



1. Project Data:		Date Posted : 02/05/2002	
PROJ ID: P008485		Appraisal	Actual
Project Name: Youth Training	Project Costs (US\$M)	60.12	16.29
Country: Hungary	Loan/Credit (US\$M)	36.4	11.16
Sector(s): Board: ED - Secondary education (56%), Vocational training (33%), Central government administration (11%)	Cofinancing (US\$M)		
L/C Number: L4230			
	Board Approval (FY)		97
Partners involved :	Closing Date	06/30/2002	06/30/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components

a. Objectives
The Youth Training Project for Hungary was to help adolescents and young adults make the transition from school to work, thus reducing youth unemployment. The project would provide equipment, software, and technical assistance and training to continue development and strengthening youth vocational orientation and training programs.

b. Components
Component (a): Strengthening and modernizing post-secondary and post-compulsory school specialized training programs for young people to facilitate their entry into the labor market. This goal would be accomplished through technical assistance for (i) project coordination and promotion, fellowship training, equipment, and software; (ii) writing teams of curriculum developers in occupational specialties; (iii) institutional infrastructure development in management, operations, and procurement; and (iv) staff training. Component (b): Expanding the number of secondary vocational schools that apply the new core curriculum and occupational orientation programs developed under the Hungary Human Resource Project through hardware, software, limited technical assistance and staff training. These inputs would assist secondary and vocational schools to implement the seven new academic core curricula for grades 9 through 12 and to implement vocational orientation curricula in grades 11 and 12.

c. Comments on Project Cost, Financing and Dates
Essentially, the project closed as initially projected. It had been extended for one year, but closed one year earlier than the extension date. At closing, only 25% of the loan proceeds had been disbursed, and a total of US\$ 43.8 million were canceled. The government canceled the credit because Bank procurement procedures were too cumbersome, and it was possible to secure credit for the project activities at an interest rate lower than the loan.

3. Achievement of Relevant Objectives:
The objectives were substantially achieved. The essential development tasks, curriculum development and staff training were completed despite the early closure. About 60% of the equipment and materials planned through the project have been acquired. About 39% of the equipment and materials were purchased with project funds, and another 21% has been contracted according to Bank procurement rules. The remaining will be acquired through government funds and procedures.

4. Significant Outcomes/Impacts:
About 85 new or revised specialized training programs were developed to focus on the new and emerging needs of the country.
(These are being implemented in approximately 164 sites of participating post-secondary institutions, though all have not yet been equipped due to the early closing.)
A great deal of staff training took place under the project. About 600 vocational training instructors of post-secondary institutions were trained locally or abroad. Instructors of 133 secondary vocational schools received a total of 320 months of study visits to training programs abroad.
About 135 secondary vocational schools received staff training, and partial shipments of equipment and materials to offer an average of two vocational training programs in grades 9-12. Training courses were evaluated, and were

shown to be effective in modernizing teaching methods and offering marketable knowledge to instructors . About 59% of the schools were able to use the package received for teaching general knowledge subjects, and 41% partly used it.

The effectiveness of training programs was monitored through follow-up surveys, student course evaluations, and program audits. Teachers have increasingly focused on labor market requirements and the practical uses of course information. Participating schools were selected through a competitive process, which helped ensure that those most committed to sustainable reform obtained funds . Students received career information and were exposed to new teaching methods and technology .

5. Significant Shortcomings (including non-compliance with safeguard policies):

Implementation suffered delays due to cofinancing limitations of state budgets, a long period of selection of schools, restructuring of Ministries, and immense complexities in procuring large numbers of many small items .

Training institutions may have difficulty dealing with the recurrent expenditures associated with the procured equipment, an issue that was not adequately addressed in the project .

In retrospect, and given that Hungary could find more favorable lending terms, leading to partial loan cancellation, the rationale for Bank lending was weak .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Middle income countries with access to favorable credit terms may cancel loans if they perceive that they can get better interest rates in the commercial market and if Bank procurement procedures are considered too cumbersome . The Bank may reorient its role in middle-income countries accordingly to focus on non-lending services .

- Trust between Bank and governments is essential in bringing about complex operations, particularly when complex procurement procedures are involved .

-Competitive processes to select institutions that will participating in delivery of various training services may ensure implementation by motivated entities and increase the probability of sustained results .

-Evaluations completed by students on their perception of the quality of training can lead to improvements in course content.

8. Assessment Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR:

The ICR is satisfactory and explains the implementation process and relevant issues in considerable detail .