute] in Panama.

### COMPONENT 3: EXCHANGE OF EXPERIENCE AND DEFINITION OF LINES OF ACTION

#### Objective

To draw up lines of action and project profiles and to devise plans for regional or subregional cooperation and dialogue in career education.

#### SUBCOMPONENT 3.1: Regional technical workshops

#### Objective

To provide an opportunity for the participating countries to: (a) familiarize themselves with world practices in the topic under discussion; (b) present their own experience; (c) discuss the pros and cons of each model presented; (d) identify opportunities for regional or subregional cooperation; and (e) propose lines of action and profiles of projects to be carried out.

#### Activities

- (a) Four regional workshops will be held on previously selected topics, <sup>6/</sup> which will provide an opportunity for the most important questions concerning career education to be discussed. However, any necessary adjustments according to the analyses conducted under Component 2 will be made.
- (b) The topics for the workshops are:

**Serving microenterprises and small businesses.** Although this is no longer a novel idea, it is still a subject of great importance in the region, since this segment plays a significant role in the socioeconomic development process and, particularly, in the generation of employment. It also definitely lends itself to regional cooperation as regards development of methodologies, design of curricula, and preparation of instruction modules. In accordance with the modernization policy, initiatives to serve microenterprises and small businesses will focus on technical and technological assistance, i.e., on provision of information on financial and personnel management; improvement of production processes with a view to increasing productivity; coordination with the input and end product markets; and mechanisms for access to credit. The countries will present and discuss all their experience with this segment, regardless of whether they classify such

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<sup>6/</sup> Preliminary studies conducted during project preparation (missions by consultants Alan Hoffman and Maria Luiza Silveira to the countries of the Central American isthmus) identified topics for discussion and proposed lines of action.

production units as belonging to the formal (officially incorporated) or informal sector of the economy. The workshop will also address the concept and the mechanisms for stimulating entrepreneurship, and experience with business incubators.

**Mechanisms for obtaining and transferring technology.** This workshop will discuss experience, but particularly strategies for obtaining technologies and for disseminating and channeling them to enterprises, especially to small-scale enterprises and in sectors or branches of activity in which the countries hope to become competitive. The discussion will include the role of regional centers already in existence, technical schools, universities, enterprises, especially those that produce or supply equipment, and international cooperation. Besides the technical upgrading of a product or production process, <sup>1/</sup> the supply of production organization and management services will also be considered in the discussion of quality, productivity, and competitiveness.

**Supply of and demand for employment and skills.** This workshop will discuss the supply of training in the most representative sectors and branches of activity in the countries as a whole or in groups of countries, as identified in the diagnostic study referred to in subcomponent 2.1. The countries will present, for example, their experience with training conducted to make agriculture productive, nonpredatory, and competitive at the international level, or that carried out in the service sector, which lends itself to regional cooperation in training because of the potential complementarity in certain branches (such as tourism) in the different countries. The workshop will provide an opportunity for presentation of the education-production methodologies tried out by the countries, and for discussion of alternative methodologies in connection with determining training needs. Emphasis will also be placed on education for equipping young persons for entry into the labor market, and particularly discussion of the content of the education (basic skills, knowledge of theory and technology, manual skills), the relationship with the formal education system (recognition and equivalence of studies), the compatibility of the training programs with actual employment opportunities, development of the "work culture", and the alternatives for providing training. The experience with the "dual system" promoted by GTZ (Gesellschaft für Technische Zusammenarbeit - German Agency for Technical Cooperation) and applied in the region with GTZ's

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<sup>1/</sup> This concept of technological innovation is found in IRELA (Instituto de Relaciones Europeo-Latinoamericanas). **Ciencia y Tecnología en América Central.** 1993.

close cooperation and using modalities such as the "Chile Joven" (Young Chile) program.

**National career education system.** Three basic topics will be discussed at this workshop. First, an opportunity must be provided for discussion of all the measures adopted – or that ought to be adopted – by the countries, for the dialogue between government, public and private career education institutions, employers, employees, and employment-seekers. It will include discussion of the action strategies of the main vocational training institutions, the proactive and reactive aptitudes of the official institutions, the organization and readiness to participate of the private sector, the role of the business associations and labor unions, and the marketing strategies used for publicizing to employers and employees the objectives and benefits of training. Secondly, the workshop will afford an opportunity for the countries to present the actions they are carrying out with a view to recognizing the work capacity of individuals, regardless of how they may have obtained it. The discussion will include creating and maintaining updated certification systems, their advantages and disadvantages, and the need for explanation and publicizing of their purposes to employers and employees. In addition to labor skills, identification and recognition of basic standards for reading, writing, and math skills may also be addressed. Byproducts of this topic will be the discussions on occupational analysis methodologies and modular instruction. Lastly, the workshop will also discuss competition and the methodology for recognizing the technical capability of public or private agencies, religious, community, or union institutions that conduct training activities in an environment of diversified supply.

#### **Execution**

- (a) Five persons per country are expected to participate in each workshop and will be selected by the key group referred to in Component 1.
- (b) A consultant specialized in career education will be hired to assume responsibility for the workshops and will be supported by the administrator and the consultant project technical coordinator.
- (c) The consultant responsible for the workshops will first prepare, with support from the consultant coordinator, a set of guidelines covering all the important points to be addressed in each workshop, in order to ensure that the countries provide the information required.

- (d) The countries must be given approximately one month to prepare their presentations to the workshop; the different individuals invited from a particular country will be required to consolidate their presentations into a single document, which will be considered as that country's contribution.
- (e) The contributions are to be sent to the consultant concerned in good time; the consultant will then analyze them, gather any additional information that may be needed and, with assistance from the consultant coordinator and the administrator, will then prepare the agenda for the workshop.
- (f) The workshop will be held over a five-day period (40 hours), in one of the participating countries.
- (g) The project administrator, with support from the IDB Country Office in the country where the workshop is held will be responsible for locating and renting facilities and securing all administrative support needed for the workshop.
- (h) International specialists will be identified and invited to give technical opening addresses, which will be followed by debates in each workshop. These specialists will present world trends in their treatment of the topic.
- (i) The participants will then present and discuss their experience and prepare proposals for lines of action and profiles of projects to be carried out on a regional or subregional basis. This activity will be carried out under the coordination of the responsible consultant, acting as facilitator, with support from the consultant project technical coordinator.
- (j) At the end of each workshop, a report will be prepared setting out the main considerations and proposed lines of action and profiles for regional or subregional projects, with clear instructions for their implementation.
- (k) The report will be reviewed by the consultant responsible for the workshops and by the consultant project technical coordinator and published.
- (l) At the end of each workshop the participants will select two representatives who will present the considerations and proposals at the general workshop on conclusions (Subcomponent 3.3).

#### **SUBCOMPONENT 3.2: Summary of the analyses and proposed lines of action**

##### **Objective**

To convert into a single integrated, coherent, and objective document the main features of the analytic frame of reference and the proposed lines

of action and project profiles, for submission to the decision-makers in the countries of the Central American isthmus.

#### **Activities**

- (a) analysis and summary of the final report on the "Diagnostic study of the labor market and of the supply of career education in the countries of the Central American isthmus";
- (b) analysis and summary of the final report on the "Analysis of career education institutions in the countries of the Central American isthmus and potential for innovation";
- (c) analysis and summary of the final reports on each of the regional technical workshops, grouping similar or complementary activities and reworking, if necessary, the project profiles to be submitted to decision-makers;
- (d) discussion with the two representatives selected at each of the regional technical workshops of the final format for the project profiles; and
- (e) preparation of an executive summary.

#### **Execution**

Execution of this activity is to be handled by the consultant project technical coordinator.

#### **SUBCOMPONENT 3.3: General workshop on conclusions**

##### **Objective**

To obtain approval of the lines of action and project profiles drawn up in the regional technical workshops; to draw up plans for regional or subregional cooperation and dialogue in career education.

##### **Activities**

- (a) technical opening addresses by specially invited international specialists;
- (b) presentation of the considerations and proposals concerning each topic by the two representatives selected at the end of each regional technical workshop; and
- (c) discussion and selection of the lines of action and project profiles for which the countries or groups of countries guarantee their support and participation.



**Execution**

- (a) Five persons per country are expected to participate in the workshop and will be selected by the key group referred to in Component 1.
- (b) International specialists who will give the technical opening addresses will be identified and invited.
- (c) The executive summary produced in accordance with subcomponent 3.2 will be sent to all participants and specialists.
- (d) The workshop will be held over two or three days, in one of the participating countries.
- (e) At the end of the workshop, a report will be prepared, including the resolutions, for signature by all the participating countries.
- (f) Coordination of the studies will be the responsibility of the same specialist consultant who conducts the regional technical workshops, with support from the consultant project technical coordinator; they will both be responsible for reviewing the workshop's resolutions.
- (g) The project administrator, with support from the IDB Country Office in the country where the workshop is held, will be responsible for locating and renting premises and organizing all administrative support needed for the workshop.

LOGICAL FRAMEWORK  
ELEMENTS FOR A CAREER EDUCATION STRATEGY IN  
THE CENTRAL AMERICAN ISTHMUS

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTION
Regional or subregional agreements established	Regional or subregional agreements established	Regional or subregional agreements	Open regionalism and new framework capable of boosting growth Social peace and strengthening democracy
Four profiles of regional or subregional cooperation projects agreed on Eight reports produced: A. Diagnostic study of the labor market B. Analysis of the institutions and potential for innovation C. Four final reports on regional technical workshops D. Summary of the analyses and proposed lines of action E. Resolutions of the general workshop on conclusions	Resolutions of the general workshop on conclusions Reports edited and published	10 vocational training institutions Five universities in the world technology 10 micro entrepreneurs or owners in the workshop on small businesses 20 employers' representatives 20 workers' representatives 15 ministries (or equivalent) regional technical workshop general workshop on conclusions	For a career education strategy for the American isthmus identified
Key group formed in month 2 Initial workshop held in month 3	Workshop report	Administrator and consultant contracted in month 1 Guaranteed support and participation from the countries	For effective dialogue strengthened

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTION
<p>Frame of reference on career prepared and disseminated</p>	<p>Draft "Diagnostic study of the labor market" submitted at end of month 3 in accordance with the guidelines</p> <p>Final report edited in month 5</p> <p>Draft of "Analysis of the institutions... and potential innovation" submitted in month 4 in accordance with the guidelines</p> <p>Final report edited in month 6</p>	<p>Drafts</p> <p>Final reports</p>	<p>Guidelines for diagnostic study in month 1</p> <p>Guidelines for analysis prepared in month 2</p>
<p>Exchange of experience and lines of action defined</p> <p>Regional technical workshops held</p>			
<p>Microenterprises and small businesses</p>	<p>Workshop held in month 7</p> <p>At least one profile of a regional or subregional project proposed at the end of the workshop</p>	<p>Guidelines</p> <p>Contributions</p> <p>Final report</p>	<p>Participants selected in month 7</p> <p>Guidelines for preparation of contributions ready in month 7</p> <p>Contributions submitted in month 8 in accordance with the guidelines</p> <p>At least five countries participate in the workshop</p> <p>Two vocational training institutions per country, in the workshop</p> <p>Two microentrepreneurs or business owners per country participate in the workshop</p>

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
isms for obtaining and transferring gy	Workshop held in month 7  At least one profile of a regional or subregional project proposed at the end of the workshop	Guidelines  Contributions  Final report	Participants selected in month  Guidelines for preparation of contributions ready in month  Contributions submitted in accordance with the guidelines  At least five countries participate workshop
			Two vocational training institutions country in the workshop  One university per country workshop  Two leading employers' associations country in the workshop
of and demand for employment and	Workshop held in month 8  At least one profile of a regional or subregional project proposed at the end of the workshop	Guidelines  Contributions  Final report	Participants selected in month  Guidelines for preparation of contributions ready in month  Contributions submitted in in accordance with the guidelines  At least five countries participate workshop  Two vocational training institutions country in the workshop  One representative of employers representative of workers per the workshop

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTION
al career education system	Workshop held in month 8	Guidelines Contributions Final report	Participants selected in month Guidelines for preparation of contributions ready in month Contributions submitted in accordance with the guide At least five countries participate in the workshop Two vocational training institutions in the workshop One representative of employers and one representative of employees participate in the workshop
tic frame of reference and project s summarized	Project profiles structured	Summary document Executive summary	Final reports on "Diagnostic labor market", "Analysis of relations", and regional technical analyses and summarized in
for regional or subregional cooperation dialogue approved	General workshop on conclusions held in month 11 At least 4 profiles of regional or subregional projects approved Proposal agreed on for a regional dialogue forum	Report on the workshop resolutions Document signed by the participating countries	Participants selected in month At least five countries participate in the workshop 15 ministries (or equivalent) in the workshop Presidents or executive directors of vocational training institutions in the country participating in the

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PROPOSED RESOLUTION

REGIONAL. NONREIMBURSABLE TECHNICAL COOPERATION FOR THE EXECUTION  
OF A PROGRAM ON ELEMENTS FOR DEVELOPING AN EDUCATIONAL  
STRATEGY FOR JOB-TRAINING IN THE CENTRAL  
AMERICAN ISTHMUS

The Board of Executive Directors

RESOLVES:

1. That the President, or such representative as he shall designate, is authorized, in the name and on behalf of the Inter-American Development Bank, to enter into such agreement or agreements as may be necessary with the European Union to administer a grant by said entity of up to the equivalent of US\$950,000, under the terms and conditions established in the plan of operations referred to in Document AT- with respect to a nonreimbursable technical cooperation for a program on elements for developing an educational strategy for job-training in the Central American Isthmus.