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Report No. P-2025-SYR

REPORT AND RECOMMENDATION
OF THE
PRESIDENT OF THE
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
TO THE
EXECUTIVE DIRECTORS
ON A
PROPOSED LOAN TO
THE SYRIAN ARAB REPUBLIC
FOR AN
EDUCATION PROJECT

June 30, 1977

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CURRENCY EQUIVALENTS

Currency Unit: Syrian Pound (LS)

LS 1	=	US\$0.25
US\$1	=	LS 3.95

ABBREVIATIONS

MOE	-	Ministry of Education
MOI	-	Ministry of Industry
SPC	-	State Planning Commission
UNRWA	-	United Nations Relief and Works Agency

Fiscal Year

January 1 - December 31

SYRIA - EDUCATION PROJECT

LOAN AND PROJECT SUMMARY

Borrower: Syrian Arab Republic

Amount: US\$20.0 million in various currencies

Terms: 20 years, including 3-1/2 years of grace at an interest rate of 8.2 percent per annum.

Project

Description:

- (a) the construction, equipping and furnishing of:
 - 5 primary teacher training colleges
 - 1 intermediate teacher training institute
 - 3 intermediate technical institutes
 - 2 vocational training centers
- (b) technical assistance consisting of about 6 man-years of specialist services to assist in project implementation and about 33 manyears of fellowships.

Project Costs: The table below summarizes the cost of the project.

	<u>US\$ (Millions)</u>			<u>% of Base Costs</u>
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	
<u>General Education:</u>				
Teacher Training Colleges and Institute	5.8	3.3	9.1	31.2
<u>Vocational and Technical Education:</u>				
Technical Institutes and Vocational Training Centers	7.8	11.6	19.4	66.7
<u>Technical Assistance:</u>	<u>0.1</u>	<u>0.5</u>	<u>0.6</u>	<u>2.1</u>
Base Cost	13.7	15.4	29.1	<u>100.0</u>
<u>Contingencies:</u>				
Physical	1.4	1.4	2.8	9.6
Price Increase	<u>4.7</u>	<u>3.7</u>	<u>8.4</u>	<u>28.9</u>
Subtotal	6.1	5.1	11.2	38.5
Total Project Cost	<u>19.8</u>	<u>20.5</u>	<u>40.3</u>	

Financing Plan: The proposed loan would finance the foreign exchange component (except for technical assistance and fellowships to be provided by bilateral and other multi-lateral sources), or 50 percent of the total cost of the project as summarized in the table below:

	<u>Government</u>		<u>IBRD</u>		<u>Total</u>	
	US\$		US\$		US\$	
	<u>Millions</u>	<u>%</u>	<u>Millions</u>	<u>%</u>	<u>Millions</u>	<u>%</u>
Construction	10.6	70	5.0	30	15.6	54
Furniture	1.3	75	0.4	25	1.7	6
Equipment	1.1	10	9.5	90	10.6	36
Professional Services	0.6	100	0.0	-	0.6	2
Technical Assistance	<u>0.6</u>	100	<u>0.0</u>	-	<u>0.6</u>	<u>2</u>
Base Cost	14.2		14.9		29.1	<u>100</u>
Contingencies:						
Physical Contingencies	1.4		1.4		2.8	
Price Increase	<u>4.7</u>		<u>3.7</u>		<u>8.4</u>	
Subtotal	6.1		5.1		11.2	
Total Project Cost	<u>20.3</u>	50	<u>20.0</u>	50	<u>40.3</u>	

<u>Estimated</u> <u>Disbursements:</u>	<u>Bank FY</u>	<u>(\$ millions)</u>				
		<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Annual		0.0	0.2	8.6	9.2	2.0
Cumulative		0.0	0.2	8.8	18.0	20.0

Technical Assistance: A total of about 6 man-years of specialist services at an average cost (excluding contingencies) of about \$60,000 per man-year, and about 33 man-years of fellowships, at an average cost of about \$5,000 per man-year, would be provided under the project.

Appraisal Report: Report No. 1513-SYR, dated May 26, 1977
EMENA Projects Department

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

REPORT AND RECOMMENDATION OF THE PRESIDENT TO THE
EXECUTIVE DIRECTORS ON A PROPOSED LOAN TO THE
SYRIAN ARAB REPUBLIC FOR AN EDUCATION PROJECT

1. I submit the following report and recommendation on a proposed Bank loan of \$20.0 million equivalent to the Syrian Arab Republic to help finance an education project. The loan would have a term of 20 1/ years including 3-1/2 years of grace, with interest at 8.2 percent per annum.

PART I - THE ECONOMY 2/

2. A report entitled "Current Economic Position and Prospects for Syria" (no. 806-SYR, dated October 31, 1975) was distributed to the Executive Directors on November 12, 1975. This section is based on the findings of an economic mission which visited Syria in November 1976 in preparation for a Basic Economic Mission. Country data sheets are attached as Annex I.

3. Since attaining independence in 1946, Syria has had several changes in regime which resulted in a shift of power from groups of landowners, traders, and industrialists to a rising class of officers, technicians, and civil servants, as well as a shift of the economy from an essentially laissez-faire system to a largely publicly-owned and centrally regulated one. The Ba'ath Socialist Party, the ruling party since 1963, provided substantial continuity of emphasis on economic and social development policies which have, by and large, prevailed in spite of internal Government changes and tensions within the Middle East. During the 1960s an agrarian reform was carried out, with redistribution of land to a large number of formerly landless peasants; also large segments of the industrial, finance and trade sectors were nationalized. In November 1970 General Assad became President of the Republic; his regime has been characterized by a balance of firmness and conciliation in domestic policies, economic pragmatism, a concerted search for a better defined role for the private sector in a centrally regulated economy, as well as diversification of foreign economic relations. These aims have been pursued gradually and, in spite of continued political uncertainty in the Middle East, substantial reorientation of economic policies and diversification of production have been achieved.

1/ The loan was extended by 3 years over the Bank guidelines on grace periods and final maturities on project grounds. This would be compensated by a reduction in the amortization and/or grace period of one or more loans to Syria during FY78.

2/ This part is identical to paragraphs 2-12 of the President's Report No. P-2024 on a Loan to the Syrian Arab Republic for the Aleppo Water Supply Project, dated June 1, 1977.

4. The Government's attention to economic and financial matters has led to a sustained on-going effort in conceptualizing objectives, identifying constraints, and formulating alternative strategies. As a result, an increasingly pragmatic assessment of economic policies is taking place within the Government (and the ruling Ba'ath Party). A new cabinet was formed in August 1976. One of its key tasks is to implement new economic policy directives, to strengthen economic management, and to tighten controls over investment decisions in the public sector. The new Prime Minister, General Khleifawi, a former head of the Economic Committee of the Ba'ath Party, and Prime Minister in the first cabinet formed after President Assad's accession to power, defined shortly after the change in cabinet the new principles which henceforth are to guide Syrian economic policies. The Prime Minister's program, while re-affirming the Ba'ath Party's commitment to general socialist principles and the dominant role to be played by the public sector, called for improvements in management of the public sector and attempted to define a role for the private sector (including the specification of activities open to private investment, exclusively or jointly with the public sector, and the provision of the necessary safeguards and incentives to stimulate private investment). The program also calls for the formulation of a wages and price policy, review of the economic planning system, transformation of the existing Industrial Bank into a genuine industrial development finance institution, and changes in interest rate policies to promote greater consistency with interest rates charged in neighbouring countries and to stimulate domestic savings.

5. The 1973 petroleum price increase, which boosted Syria's own petroleum export earnings, and the sharp rise in Arab grants following the October 1974 Rabat agreement, augmented financial resource availability in the short run, leading to revisions of the Third Plan (1971-75) and sharp increases in public investments. However, adverse financial developments, rooted in the high investment rates of 1974-75 and external developments, including the discontinuation of oil transit by Iraq, a decline in Arab aid and the impact of the Lebanese civil war, put unexpected financial constraints on investment and growth, and delayed the finalization of the Fourth (1976-80) Plan to early 1977. For 1976-80, the Plan calls for: real growth of 12 percent yearly in GDP, a target specified by the Ba'ath Party; increases in real terms of 7 percent per annum in exports; and a domestic savings/GDP ratio of about 23 percent. With the constraints on resource availability that have emerged, the Government has limited its investment program mainly to ongoing projects, and a further revision of the Plan is underway with a view to scaling it down substantially.

6. The strategy underlying the Fourth Plan places particular emphasis on industrialization, with investment in agriculture remaining substantial. The industrial development strategy stresses import-substitution in consumer goods, and a substantial expansion of resource-based industries, such as cotton textiles, cement and fertilizers. Significant exports of manufactured goods by 1980 -- particularly textiles and fertilizers -- is a primary objective of the Government's investment program in the manufacturing sector. In agriculture, the Government's overall objectives are the same as those in the previous Plan: self-sufficiency in major domestic food needs, meeting the raw material requirements of industry, and provision of a production surplus for

export. Rational land and water use, the stabilization of annual fluctuations in output and the improvement in consumer diets through an increase in protein supply are further objectives. The strategy to achieve these objectives includes expansion of irrigated agriculture, intensification of crop production and achievement of a better balance and complementarity between crop and livestock production.

7. Economic growth during 1971-75 is estimated at close to the 8 percent target level, and growth in 1976 was also around 8 percent. Public investment during 1971-75 reached about 70 percent of the original Plan target, with about 55 percent of the total outlays being made in the last two years of the Plan period, largely as a result of greater availability of financial resources. The elasticity of savings with respect to GDP fell to 1.0, compared to a target of 1.8, reflecting a shortfall in the public savings effort, particularly in recent years. A substantial number of manufacturing projects, including those in fertilizers and steel rolling, came on stream during the Plan period, thus diversifying the structure of industrial output. Particularly heavy expenditures were made in industry, energy and fuel in 1974 and 1975, as a large number of projects were commenced. Investments in irrigation and agriculture appear to have remained stagnant in real terms during the Plan period and fell substantially short of the target and the Plan's overall achievement rate. Nonetheless, the Euphrates basin investments were substantial and are expected to lead to higher growth and stability in the production of the agricultural sector in the future. Progress in the fields of transport and communications kept pace with the overall implementation rate of the Plan. Investments in social services reached a high proportion of planned allocations, although substantial needs remain in education, health and urban services.

8. Increasingly aware of the needs to improve the economy's performance, the Government has begun to take measures to relieve constraints on the country's development. Following the years of financial ease (up to early 1976), fiscal performance needs to be improved, if development is to proceed without interruption and without entailing potentially serious inflationary and public debt management problems. This will require greater resource mobilization and tighter control of expenditures. Efforts are underway in the Ministry of Finance to reform the tax system and to improve the Ministry's budgetary and control functions. In addition, consideration needs to be given to increasing the efficiency of the economic enterprises and their contribution to the budget through improved management, including introduction of sound accounting practices (for which a law was passed in 1974) and control, as well as improved efficiency in production. The State Planning Commission is presently studying capacity utilization in agriculture, industry and transport with a view towards finding means of increasing growth through improved utilization of existing capacity rather than new investments. With a large number of projects (particularly in industry), expected to come on-stream over the next few years, the scope of raising output to optimum use of capacity appear quite substantial. The Government has also sought UNDP assistance in planning. While these efforts are expected to have only a small impact during the Fourth Five Year Plan, they are likely to yield considerable fruits in the long run.

9. The shortage of skilled manpower may cause bottlenecks in project implementation. The uneven spatial distribution of employment is also likely to pose problems as a large proportion of public investment in agriculture and industry is to take place in the Northeast, where the population density is much lower than in the Western Coastal belt. Measures will be required to attract population and to provide sufficient skilled manpower to the Northeast region. The overall manpower situation and the difficulties currently encountered in fostering an efficient public administration and public economic sector are exacerbated by emigration of trained technicians and skilled labour abroad and the outflow of trained manpower from the public sector to the private sector as a result of wide wage differentials. To alleviate the shortages the Government will provide extensive training facilities for augmenting the supply of skilled manpower. It may however have to revamp the structure of incentives so as to enable the public sector to attract and retain an efficient cadre of administrators, technicians and other skilled workers. While the Government is fully committed to increasing productive employment opportunities, there is an urgent need to formulate a coherent employment strategy consistent with the Fourth Plan investment strategy.

10. Syria's economic prospects depend heavily on the availability of financial resources and also on absorptive capacity in the various sectors. Tentative Bank projections indicate that considering these constraints, an investment program totalling around SL 35 billion in constant 1975 prices is likely to be achieved during the 1976-80 period. At this level, investment would be consonant with the Government's concern for improving the quality of investments. It would generate real GDP growth around 7 percent yearly during the period, which is somewhat below the recent growth record (8 percent). The sources of growth in the late 1970's are likely to be the manufacturing and construction sectors, with agricultural production stabilized at higher levels, rather than mining and commerce which were the leading growth sectors during the Third Plan.

11. On Bank assumptions, the requirements of a growing aggregate demand would entail an increase in the current account deficit from \$580 million in 1976 to \$1,220 million in 1980. The Government is expected to implement strong measures to improve domestic resource mobilization, following the studies currently underway, so as to close the savings-investment gap, and thereby the resource gap; and a turnaround in the increasing deficit position may be expected in the late 1980's. Assuming current transfers to increase in 1977-78 and decrease thereafter, gross external borrowing requirements over the Fourth Plan period are estimated to be \$4.0 billion. Syria can probably mobilize most of this from official sources and obtain the remainder from commercial sources.

12. At the end of 1976, external public debt outstanding and disbursed, excluding military debt, was estimated to be around \$970 million (14 percent of GDP) of which 80 percent was held by Governments (28 percent, OPEC; and 47 percent, centrally planned economies), and 4 percent by multilateral organizations (exclusively the World Bank Group). Debt service payments in 1976 amounted to only 10.6 percent of exports (including NFS). With assumed new

borrowing, debt and debt service would rise significantly. By 1980, Bank projections indicate that debt could reach 30 percent of GDP while debt service would be around 16 percent of exports. Beyond 1980, the effect of policies emphasizing exports (para. 6) would stabilize the relative burden of debt service at a manageable level of around 20 percent of exports. Syria is therefore creditworthy for continued Bank lending.

PART II - BANK GROUP OPERATIONS IN SYRIA 1/

13. Syria has to date received four IDA credits totalling US\$47.3 million and eight loans totalling US\$249.1 million (including one loan of US\$12.5 million on Third Window terms), net of cancellations. In addition, the Executive Directors in June 1977 approved a US\$50.0 million loan to Syria for the Aleppo Water Supply Project. Although Syria is a member of the Corporation, IFC has made no investments. At the end of 1976 the Bank Group accounted for 4 percent of Syria's total outstanding public debt; by 1980 it is expected to account for 10 percent of total outstanding public debt and 7 percent of public debt service obligations. Annex II contains a summary statement of IDA credits and Bank loans as of April 30, 1977.

14. Project implementation has generally suffered substantial delays due largely to circumstances beyond Syria's control. The 1973 hostilities brought works to a standstill and diverted the country's resources first to military, then to reconstruction tasks; the unsettled conditions in the region and weaknesses in the administrative system caused project implementation to be slow. The above developments were compounded by the high rate of world inflation and generated considerable cost overruns in most projects. As a result the composition of the Damascus Water Supply and Mehardeh Power Projects had to be revised and additional financing secured. In the case of the Balikh Project, the Government obtained a \$50 million loan from the Government of Iran and has undertaken to provide the Bank with a new financing plan for the project. In the case of the Second Highway Project, the Government obtained a \$45.9 million loan from USAID to finance one of the components originally included in the project and has decided to upgrade the project roads to four lane standards. Recent progress in project implementation has been encouraging; contracting and construction is well underway for most projects although the Damascus Water Supply Projects will require close coordination of the works financed by different donors.

15. Lending for infrastructure accounted for over two-thirds of Bank Group lending to Syria thus far. It aimed at fostering well designed sector policies and strengthening various public institutions in charge of power, water supply, highways and telecommunications. The objective of lending for

1/ This is part is substantially the same as paragraphs 13-18 of the President's Report No. P-2024 on a Loan to the Syrian Arab Republic for the Aleppo Water Supply Project, dated June 1, 1977.

irrigation development (Balikh Project) was to help increase and stabilize agricultural production and farmers' incomes which are subject to wide fluctuations under rainfed conditions. The livestock development project for which a loan was approved earlier in FY77 provides for fundamental improvements in feed and flock management policy as well as credit to sheep farmers, most of whom are among Syria's poor nomadic population, with an aim to increasing and stabilizing incomes in the sheep subsector throughout Syria. Due to delays in selecting and appointing consultants, this loan has not yet become effective.

16. A diversification of lending operations in Syria is envisaged through a gradual shift of emphasis away from long gestation infrastructure projects, except where they are of utmost social priority (e.g., education and the provision of basic urban services, such as water supply), toward quicker yielding projects in the directly productive (agricultural and industrial) sectors. This would be in support of the Government's Fourth Five-Year Plan (1976-80) strategy of developing the country's productive capacity and improving its social and physical infrastructure. However, project preparation according to Bank standards remains a serious constraint in these sectors.

17. The Aleppo Water Supply Project (see para. 13 above) provides for an expansion of Aleppo's water supply system as well as sewerage studies for the cities of Aleppo and Lattakia, and technical assistance for Syria's construction industry. A tourism project, providing for hotel training and technical assistance to the sector, and a rural electrification project, which would be part of the Government's rural electrification program covering all of Syria, have been appraised. Preparation has also begun for a third highway project, which would include the construction and/or upgrading of high priority road sections; for an irrigation/drainage project, providing for the rehabilitation of salt-affected lands in the lower Euphrates area; and for agro-industry (cotton seed processing), industry (rehabilitation of textile plants), rainfed agriculture (integrated development in the northeastern region), and sewerage facilities (for Damascus, Hama, Homs).

18. The lending activities described above would help to improve project preparation and implementation, especially in those sectors in which the Bank has not been previously involved, and strengthen sector policies and institutions. The proposed operations will include significant technical assistance and training components to achieve the above objectives.

PART III - THE EDUCATION SECTOR

19. The formal education system in Syria comprises six years of compulsory primary education (grades 1-6), three years of lower secondary education (grades 7-9), three years of upper secondary education (grades 10-12), divided into general secondary which prepares students for higher education, and technical secondary leading to direct employment or technician training; and two to six years of post-secondary and higher education. Teacher training colleges offer four and two year programs (grades 10-13 and 13-14 respectively). Technicians are trained at the post-secondary level in two year

technical institutes. Degree courses are offered in a higher technical institute with a four-year program, and universities with four to six-year programs. The Ministries of Education and Higher Education are primarily responsible for education in Syria, although a number of other ministries are involved with technical and vocational training. While the central authorities define policy guidelines and major programs, the administration of primary and general secondary education devolves upon the regional authorities. Education in public schools is free at all levels; in 1974/75 the public sector accounted for 94 percent of total enrollments at the primary and secondary level; of the balance, 2 percent was in UNRWA schools serving Palestinian refugees, and 4 percent in private schools.

20. Enrollments at all levels have grown significantly over the past decade mainly as a result of social demand as well as in response to the country's need for a better educated workforce. Since 1969/70, gross enrollments have increased by 43 percent, 52 percent and 65 percent respectively at the primary, lower secondary and upper secondary levels, and they now represent 89.4 percent, 55 percent and 32 percent of the respective age-groups. Enrollments in universities had been relatively static in the five years to 1969/70 but increased by 66 percent in the next five years following a decree opening the universities to all general secondary baccalaureate holders. Enrollment at the higher education level now represents 12 percent of the age-group involved.

21. This expansion has been achieved with relative modest expenditure for education averaging about 4 percent of GDP annually over the past five years. While the quantitative improvement of education has been impressive, serious deficiencies in the quality of education as well as problems of equity remain. The rapid expansion of enrollments has not been matched by the development of adequate physical infrastructure. The majority of school buildings are unsuitable for modern teaching purposes -- over 40 percent were not built as schools and nearly 30 percent are rented -- and in many cases, are overcrowded. Laboratories, workshops and libraries are almost non-existent. Mainly as a result of inadequate teacher training facilities and the lack of equipment for modern teaching purposes, standards of teaching are generally low, and teachers are forced to resort to passive teaching methods which do not provide for sufficient practical and experimental activities. In 1974/75, about 28 percent of the primary teaching force were unqualified temporary replacements (as much as 47 percent in the poorest regions) and only 17 percent of the permanent secondary teachers had pedagogical training.

22. Finally, while curricula at the primary and secondary levels include provisions for practical activities, teaching tends to be theoretical. Most upper secondary schools are exclusively oriented towards university entrance, which is open to all graduates from general secondary schools. Undue pressures are thereby created on the universities which are seriously constrained by a shortage of teachers, facilities and equipment. Moreover, the rapid expansion of university enrollment has taken place with insufficient regard for the country's high-level manpower needs.

23. The Government is aware of these problems and its strategy for educational development, as reflected in the Fourth Five-Year Plan (1976-80), aims at redressing the existing deficiencies and imbalances. Specifically, the Government's objectives include:

- (i) Generalizing basic education. An immediate target is to enroll all 6 year old boys by 1980 and all 6 year old girls by 1990, and the ultimate target to provide a basic nine year education for all. The Government also intends to intensify and expand the adult literacy campaign with a view to eliminating adult illiteracy, which is about 47 percent at present, at the earliest possible time;
- (ii) improving the quality of education, through provision of more school facilities; improvements to teacher training, including the establishment of additional teacher training colleges, and strengthening of inservice and pedagogical training; expansion of educational TV to all regions of the country; and the establishment of an educational materials production center;
- (iii) reorientating education, through strengthening and extending practical subjects at the primary and lower secondary levels and a redirection towards technical education and training at the upper secondary level;
- (iv) meeting manpower training needs, by expanding and improving skilled and semi-skilled worker training in the secondary technical schools and the Ministry of Industry's vocational training centers, and by expanding and improving technician training in Intermediate Technical Institutes under the Ministry of Education.

24. The Government's strategy for the expansion of education and training facilities is sound; the proposals for this expansion generally respond to economic development needs and it is expected that the educational objectives can be largely fulfilled. Under the assumptions of a growth in GDP of about 7 to 8 percent per annum and constant real salaries for teachers, expenditures for education would account for a reasonable 13 percent of the national budget and 5 percent of GDP by 1985. Technical education, which hitherto received insufficient attention, would receive an increased share of total budget allocation at the expense of general education. However, while the necessary priority will be given to technician and skilled worker training, there is an urgent need to coordinate and rationalize the activities of the various Ministries involved in order to avoid a fragmentation and wasteful duplication of training provisions and to ensure a standardization of qualifications. At the higher education level there is a need to stabilize undergraduate enrollments in faculties that have small promise for employment of their graduates (e.g. arts). Measures to be taken for this purpose would help to avoid the allocation of an undue proportion of the educational budget to higher education.

PART IV - THE PROJECT

Background

25. A Bank mission visited Syria in October/November 1975 to investigate the needs of the education and training system and to identify project components suitable for Bank financing. Following a discussion with the Government in June 1976 of the recommendations made in a reconnaissance-in-depth mission report, a Bank mission in June/July 1976 assisted the Government in project preparation. The project was appraised by a Bank mission in November 1976. Negotiations were held on May 2-5, 1977 in Washington, D.C.; H.E. Dr. Sabah Kabbani, Ambassador of the Syrian Arab Republic in the US, led the Government delegation.

Objectives and Description

26. The proposed project would have the following main objectives:

- (i) to improve the quality and relevance of education through support of curricula reforms and the provision of new teacher training facilities;
- (ii) to help meet manpower needs through training of semi-skilled and skilled workers and technicians; and
- (iii) to strengthen sector institutions through support for the establishment of a national entity for the planning, coordination and rationalization of vocational and technical training activities.

27. The project would comprise: (a) the construction, equipping and furnishing of the following institutions, which would be carried out by the Ministry of Education (MOE) and the Ministry of Industry (MOI); and (b) related technical assistance:

<u>Type of Institution and Project Authority</u>	<u>Grades</u>	<u>Student Places</u>		<u>Estimated Annual Output</u>	<u>Student Boarding</u>
		<u>Replacement</u>	<u>New</u>		
<u>General Education (MOE)</u>					
5 Primary Teacher Training Colleges	10-13 13-14	1,270	1,430	1,000	1,940
1 Intermediate Teacher Training Institute	13-14	200	240	200	-
<u>Vocational & Technical Education</u>					
3 Intermediate Technical Institute (MOE)	13-14	-	1,440	660	-
2 Vocational Training Centers (MOI)	10-14 & ungraded	-	1,700	1,600	-

28. The project includes a total of about 6 man-years of specialist services for the preparation of curricula, craft programs and equipment lists, as well as to assist in setting up a national coordinating entity for vocational training and technical education; the project also provides for about 33 man-years of fellowships for syllabi preparation and teacher training.

Project Institutions

General Education

29. Primary Teacher Training Colleges (MOE). The proposed five colleges, to be located in Al-Rakka, Al-Hasakeh, Dara'a, Lattakia and Tartous, would replace existing substandard places and add new places to provide an annual output of 1,000 teachers, or about 25 percent of the country's estimated total annual requirements. Not less than half of the trainees at each location would be women. The colleges would have two-year post-secondary or four years post-lower secondary programs, depending on the available output of secondary graduates in the various regions. Trainees would generally be enrolled from within each region, with the objective of having teachers take up teaching posts in their own regions and thus assist in resolving current problems in assignment of qualified teachers to the country's poorer regions. Since these regions are mainly rural with low population densities, boarding places would be provided as required. Curricula have been revised to take account of the more practical orientation proposed for primary schools and to provide for greater emphasis on pedagogical training. Two craft experts (6 man/months) would develop detailed craft programs and finalize the corresponding equipment lists for the primary teacher training colleges and the intermediate teacher training institute (see paragraph 30 below). Teachers for the handcraft subjects will be recruited from those who have been trained abroad or who have graduated from the Intermediate Teacher Training Institute.

30. Intermediate Teacher Training Institute (MOE). Apart from an Institute of Physical Education, only one Intermediate Institute exists for the training of lower secondary teachers; this institute currently trains teachers of handcraft and music in inadequate facilities, which are also used for other purposes. The proposed new institute in Damascus would provide 120 places for teachers of handcraft, 200 places for teachers of industrial crafts, related to the introduction of this subject into lower secondary schools, and 120 places for teachers of music. The annual output of 90 industrial craft teachers would meet about 45% of anticipated needs. Training would extend over two years post-secondary; entry to handcraft and industrial craft training would be confined to secondary technical graduates. Instructors for the institute will be trained in the Intermediate Technical Institutes of the Ministry of Education.

31. In addition to expanding and improving teacher training, the Government's plans to improve the quality of general education include, inter alia, the establishment of an educational materials production center for the purpose of designing, testing and producing simple science and hand craft equipment and materials for use in primary and secondary schools. A pre-investment study for the establishment of such center would be completed no later than December 31, 1978, (Section 4.04 of Loan Agreement). Also, with a view to improving school location planning and maximizing investment benefits from its school building program, the Government plans to develop procedures for school mapping and to carry out not later than December 31, 1978, school mapping on a selected basis for primary and secondary schools (Section 4.04 of Loan Agreement).

Vocational and Technical Education

32. Intermediate Technical Institutes (MOE). The proposed three new intermediate technical institutes would expand and reinforce the system of instructor and technician training. They would provide two-year post-secondary training and have a combined annual output of 220 instructors, of which about 200 would be required for the technical secondary schools and vocational training centers and the balance for other skill training areas, and 440 engineering technicians. Five specialists (15 man/months) would finalize equipment lists and curricula for new specializations of the institutes. Fellowships would be provided in syllabi preparation (18 man/months) and teacher training for the new specializations (32 man-years). The proposed locations of the institutes at Deir-ez-Zor, Lattakia and Homs would improve regional distribution of opportunities for post-secondary education for graduates of technical secondary schools and serve the development needs of these three regions. Arrangements for liaison with potential employers and a tracer system to monitor the placement and performance of the graduates of the institutes would be implemented as soon as the institutes are available for use (Section 3.07 of Loan Agreement). These arrangements, which would include the establishment of local advisory committees to ensure adequate liaison with potential users in a continuous review of training programs, would be determined by the proposed coordinating entity for vocational training and technical education (see para. 34 below). This entity would also be responsible for the establishment of the tracer system.

33. Vocational Training Centers (MOI). The proposed vocational training centers at Deir-ez-Zor and Homs would help provide opportunities for vocational training in regions so far not serviced by such facilities, help meet the needs for skilled workers in these regions, and initiate integrated training for both the industrial and construction trades. Enrollment capacity at Homs would be 1,070 and at Deir-ez-Zor would be 630, with an output of 1,000 and 600 trained personnel respectively. The training program would include 6-9 months accelerated training of semi-skilled workers and two-year apprenticeship, of which one year at the center and another year of practical training. The need for instructors will be met initially through short in-service courses for skilled craftsmen recruited as instructors and also from the graduate instructors of the two existing Intermediate Technical Institutes of the Ministry of Education. As the vocational training centers begin to expand to full enrollment, the supply of instructors will be met from the early output of the project Intermediate Technical Institutes. Adequate arrangements exist to reflect user requirements in training programs since the enterprises for which training is being provided, as well as the centers, are administered by the MOI.

34. Coordination of Vocational Training and Technical Education. To ensure the required coordination and rationalization of training activities in the field of technician and skilled worker training, the Government would establish a national coordinating entity, which would include representatives of the employers and the main ministries and agencies concerned with training activities, and would be responsible through a well-staffed Directorate for:

- (i) formulating a comprehensive plan for vocational training and technical education;
- (ii) coordinating the establishment of training facilities and all skilled workers and technician programs;
- (iii) forecasting skill requirements in the context of national development programs;
- (iv) establishing skill training standards, trade testing and certification; and
- (v) establishing a follow-up system to trace placement and performance of the graduates of all skill training institutions.

The Government would establish such entity, with a Directorate as its executive branch, by July 1, 1978 (Section 3.06 of Loan Agreement); until then the overall coordination of training would be undertaken by the State Planning Commission (SPC) in cooperation with a working group, composed of representatives of SPC and representatives of the Ministries and agencies concerned with technical and vocational training. SPC and the working group would also be responsible for preparing the establishment of the entity. Four specialists (54 man/months) would assist in setting up the entity and train counterparts in the Directorate.

Cost Estimates and Financing Plan

35. Total project cost would be \$40.3 million, of which \$20.5 million or 51 percent, would be in foreign exchange. Physical contingencies (9.6 percent of base cost estimates) and price contingencies (26 percent of base cost estimates plus physical contingencies) would amount to \$11.2 million, or 28 percent of total project costs. The Bank loan of \$20.0 million would finance the foreign exchange component (except for technical assistance and fellowships) or 50 percent of the total cost of the project, net of duties and taxes. The United States Agency for International Development (USAID) has agreed to finance the specialists for the Intermediate Technical Institutes (para 32 above). The United Nations Development Programme (UNDP), the British Government and the French Government are expected to finance the other technical assistance component and fellowships. The balance of total project costs, consisting of local costs, would be financed by the Government.

Project Implementation

36. Except for the two vocational training centers to be administered by the Ministry of Industry, all project items would be under the administration of the Ministry of Education. Implementation teams have been established in both Ministries. The project is expected to be completed before the middle of 1982.

37. Schematic designs for the Ministries of Education's and Industry's project institutions have been reviewed during appraisal and are satisfactory. Sites for all project institutions have been selected and are adequate. These sites would be legally acquired prior to commencement of construction (Section 3.05 of Loan Agreement).

Procurement

38. Contracts for civil works (amounting to US\$22.8 million including contingencies) would be awarded, in accordance with Bank Guidelines, on the basis of international competitive bidding (ICB). Syria has a competitive construction industry capable of implementing the project and it is expected that all contracts would be awarded to Syrian firms. Detailed lists and specifications of furniture and equipment would be presented to the Bank for review and approval prior to procurement. Equipment and furniture items for procurement would be grouped, to the extent possible, in large packages to permit bulk procurement. Contracts for furniture and equipment (amounting to US\$16.2 million including contingencies) would be awarded in accordance with Bank Guidelines on the basis of international competitive bidding, except for items which can only be grouped in small packages (under US\$50,000), items which must be compatible with other equipment procured under ICB and items of such specialized nature that ICB would not be practical. These items, which would not exceed an aggregate total of 20 percent of the total cost of each Ministry's furniture and equipment items (or US\$3.3 million for the total project), would be procured under normal government procurement procedures, which are satisfactory to the Bank, and would include to the extent feasible quotations from at least three manufacturers or suppliers. In bid comparison,

local manufacturers of equipment and furniture, to be procured under ICB, would be allowed a margin of preference equal to 15% of the C.I.F. price or the existing rate of customs duties applicable to competing imports, whichever is lower.

Disbursements

39. The proposed loan of US\$20.0 million would be disbursed on the basis of the following percentages, which represent the estimated foreign exchange content of each category of expenditure:

- (i) 30 percent of total expenditure for civil works;
- (ii) 100 percent of foreign expenditures for directly imported furniture and equipment;
- (iii) 25 percent of total expenditures for locally procured furniture; and
- (iv) 80 percent of total expenditures for locally procured equipment.

The estimated disbursement schedule is shown in the Loan and Project Summary. Disbursement is expected to be completed by the middle of 1982.

Benefits and Risks

40. The proposed project would assist the Government in redressing several of the existing deficiencies and imbalances in the educational system. It would improve the quality and relevance of education and strengthen sector institutions to respond better to the country's development needs. In addition to providing about 25 percent of the annual primary teachers requirements and about half of the annual requirements for practical subject teachers and technical/vocational instructors, the project would also help alleviate the existing shortage of trained manpower, which hampers the country's development efforts, by providing an annual output of some 2,000 technicians and skilled workers, with special emphasis on new specializations required for the development of Syrian industry. The project would reduce regional inequalities and support the Government's regional development policies through the dissemination of training opportunities in rural areas, especially in the poorer regions.

41. The risks of not fully attaining the overall objectives of the project are limited since the loan conditions as well as the agreed arrangements for project implementation are in line with the Government's intentions in pursuing its goals in the educational sector. A continuing Government commitment to and support for the integrated development of curricula, teacher training and facilities for the proposed practical activities are essential if the reorientation of curricula is to prove effective, and can be assumed in view of the Government's educational strategy. Finally, the rationalization of the training sector is largely dependent on the establishment of the proposed national coordinating entity, which will require priority Government attention.

SYRIAN ARAB REP.		SOCIAL INDICATORS DATA SHEET		SYRIAN ARAB REP.		TURKEY		ALGERIA**	
LAND AREA (THOU SQM)		1970 ESTIMATE		1970 ESTIMATE		1970 ESTIMATE		1970 ESTIMATE	
TOTAL		1970 ESTIMATE		1970 ESTIMATE		1970 ESTIMATE		1970 ESTIMATE	
185.2		185.2		185.2		185.2		185.2	
153.7		153.7		153.7		153.7		153.7	
GDP PER CAPITA (US\$)		GDP PER CAPITA (US\$)		GDP PER CAPITA (US\$)		GDP PER CAPITA (US\$)		GDP PER CAPITA (US\$)	
100.0		100.0		100.0		100.0		100.0	
100.0		100.0		100.0		100.0		100.0	
POPULATION AND VITAL STATISTICS									
POPULATION (MID-YEAR, MILLION)	4.6	6.3	7.4	9.0	39.6	13.4			
POPULATION DENSITY PER SQUARE KM.	35.0	35.0	60.0	30.0	46.0	6.0			
PER SQ. KM., AGRICULTURAL LAND	37.0	35.0	36.0	67.0	67.0	30.0			
VITAL STATISTICS									
CRUDE BIRTH RATE (/THOU, AV)	66.6	47.6	45.6	44.7	40.4	30.0			
CRUDE DEATH RATE (/THOU, AV)	20.1	10.2	13.6	14.0	14.4	10.4			
INFANT MORTALITY RATE (/THOU)	..	..	93.0 /A	125.0	195.0	..			
LIFE EXPECTANCY AT BIRTH (YRS)	46.3	53.0	56.0	51.6	54.5	59.7			
GROSS REPRODUCTION RATE	1.4	3.5	3.5	3.4	2.6 /A,B	3.5			
POPULATION GROWTH RATE (%)									
TOTAL	3.6	3.3	3.3 /B	2.1 /A	2.5	2.9			
URBAN	4.2	9.0	4.5 /A	3.0 /A	4.9 /A	7.0			
URBAN POPULATION (% OF TOTAL)									
AGE STRUCTURE (PERCENT)	37.0	43.5	45.9	40.1 /A	38.5	45.4			
0 TO 14 YEARS	46.3	46.0	49.3 /A	46.3 /A	41.0	47.2 /A			
15 TO 64 YEARS	48.9	50.8	46.3 /A	50.2 /A	53.9	48.0 /A			
65 YEARS AND OVER	4.8	3.2	4.4 /A	3.5 /A	4.3	4.4 /A			
AGE DEPENDENCY RATIO									
ECONOMIC DEPENDENCY RATIO	1.0	1.0	1.2	1.0 /A	0.9	1.1			
URBAN DEPENDENCY RATIO	2.1	2.5	2.8 /A	1.8 /A	1.1 /A	2.6 /A			
FAMILY PLANNING									
ACCEPTORS (CUMULATIVE, THOU)	..	..	..	112.2	0.2	..			
USERS (% OF MARRIED WOMEN)	..	..	..	12.0	0.2	..			
EMPLOYMENT									
TOTAL LABOR FORCE (THOUSAND)	1100.0 /A,B	1500.0 /A	1700.0	1300.0 /A	1450.0 /A	2600.0 /A,B			
LABOR FORCE IN AGRICULTURE (%)	47.0 /A,B	49.0 /A	50.9	37.0 /A	37.0	30.0			
UNEMPLOYED (% OF LABOR FORCE)	6.5	6.4	4.5	12.0 /A	4.0 /A	15.0 /A			
INCOME DISTRIBUTION									
% OF PRIVATE INCOME BELOW \$100	..	..	..	..	..	..
HIGHEST 5% OF HOUSEHOLDS	..	..	..	..	..	..
HIGHEST 20% OF HOUSEHOLDS	..	..	..	..	..	..
LOWEST 20% OF HOUSEHOLDS	..	..	..	..	..	..
LOWEST 50% OF HOUSEHOLDS	..	..	..	..	..	..
DISTRIBUTION OF LAND OWNERSHIP									
% OWNED BY TOP 10% OF OWNERS	..	..	..	53.0 /A	53.0	..			
% OWNED BY SMALLEST 10% OWNERS	..	..	..	0.5 /A	0.0	..			
HEALTH AND NUTRITION									
POPULATION PER PHYSICIAN	5000.0 /A	3800.0	3510.0 /A	5950.0	2250.0	7690.0			
POPULATION PER NURSING PERSON	7110.0 /A,B	2730.0 /A	1900.0 /A	730.0 /A	1770.0 /B	2400.0 /A			
POPULATION PER HOSPITAL BED	..	1010.0	490.0 /A	410.0 /A	500.0	330.0			
PER CAPITA SUPPLY OF -									
CALORIES (KJ OF REQUIREMENTS)	102.0	102.0	107.0 /A	94.0 /A	110.0	71.0			
PROTEIN (GRAMS PER DAY)	74.0	70.0	75.0 /A	63.0 /A	78.0	45.0			
OF WHICH ANIMAL AND PULVE	28.0	16.0 /A	..	14.0 /A	22.0 /A	9.0 /A			
DEATH RATE (/THOU) AGES 1-6									
EDUCATION	..	..	..	1.5 /A,B	15.0 /B	12.0 /A			
ADJUSTED ENROLLMENT RATIO									
PRIMARY SCHOOL	65.0	66.0	66.0 /A	107.0	111.0	75.0			
SECONDARY SCHOOL	16.0	35.0	45.0 /A	20.0	28.0	11.0			
YEARS OF SCHOOLING PROVIDED									
(FIRST AND SECOND LEVEL)	12.0	12.0	12.0	13.0	11.0	19.0			
VOCATIONAL ENROLLMENT									
(% OF SECONDARY)	6.0	3.0 /A	4.0 /A,B	34.0	14.0	20.0			
ADULT LITERACY RATE (%)	36.0 /A	40.0	..	..	35.0 /A	26.0			
HOUSING									
PERSONS PER ROOM (URBAN)	2.1 /A	..	..	2.7 /A	1.9	2.6 /A,B			
OCCUPIED DWELLINGS WITHOUT PIPED WATER (%)	98.0 /A	..	..	60.0 /A	64.0	77.0 /A			
ACCESS TO ELECTRICITY (% OF ALL DWELLINGS)	38.0 /A	..	..	24.0 /A	41.0	34.0 /A			
RURAL DWELLINGS CONNECTED TO ELECTRICITY (%)	11.0 /A	..	..	..	18.0	12.0 /A			
CONSUMPTION									
RADIO RECEIVERS (PER THOU POP)	97.0	225.0	374.0 /A	77.0	99.0	52.0			
PERSONS PER CAR (PER THOU POP)	4.0	5.0	5.0	13.0	4.0	11.0			
ELECTRICITY (KWH/YR PER CAP)	81.0	150.0	192.0	150.0	247.0	136.0			
NEWSPRINT (KG/YR PER CAP)	0.2	0.2	0.1	0.1	0.7	..			

SEE NOTES AND DEFINITIONS ON REVERSE

NOTES

Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961, for 1970 between 1968 and 1970, and for Most Recent Estimate between 1973 and 1975.

** Algeria has been selected as an objective country on the basis of the similarity in the economic organizations of the two countries, with the leading role in capital formation assigned to the public sectors, and the similarity in the gross reproduction rate and age structure of the two populations (as well as the distribution of population in urban areas, and the labor forces in agricultural employment).

<u>SYRIAN ARAB REP.</u>	1960	/a	6 years of age and over;	/b	Syrian population only;	/c	1962;	/d	Including midwives;	/e	1961-62.
	1970	/a	Syrian population only;	/b	Including midwives, assistant midwives and assistant nurses;	/c	1964-66;	/d	Including UNRWA schools.		
	<u>MOST RECENT ESTIMATE:</u>	/a	1971;	/b	1970-75 and 70-74 for urban growth;	/c	Including Palestinian refugees;	/d	1972;		
		/a	Including midwives, assistant midwives and assistant nurses;	/e	1969-71 average;	/f	1969-71 average;				
		/g	Including UNRWA schools;	/h	Ratio of population under 15 and 65 and over to total labor force.						
<u>TUNISIA</u>	1970	/a	Due to emigration, population growth rate is lower than the rate of natural increase;	/b	1956-66;	/c	1966;				
		/d	Ratio of population under 15 and 65 and over to total labor force;	/e	Covering 4.5 million hectares of private land, excluding 0.8 million hectares in public ownership, and 2.1 million hectares of collective land;	/f	Personnel in government services only;	/g	Government hospital establishments only,	/h	1964-66;
		/i	Registered only.								
<u>TURKEY</u>	1970	/a	Excluding 17 eastern provinces;	/b	1965-67;	/c	1965-70;	/d	Ratio of population under 15 and 65 and over to labor force 15 years and over;	/e	13 years and over, excluding unemployed;
		/f	Registered only;	/g	Disposable income,	/h	Including assistant nurses and midwives;	/i	1964-66;	/j	Persons six years and over who tell the Census takers that they can read and write.
<u>ALGERIA</u>	1970	/a	1966;	/b	Excluding military personnel in barracks and 274,663 nationals abroad of whom 229,020 are economically active, also excluding 1,200,000 females mainly occupied in agriculture;	/c	1964-66;	/d	Total, urban and rural;	/e	Including midwives and assistant nurses.

R5, January 12, 1977

DEFINITIONS OF SOCIAL INDICATORS

Land Area (thou km²)

Total - Total surface area comprising land area and inland waters.
Agric. - Most recent estimate of agricultural area used temporarily or permanently for crops, pastures, market & kitchen gardens or to lie fallow.

GNP per capita (US\$) - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1973-75 basis); 1960, 1970 and 1975 data.

Population and vital statistics

Population (mid-yr. million) - As of July first: if not available, average of two end-year estimates; 1960, 1970 and 1975 data.

Population density - per square km - Mid-year population per square kilometer (100 hectares) of total area.

Population density - per square km of agric. land - Computed as above for agricultural land only.

Vital statistics

Crude birth rate per thousand, average - Annual live births per thousand of mid-year population; ten-year arithmetic averages ending in 1960 and 1970, and five-year average ending in 1975 for most recent estimate.

Crude death rate per thousand, average - Annual deaths per thousand of mid-year population; ten-year arithmetic averages ending in 1960 and 1970 and five-year average ending in 1975 for most recent estimate.

Infant mortality rate (/thou) - Annual deaths of infants under one year of age per thousand live births.

Life expectancy at birth (yrs) - Average number of years of life remaining at birth; usually five-year averages ending in 1960, 1970 and 1975 for developing countries.

Gross reproduction rate - Average number of live daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year averages ending in 1960, 1970 and 1975 for developing countries.

Population growth rate (%) - total - Compound annual growth rates of mid-year population for 1950-60, 1960-70 and 1970-75.

Population growth rate (%) - urban - Computed like growth rate of total population; different definitions of urban areas may affect comparability of data among countries.

Urban population (% of total) - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries.

Age structure (percent) - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population.

Age dependency ratio - Ratio of population under 15 and 65 and over to those of ages 15 through 64.

Economic dependency ratio - Ratio of population under 15 and 65 and over to the labor force in age group of 15-64 years.

Family planning - acceptors (cumulative, thou) - Cumulative number of acceptors of birth-control devices under auspices of national family planning program since inception.

Family planning - users (% of married women) - Percentages of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.

Employment

Total labor force (thousand) - Economically active persons, including armed forces and unemployed but excluding housewives, students, etc.; definitions in various countries are not comparable.

Labor force in agriculture (%) - Agricultural labor force (in farming, forestry, hunting and fishing) as percentage of total labor force.

Unemployed (% of labor force) - Unemployed are usually defined as persons who are able and willing to take a job, out of a job on a given day, remained out of a job, and seeking work for a specified minimum period not exceeding one week; may not be comparable between countries due to different definitions of unemployed and source of data, e.g., employment office statistics, sample surveys, compulsory unemployment insurance.

Income distribution - Percentage of private income (both in cash and kind) received by richest 5%, richest 20%, poorest 20%, and poorest 40% of households.

Distribution of land ownership - Percentages of land owned by wealthiest 10% and poorest 10% of land owners.

Health and Nutrition

Population per physician - Population divided by number of practicing physicians qualified from a medical school at university level.

Population per nursing person - Population divided by number of practicing male and female graduate nurses, "trained" or "certified" nurses, and auxiliary personnel with training or experience.

Population per hospital bed - Population divided by number of hospital beds available in public and private general and specialized hospital and rehabilitation centers; excludes nursing homes and establishments for custodial and preventive care.

Per capita supply of calories (% of requirements) - Computed from energy equivalent of net food supplies available in country per capita per day; available supplies comprise domestic production, imports less exports, and changes in stock; net supplies exclude animal feed, seeds, quantities used in food processing and losses in distribution; requirements were estimated by FAO based on physiological needs for normal activity and health considering environmental temperature, body weights, age and sex distributions of population, and allowing 10% for waste at household level.

Per capita supply of protein (grams per day) - Protein content of per capita net supply of food per day; net supply of food is defined as above; requirements for all countries established by USDA Economic Research Services provide for a minimum allowance of 60 grams of total protein per day, and 20 grams of animal and pulse protein, of which 10 grams should be animal protein; these standards are lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

Per capita protein supply from animal and pulse - Protein supply of food derived from animals and pulses in grams per day.

Death rate (/thou) ages 1-4 - Annual deaths per thousand in age group 1-4 years, to children in this age group; suggested as an indicator of malnutrition.

Education

Adjusted enrollment ratio - primary school - Enrollment of all ages as percentage of primary school-age population; includes children aged 6-11 years but adjusted for different lengths of primary education; for countries with universal education, enrollment may exceed 100% since some pupils are below or above the official school age.

Adjusted enrollment ratio - secondary school - Computed as above; secondary education requires at least four years of approved primary instruction; provides general, vocational or teacher training instruction for pupils of 12 to 17 years of age; correspondence courses are generally excluded.

Years of schooling provided (first and second levels) - Total years of schooling; at secondary level, vocational instruction may be partially or completely excluded.

Vocational enrollment (% of secondary) - Vocational institutions include technical, industrial or other programs which operate independently or as departments of secondary institutions.

Adult literacy rate (%) - Literate adults (able to read and write) as percentage of total adult population aged 15 years and over.

Housing

Persons per room (urban) - Average number of persons per room in occupied conventional dwellings in urban areas; dwellings exclude non-permanent structures and unoccupied parts.

Occupied dwellings without piped water (%) - Occupied conventional dwellings in urban and rural areas without inside or outside piped water facilities as percentage of all occupied dwellings.

Access to electricity (% of all dwellings) - Conventional dwellings with electricity in living quarters as percent of total dwellings in urban and rural areas.

Rural dwellings connected to electricity (%) - Computed as above for rural dwellings only.

Consumption

Radio receivers (per thou pop) - All types of receivers for radio broadcasts to general public per thousand of population; excludes unlicensed receivers in countries and in years when registration of radio sets was in effect; data for recent years may not be comparable since most countries abolished licensing.

Passenger cars (per thou pop) - Passenger cars comprise motor cars seating less than eight persons; excludes ambulances, hearses and military vehicles.

Electricity (kwh/yr per cap) - Annual consumption of industrial, commercial, public and private electricity in kilowatt hours per capita; generally based on production data, without allowance for losses in grids but allowing for imports and exports of electricity.

Newspaper (kg/yr per cap) - Per capita annual consumption in kilograms estimated from domestic production plus net imports of newspaper.

SYRIA: ECONOMIC DEVELOPMENT DATA
(Amounts in millions of U.S. dollars)

NATIONAL ACCOUNTS	Actual			Projected			1966-	1973 -	1976 -	19 81-	1965	1972	1975
	19 65	19 72	1975	19 76	19 80	19 85	1972	1975	1980	19 85			
	At 1975 Prices						Average Annual Growth Rates				As Percent of GDY		
Gross Domestic Product	5225	4753	5877	6370	8351	11530	5.7	7.3	7.0	6.5	113	111	100
Gains from Terms of Trade (+)	-378	-475	0	-67	-161	290					-13	-11	0
Gross Domestic Income	2847	4278	5877	6303	8190	11151	6.0	11.2	6.8	6.4	100	100	100
Import (incl. NFS)	525	1066	1890	1911	2346	2932	11.7	21.0	5.3	4.6	18	25	32
Exports " (import capacity)	430	813	1251	1094	1328	2048	9.5	15.4	5.0	9.1	15	19	21
Resource Gap	95	253	639	817	1982	884	-	-	-	-	3	6	11
Consumption Expenditures	2497	3285	4714	5592	6996	9347	4.0	12.8	5.7	6.0	88	77	80
Investment " (incl. stocks)	446	1246	1802	1529	2213	2689	14.8	23.0	6.0	3.8	16	29	31
Domestic Savings	351	993	1162	712	1195	1804	16.1	5.4	14.0	8.6	12	23	18
National Savings	417	1200	1877	1038	1420	1828	16.3	0.4	8.2	5.2	15	28	32
MERCHANDISE TRADE	Annual Data at Current Prices										As Percent of Total		
Imports													
Capital goods	..	123	439	452	760	1239					..	22	29
Intermediate goods (incl. fuels)	..	235	605	626	1085	2093					..	43	39
Fuels and related materials	..	24	99	256	522	1115					..	4	6
Food	..	124	275	313	351	431					..	23	18
Consumption goods	..	40	121	128	218	391					..	7	8
Total Merch. Imports (cif)	..	547	1539	1775	2936	5269					..	100	100
Exports													
Petroleum	..	52	642	584	752	1002					..	18	69
Phosphate	..	--	15	15	39	102					..	0	1
Cotton	..	98	119	162	80	86					..	34	13
Manufactured goods	..	137	154	210	587	1691					..	48	16
Total Merch. Exports (fob)	..	287	930	971	1458	2881					..	100	100
Merchandise Trade Indices	1975 = 100												
Export Price Index	22	32	100	110	141	198							
Import Price Index	41	58	100	117	158	225							
Terms of Trade Index	53	54	100	94	89	88							
Exports Volume Index	..	96	100	95	111	156							
VALUE ADDED BY SECTOR	Annual Data at 1975- Prices and Exchange Rates						Average Annual Growth Rates				As Percent of Total		
Agriculture	871	989	1017	1070	1253	1464	1.8	1.0	4.3	3.2	27	21	17
Industry and Mining	764	1516	2010	2191	3215	5073	10.2	9.8	9.9	9.6	24	32	34
Service	1590	2248	2850	3109	3892	4992	5.1	8.3	6.4	5.1	49	47	48
Total	3225	4753	5877	6370	8351	11530	5.7	7.3	7.0	6.5	100	100	100
PUBLIC FINANCE (SL Million)											As Percent of GDP		
(General Government)													
Current Receipts	223	508	1784	1651	..	..					7	11	30
Current Expenditures	188	454	1395	1511	..	..					6	10	24
Budgetary Savings	34	54	389	140	..	..					1	1	6
Public Sector Investment	93	252	1217	1272	..	..					3	5	21
CURRENT EXPENDITURE DETAILS	Actual						(SL Million)				Third Five-Year Plan 1971-75		
As % Total Current Expend.	19 65	19 72	1975	Prelim. 1975	Est. 1976	1976	DETAIL ON PUBLIC SECTOR INVESTMENT PROGRAM				Actuals 1971-75	Composition (\$)	
Education	21	16	10	10	13	13	Irrigation				1437	16	
Other Social Services	4	2	1	1	1	1	Agriculture				479	5	
Agriculture	3	2	1	1	1	1	Industry and Mining				1398	15	
Other Economic Services	14	32	36	36	24	24	Power				2719	30	
Administration and Defense	58	48	52	52	64	64	Transport and communications				1178	13	
Other	..	..	..	..	..	..	Other				1903	21	
Total Current Expenditures	100	100	100	100	100	100	Total Expenditures				9114	100	
SELECTED INDICATORS	1965- 1972- 1976- 1980-						FINANCING						
Average ICOR	1972 3.1 1975 2.8 1980 3.8 1985 3.8						Public Sector Savings				3382	37	
Import Elasticity	1.4 1.4 0.7 0.7						Domestic Borrowing				1059	12	
Average National Savings Rate	17.4 24.7 20.3 15.4						External Financing				4673 1/	51	
Marginal National Savings Rate	50.4 44.9 17.1 14.5						Total Financing				9114	100	
LABOR FORCE AND OUTPUT PER WORKER	Total Labor Force						Value Added Per Worker (1975)				Prices & Exc. Rates)		
	In thousands		% of Total		1972 -75		In U.S. Dollars		Percent of Average		1972 -75		Growth Rate
	1972	1975	1972	1975	Growth Rate		1972	1975	1972	1975	1972 -75		Growth Rate
Agriculture	907.7	894.9	55.5	51.1	0.1		1089	1138	37	34	1.1		
Industry	303.1	348.7	18.5	19.9	8.5		5001	5764	172	172	4.8		
Service	423.4	506.9	26.0	29.0	7.5		5309	5622	183	167	1.4		
Total	1634.2	1750.5	100.0	100.0	3.5		2908	3357	100	100	4.9		
.. not applicable	- nil or negligible												
.. not available	-- less than half the smallest unit shown												

1/ includes transfers from Arab countries which are excluded from budgetary accounts

SYRIA: BALANCE OF PAYMENTS, EXTERNAL ASSISTANCE AND DEBT
(amounts in millions of U.S. dollars at current prices)

	Actual				Estimated 1976	Projected					
	1972	1973	1974	1975		1977	1978	1980	1982	1985	1990
SUMMARY BALANCE OF PAYMENTS											
Exports (incl. NFS)	481	601	1061	1251	1214	1354	1525	1990	2691	4381	9498
Imports (incl. NFS)	599	687	1409	1890	2121	2374	2697	3516	4541	6272	10790
Resource Balance (X-M)	-118	-86	-347	-639	-907	-1020	-1172	-1526	-1850	-1891	-1292
Interest (net)	-10	-5	-45	-3	-19	-42	-50	-115	-242	-494	-941
Direct Investment Income	-	-	-	-	-	-	-	-	-	-	-
Workers' Remittance	68	51	62	55	67	77	88	117	154	235	472
Current Transfers (net)	58	371	425	664	282	620	620	300	300	300	300
Balance on Current Accounts	-1	331	95	76	-577	-366	-514	-1224	-1638	-1851	-1462
Private Direct Investment	-	-	-	-	-	20	22	25	28	35	49
Official Capital Grants	-	-	-	-	-	-	-	-	-	-	-
Public M< Loans											
Disbursements	77	89	134	262	415	731	869	936	1864	2136	2291
-Repayments	-35	-38	-62	-87	-97	-123	-135	-194	-345	-503	-1486
Net Disbursements	41	50	72	175	318	608	734	743	1519	1634	805
Other M< Loans											
Disbursements	-	-	-	-	-	18	31	36	42	51	71
-Repayments	-	-	-	-	-	0	0	-9	-19	-38	-53
Net Disbursements	-	-	-	-	-	18	31	27	22	13	19
Capital Transactions n.e.i.	-33	-60	-8	-173	-85	-	-	-	-	-	-
Change in Net Reserves (- = increase)	-7	-315	-159	-78	344	-	-	-	-	-	-
GRANT AND LOAN COMMITMENTS											
Official Grants & Grant-like	49	363	416	653	251	-	-	-	-	-	-
Public M< Loans	119	138	495	845	787	-	-	-	-	-	-
IBRD	-	-	88	81	81	-	-	-	-	-	-
IDA	14	15	10	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Other Multilateral Governments	70	34	300	719	669	-	-	-	-	-	-
Suppliers	35	89	68	46	38	-	-	-	-	-	-
Financial Institutions	-	-	29	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-	-	-	-
Public Loans n.e.i.	-	-	-	-	-	-	-	-	-	-	-
DEBT AND DEBT SERVICE											
Public Debt Out. & Disbursed											
Interest on Public Debt	-	-	-	-	-	7	9	10	17	32	32
Repayments on Public Debt	-	-	-	-	-	35	38	62	87	97	97
Total Public Debt Service	-	-	-	-	-	42	47	72	104	129	129
Other Debt Service (net)	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service (net)	-	-	-	-	-	42	47	72	104	129	129
Burden on Export Earnings (%)											
Public Debt Service	-	-	-	-	-	8.7	7.7	6.7	8.3	10.6	10.6
Average Terms of Public Debt											
Int. as % Prior Year DO&D	-	-	-	-	-	2.9	2.9	3.1	2.6	3.3	3.3
Amort. as % Prior Year DO&D	-	-	-	-	-	18.1	15.9	21.5	15.8	13.2	13.2
IBRD Debt Out. & Disbursed											
" as % Public Debt O&D	-	-	-	-	-	-	-	-	0.5	2.5	2.5
" as % Public Debt Service	-	-	-	-	-	-	-	-	0.7	0.9	0.9
IDA Debt Out. & Disbursed											
" as % Public Debt O&D	-	-	-	-	-	-	-	-	0.5	2.0	2.0
" as % Public Debt Service	-	-	-	-	-	-	-	-	0.2	0.3	0.3
EXTERNAL DEBT											
Actual Debt Outstanding on Dec. 31, 1976											
	Disbursed Only				Percent						
World Bank	24				2						
IDA	44				5						
Other Multilateral Governments	0				0						
Suppliers	782				80						
Financial Institutions	118				12						
Bonds	30				3						
Public Debts n.e.i.	0				0						
Total Public M< Debt	973				100						
Other M< Debts	0										
Short-term Debt (disb. only)	0										

. not applicable
 .. not available
 ... not available separately
 but included in total

e staff estimate
 - nil or negligible
 -- less than half the
 smallest unit shown

STATUS OF BANK GROUP OPERATIONS IN SYRIAA. Statements of Bank loans and IDA credits
(As of April 30, 1977)

<u>Number</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Bank</u>	<u>IDA</u>	<u>Undisbursed</u>
46	1963	Syrian Arab Republic	Highways		8.5	-
298	1972	Syrian Arab Republic	Highways		13.8	13.4
401	1973	Syrian Arab Republic	Water Supply		15.0	8.5
469	1974	Syrian Arab Republic	Irrigation		10.0	2.1
975	1974	Syrian Arab Republic	Irrigation	63.0		63.0
986	1974	Etablissement Public de l'Electricité	Electricity	25.0		5.6
986-1	1975	Etablissement Public de l'Electricité	Electricity	8.6		8.6
1144	1975	Etablissement Public de l'Electricité	Electricity	72.0		54.1
1241	1976	Syrian Arab Republic	Water Supply	35.0		28.9
1261	1976	Etablissement Public des Telecommunications	Telecommuni- cations	28.0		28.0
1311	<u>1/</u> 1977	Syrian Arab Republic	Livestock	5.0		5.0
1312T	<u>1/</u> 1977	Syrian Arab Republic	Livestock	<u>12.5</u>		<u>12.5</u>
		<u>Total</u>		<u>249.1</u> ^{2/}	<u>47.3</u>	<u>229.7</u>
		of which has been repaid		<u>0</u>	<u>.3</u>	
		Total now outstanding		<u>249.1</u>	<u>47.0</u>	
		Amount sold		1.0	0	
		of which has been repaid		0	0	
		Total now held by Bank and IDA <u>3/</u>		<u>248.1</u>	<u>47.0</u>	
		Total undisbursed		<u>205.7</u>	<u>24.0</u>	<u>229.7</u>

1/ Not yet effective2/ Excluding a \$50 million loan for the Aleppo Water Supply Project,
approved on June 14, 19773/ Prior to exchange adjustmentsB. Statements of IFC Investments: None
(As of April 30, 1977)

Credit 298 - Second Highway Project; US\$13.8 million Credit of April 17, 1972; Date of Effectiveness: February 2, 1973; Closing Date: June 30, 1978

Project implementation started in 1975 after an initial delay due to the unfavorable political situation in the region. In July 1975, after several contracts had been awarded, the Government decided to upgrade the project roads to four-lane standards, undertaking to cover the extra costs involved. Economic studies, based on preliminary cost estimates, indicate the upgrading to be economically justified. The Association will determine its position on the upgraded roads after final cost estimates, based on detailed engineering, become available. Government has called bids for the additional works on the Homs-Tartous road and is presently negotiating addenda to the contracts with the contractors for the construction of the Damascus-Lebanese border road. Agreement for financing of construction of the Damascus-Jordanian border road has been reached between the Government and USAID. This section will, therefore, be deleted from the project. The Government has requested that the construction of the Damascus-Lebanese border road and Tall Kalakh section of Homs Tartous road remain components of the project even if IDA participation in financing would become low due to the higher standards and increased costs.

Credit 401 - Damascus Water Supply Project; US\$15 million Credit of June 22, 1973; Date of Effectiveness: February 20, 1974; Closing Date: December 31, 1978

Initial delays in project implementation of about two years were caused by the unfavorable political situation in the region. A revision of the project description was required as a result of considerable cost overruns and was approved by the Board on May 28, 1975. This permitted work to proceed on an urgent phase of distribution. Work is now proceeding in accordance with the contract schedule with about 50 percent of the works completed to date. No further delays are anticipated. Consultants have begun the pollution control studies for Damascus, Homs and Hama.

Credit 469/Loan 975 - Balikh Irrigation Project; US\$10 million Credit and US\$63 million Loan of April 10, 1974; Date of Effectiveness: September 12, 1974; Closing Date: June 30, 1982

Following initial procurement difficulties, works by Syrian Government organizations for the development of the first 10,000 ha are progressing satisfactorily and construction of the Lower Main Canal headreach (18 km) is underway. Bids for the second part of the project (11,000 ha) have been evaluated but recommendations for award have not yet been received, pending a review by the Higher Inter-ministerial Council. The Syrian Government has obtained a loan from the Government of Iran to cover part of the considerable cost overruns and has undertaken to provide a financing plan for the project by the middle of 1977. The Government is presently reconsidering the scope of the project. The question of settlement in the Balikh Project is also being considered by Government. Feasibility studies for a drainage/irrigation project for rehabilitation of salt-affected lands in the lower Euphrates area are expected to be completed around the middle of 1977.

Loan 986 - Mehardeh Power Project; US\$25 million Loan of May 23, 1974 and Supplementary Loan of US\$8.6 million of June 4, 1975; Dates of Effectiveness: January 30, 1975 and January 19, 1976; Closing Date: June 30, 1979

The project consists of the first 150-MW unit of new steam-electric power station at Mehardeh; eight 230-kV substations, consultant services and training. The project is co-financed by a US\$33 million loan from Kuwait Fund, including a second portion of US\$15 million to cover the considerable cost overruns. Although main contracts were awarded about five months late and a further delay of about two months was caused due to a temporary lack of cement, physical progress is satisfactory and the final delay is expected to be minimal. Institutional progress is expected to remain slow due to lack of experienced personnel and the time required to train intermediate executive staff.

Loan 1144 - Second Mehardeh Power Project; US\$72 million Loan of July 18, 1975; Date of Effectiveness: January 19, 1976; Closing Date: June 30, 1980

The project comprises a second 150-MW steam generating unit at Mehardeh, construction of six and extension of two 230-kV substations, a new office building, organization and accounting studies and training. Construction of the power plant is progressing satisfactorily although a delay of about two months occurred due to a temporary lack of cement; the final delay is expected to be minimal. Construction of the new head office building has been delayed by about one year because the Government is reconsidering its size. Institutional progress is expected to remain slow due to lack of experienced personnel and the time required to train intermediate executive staff.

Loan 1241 - Second Damascus Water Supply Project; US\$35 million Loan of June 9, 1976; Date of Effectiveness: January 31, 1977; Closing Date: December 31, 1980

This loan became effective on January 31, 1977. The project, which is co-financed by the Arab Fund and USAID, provides for the supply components of Damascus' water system and for training. Work is proceeding on schedule on the contract for the tunnel, underground cutoff and supply reservoir, which are financed by the Bank. A close coordination of the works financed by the various donors under this project and of the works financed under the first project will be required to permit the timely link-up of the various components of the supply and distribution system and to minimize expected delays in implementation of the project components financed by other donors.

Loan 1261 - Telecommunications Project, US\$28 million Loan of June 9, 1976; Date of Effectiveness: March 15, 1977; Closing Date: June 30, 1979

This loan became effective on March 15, 1977. The project consists of the most urgent works of the telecommunications investment program for the period 1976-78, including the installation of telephone connections, trunk

exchanges and teleprinters; and expansion of long distance and international facilities; and a training center. Procurement is well underway on a number of contracts.

Loans 1311/1312T - First Livestock Development Project; US\$5 million Loan and US\$12.5 million Third Window Loan of July 22, 1976; Date of Effectiveness: _____; Closing Date: December 31, 1982

This loan has not yet become effective due to delays in the selection and appointment of consultants. The project provides for a strengthening of the organizational framework for feed policies and animal health services as well as credit to sheep farmers and cooperatives.

SUPPLEMENTARY PROJECT

DATA SHEET

Section I - Timetable of Key Events

- | | |
|---|--|
| (a) Time taken to prepare project: | One year |
| (b) Agencies which prepared project: | Ministries of Education and Industry with assistance of Bank mission |
| (c) Date of first presentation to the Bank: | June 1976 |
| (d) Date of Departure of Appraisal Mission: | November 1976 |
| (e) Date of Completion of Negotiations: | May 1977 |
| (f) Planned date of effectiveness: | October 1977 |

Section II - Special Bank Implementation Actions

Bank provided outline of composition, functions and objectives of coordinating entity for vocational training and technical education (para. 34) Bank to undertake a more than average amount of supervision in the pre-bidding stage (para. 42). Other action to ensure satisfactory project implementation includes the provision of specialist services as part of the proposed project (para. 28).

Section III - Special Conditions

- (a) Government to establish by July 1, 1978, a national coordinating entity, with an executive branch, for the planning, supervision and coordination of vocational training and technical education (para. 34).
- (b) Government to make arrangements to ensure liaison with employers and to introduce a tracer system to monitor placement and performance of Intermediate Technical Institutes' graduates, both to be implemented as soon as Institutes are available for use (para. 32).
- (c) Government to develop procedures for school mapping and to carry out school mapping, on a selected basis, for primary and secondary schools not later than December 31, 1978 (para. 31).
- (d) Government to carry out a pre-investment study for the establishment of an educational materials center not later than December 31, 1978 (para. 31).

