### 1. Country and Sector Background

**Country Background**

The Dominican Republic is emerging from two years of economic stagnation, caused by a banking crisis in 2003. The crisis caused GDP growth rates to fall from 4.3% in 2002 to -1.6% in 2003. The collapse of one of the country’s largest banks and the subsequent crisis in confidence and capital flight caused the Dominican peso to depreciate by 100%. The depreciation of the peso and subsequent rise in inflation resulted in a 30% reduction in real average real incomes, which led to the impoverishment of an additional 15% of the population and rendered close to 7% unable to afford minimum food requirements. The downward trend raised poverty rates to 31% in urban areas and 45% in rural areas, and brought extreme poverty to 13%.
Young Dominicans – disproportionately poor and unemployed – were particularly affected by the crisis, exacerbating an already precarious situation. The increase in poverty rates affected youth and children through increased rates of malnutrition, school dropouts, youth unemployment and risky behavior including crime and violence. In terms of unemployment, the recent crisis had a particularly adverse affect on new entrants into the labor market, as is reflected in the increases in unemployment for the less educated, women and youth. The youth unemployment rate is nearly double the national average, and has risen nearly 35% since the pre-crisis period to reach 31 percent for ages 15-24, as compared to 17 percent for the population at large (World Bank 2005a). The DR Poverty Assessment suggests that this had a bearing on the increase in crime in the country over the last few years. Coupled with one of the region’s poorest performing education systems in terms of educational attainment, poor young Dominicans are struggling to find their way into the country’s economic and social development.

The Fernandez Government has designed a three-pronged response to move the country forward, focused on the following areas: i) restoring macroeconomic growth, ii) improving institutional governance and iii) improving social equity and protection. Some recent developments are showing progress towards achieving these goals, such as the return to robust economic growth of 4.5 percent projected for 2005 (IMF 2005), the signing in September 2005 of the Central American Free Trade Agreement (CAFTA) by the Dominican Congress, and the articulation of a new social sector policy by the Government of the Dominican Republic (GoDR) that focuses resources on the poor and increases their capacity to lift themselves out of poverty.

The pro-growth policies outlined above (such as DR CAFTA) are most effective when paired with complementary pro-poor policies – and vice-versa. It is important to couple pro-growth policies with complementary pro-poor policies such as investments in education and skills training targeted to the most disadvantaged. A combined policy package is expected to be more than the sum of its parts (LAC Flagship Report, 2005). Similarly, the inverse also holds: education investments such as skills training and expanding access to formal education generate higher returns when coupled with trade openness.

The Dominican Republic is one of a few countries in the world with a congress-approved General Youth Law, and corresponding Ministry of Youth as well as a Youth Policy. The country’s Ley General de la Juventud, approved in 2000, both established the Ministry of Youth and articulated a substantial Policy for Youth Development. The youth policy outlined therein calls for the development of educational policies that foster a holistic youth development, with corresponding strategies for other sectoral policies, programs and community development initiatives. It also guarantees the active participation of youth themselves in the formal and non-formal educational process.

Sector Background

The crisis has dramatically decreased the chances for youth to insert in the labor market. Recent data from a national labor survey estimates the mid-crisis youth unemployment level at 31 percent (World Bank 2005 Trade and Labor), as compared to the pre-crisis estimate of 23.1 percent (ILO 2001). Underemployment and job quality are also concerns, as job creation for
young people is primarily in the informal sector where wages are reported to be 44% lower (ILO 2001). Rising unemployment coupled with a weak secondary education system has left more youth out of school with no job. The increase in idleness is believed to be a key factor in the rise in crime, violence, gangs and other forms of risky behavior, particularly among the most disadvantaged, as they have fewer opportunities for the future. These worrying trends have been highlighted in the DR CAS, reflecting the need to improve job opportunities for the Dominican youth. The World Bank Poverty Assessment from 2005 also underlines the need to enhance young workers’ employability through improved youth training programs over the short, medium and long term.

In addition, current labor supply does not satisfy demand of employers, existing training programs are in short supply and are generally inaccessible to poor and low skilled youth. A recent survey of employers revealed that more than half had difficulty finding employees with the skills they were seeking. This was especially true in the case of management skills, administrative skills, and language skills, but also highlighted the need for more secondary school graduates (ENDECA 2003). At the same time, the national training institute INFOTEP – which regulates over 800 training organizations nationally -- has been unable to meet the increasing demand for high quality training. Recent estimates suggest that INFOTEP is only meeting half of the demand for skills training (World Bank 2005a). More importantly, most courses are offered to employed workers. Only about 30% of INTOTEP courses cater to the unemployed and participation generally requires a high school diploma. Young school dropouts usually do not have access to these training opportunities and find it hard to re-integrate into the system.

The Dominican Republic suffers from inadequate quality and supply of the education and training to improve labor productivity and skill relevance that will sustain economic growth. Early school leaving is the main cause for low skills attainment. Nearly half of the Dominican youth do not complete primary school, and statistics from the Secretaria de Estado de Educación indicate that the average grade for the grade eight national exams in 2005 was 52 percent (SEE 2005a). As a result, the Dominican Republic has a large stock of illiterate youth (get actual number from SEE Project document), currently estimated at 8 percent of all 15-24 year olds (United Nations 2003). Net enrollment at the secondary level is just 35% and the education sector has been unable to achieve improvements in years of schooling, due to persistently high repetition rates. According to the Dominican Republic Poverty Assessment, the country is one of the worst performers in the LAC region for several grade-to-grade transitions. Students are therefore overage and more prone to drop out of school altogether. At the level of secondary education, 50 percent are overage and up to 20 percent are three of more years behind (Alvarez, 2004 quoted in World Bank 2005c).

As a result, the number of poor youth who have fallen out of the formal schooling system and have not successfully integrated the employment sector is on the rise and is at greater risk of engaging in behavior costly to themselves and to society – such as crime and violence, among others. The lack of options and opportunities is increasingly resulting in youth turning to gangs as a form of social protection. Interviews with out-of-school youth have revealed that youth tend to join criminal and drug-dealing gangs in order to insulate themselves from the insecurity and violence present in their communities. The costs of these trends to
society are therefore two-fold: (i) lost productivity due to the under-utilization of labor; (ii) increased crime and violence which carries with it important costs, both private and public. In addition, there are also important private costs to the increase in youth idleness and unemployment, the most obvious being foregone earnings.

**Project Background**

The proposed Youth Development Project offers poor youth an opportunity to break the vicious cycle of poverty that traps so many with insufficient education, life skills or job skills to make the transition from school dropout to work. Specifically, the project will focus on two complementary channels to enhance employability which build on successful local initiatives: (i) life and technical skills training combined with private sector internships through the YouthEmployment Program (Programa Juventud y Empleo (PJE)) managed by the Secretary of Labor (SET), and (ii) “Second Chance” educational programs that offer night classes toward obtaining a primary or secondary school diploma, provided by the Secretary of Education (SEE).

**The Youth and Employment Program (Programa Juventud y Empleo – PJE)** was established in 2001 through an IDB loan and is implemented by the Secretary of Labor, in close coordination with the National Institute for Professional Technical Training (INFOTEP). It is a holistic labor market insertion program which builds on the experience with similar programs in Chile (ChileJoven), Colombia (Jovenes en Acción), and Peru (PeruJoven). Its approach combines (i) work/skills training which is designed to prepare participants for internships based on employer demand, (ii) internships in private sector firms, and (iii) life skills training, all designed to improve young people’s employability through a first time employment experience. Local private sector training institutions (Institutos de Capacitación - ICAPs) identify internships in the private sector and then design training courses to fit the needs of the firms. The program’s targeted population is young people ages 16-29 that neither work nor study. The initial impact evaluation has provided valuable insights into program impact and operations and shows that women and younger participants (16-19) in particular have benefited from the program, improving their employment opportunities and wages. It also shows that the program has had less impact in rural areas than in urban areas, which points to the need to adjust it to different circumstances and make it more flexible and innovative.

**Alternative formal education programs** were established by the Secretary of Education in the late 90s. They offer primary (Educación Básica de Adultos – EBA) and secondary (PREPARA) equivalency courses that allow overage drop-outs to obtain their 8th and 12th grade diplomas through night classes. Originally intended to address the large stock of illiterate youth and secondary school dropouts, these programs currently respond to the results of employer surveys which underscore the demand for candidates with secondary diplomas (“bachillerato”), as well as those who have a minimum set of life and workplace skills. The majority of beneficiaries of these programs (130,000/year) tend to be young, having dropped out of school to either support their parents or their own children. They generally come from marginal areas, are too old to re-enroll in the formal education system, and often have to work or look after their children during the day. This night school approach offers them a “second chance” at completing their formal
education. Current pass rates on national exams indicate that the quality of both programs is high, particularly given the disadvantaged target population.

The National Youth Policy and respective law provide the enabling policy environment within which the Youth Development Project can prosper, while simultaneously reinforcing the existing legislation and policy directives. The project, in turn, will inform the youth policy based on its experience and evaluation results, and it will co-finance the Second National Youth Survey which will provide valuable inputs for the National Youth Observatory implemented by the Secretary of Youth. Preparation of the project has been carried out with in close coordination with and support from the Secretary of Youth. Close coordination with the Secretary of Youth will continue throughout the project’s implementation.

2. Objectives

The project’s development objective is to support the Government of the Dominican Republic (GODR) in improving the employability\(^1\) of poor at-risk youth through strengthening and expanding both market-driven job training and ‘second chance’ education programs. It would build entry points for disadvantaged youth to complete their education, build their work experience, and integrate into the labor market in accordance with a “life-long learning” approach. Key performance indicators for the project include:

(i) At least 50% of PJE graduates are employed or self-employed six months after program completion,

(ii) PJE graduates earn on average 10% more than the control group.

(iii) At least 80% of additional students of EBA and PREPARA obtain their basic or secondary degrees.

(iv) At least 60% of PJE beneficiaries and 70% of EBA and PREPARA come from the priority areas I and II as identified in the DR Poverty Map

(v) At least 50% of program beneficiaries are women.

(vi) At least 20% of participants of PJE are registered in EBA or PREPARA one year after program completion.

Indicators to measure important externalities - such as the reduction of risk-taking behaviors, increase in self-esteem, and building social capital - generated by the PJE and Second Chance programs, will be developed and determined through a rigorous impact evaluation financed under the project (see annex 3) which is jointly designed and co-financed with the IDB. In addition, the Spanish Cooperation (AECI) has signaled its interest to co-finance the evaluation of the second chance education programs through their ongoing project in support of EBA/PREPARA.

\(^1\) Defining employability: Improving the employability of young people means to improve the knowledge, skills and behavior that will serve them as they transition to the labor market. The employability skills which employers seek in entry-level positions include basic (e.g. reading, communication, writing), and higher-order skills (e.g. decision-making, problem-solving, learning). The behaviors and traits that employers seek (also known as affective skills) are those associated with dependability, positive attitude, self-confidence, motivation, adaptability, and punctuality, to name a few. Rather than preparing youth for one specific job, these competencies cut horizontally across all industries (in both the formal and informal sectors), and vertically, for many types of positions (Sherer and Eadie 1987). As such, they are lifelong skills that will serve them at the different stages of their employment trajectories.
The two pillars in the World Bank’s Country Assistance Strategy (CAS) emphasize improving competitiveness, and achieving greater social equity through investing in human development and through enhancing the access to and quality of basic services. The Youth Development Project supports directly both objectives stated CAS: First, improving competitiveness, by equipping young people in the Dominican Republic with the skills, knowledge, and attitudes sought by employers and necessary to benefit from the opportunities presented by a liberalizing economy; and second, achieving greater social equity, by targeting skills development among the disadvantaged youth, expanding the coverage of the second chance education programs, and greatly enhancing the quality of the services delivered.

3. Rationale for Bank Involvement

Due to the urgent need to provide more opportunities to disadvantaged youth from poor families and with little schooling, the GoDR has asked the Bank to co-finance the PJE together with the IDB to broaden the program’s scope, improve its quality, and transform it into a national program that provides at-risk youth with training and employment opportunities. The project forms part of a larger government effort to strengthen the country’s social protection system and is complementary to several operations, including the Bank’s Social Protection Investment Project (under preparation), and the IDB’s “Labor Markets and Social Transfers” project which was approved in November 2005 by the IDB’s board.

Based on the Bank’s social risk management approach which increased the focus on Children and Youth issues during recent years, as well as its long term support to the life-long learning agenda and active labor market policies and programs, the Bank brings to the table important experience that benefits the discussion in the Dominican Republic on youth development more broadly and training and education for disadvantaged youth more specifically.

The Bank’s involvement is complementary to the IDB’s engagement in the country’s education sector. While the IDB is supporting the expansion of general primary and secondary education, GoDR has asked the Bank to assist in improving its targeting of vulnerable groups that are in need of special, additional attention. Programs such as the Early Childhood Development Fund and, in this case, the youth employment and “second chance” education programs, build strong complementary measures to ensure that children and youth from poor families, get the support to live up to their potential. The division of labor between the two Banks has worked well in the past due to the close coordination during preparation and implementation of the loans.

4. Description

The project includes three components, two of which will be implemented by the Secretary of Labor (1&2). Component 3 will be implemented by the Secretary of Education.

**Component 1: Consolidate and expand the Programa de Juventud y Empleo (PJE) to provide increased access to a first work experience for youth at risk (US$21.73 total, $18 million Bank financing).** The GoDR has requested the Bank to finance the PJE to expand it in content and broaden its coverage to focus more intensively on poor and disadvantaged youth. This important human development initiative equips youth with both the technical skills needed
to gain first time experience in an occupation, and the life-skills needed to thrive in the workplace, and life more generally. In addition to the program’s focus on private sector employers, the project will pilot training courses and internships designed to promote entrepreneurship and self-employment, particularly in rural areas of the country where there are few salaried job opportunities.

This component would reach approximately 28,000 youth ages 16-29 over a period of 4 years and at a unit cost of approx. US$600 per beneficiary which compares favorably with similar programs in other countries. Selected by a competitive bidding process, the private training institutes will be contracted that have identify internships, develop a related It will be implemented by the SET/PJE which has run the program for 4 years already. For details, see annex 4.

Furthermore, under this component, the links and coordination between the SET/PJE and INFOTEP will be strengthened. The National Institute for Professional Training is governed by a tri-partite council (consisting of the Ministry of Labor), the private sector and worker’s representatives) and receives an earmarked payroll contribution to finance its vocational training courses. So far, INFOTEP has been responsible for two important elements of the program cycle: the technical evaluation of the proposals from ICAPs and the supervision of the training courses financed under the PJE for which is receives a fixed fee. Under the project, collaboration between the PJE and INFOTEP will be expanded in two important ways: First, INFOTEP’s registry of training service providers (RECOS) will be revised and made more flexible to include ICAPs previously registered under the separate PJE’s registry. Second, INFOTEP will serve as a co-implementing agency under the project to learn from the experience of PJE, particularly as it relates to managing competitive funds, include life-skills in a vocational training curriculum, developing internship programs with employers, and focusing more explicitly on youth at risk. INFOTEP will provide US$1.65 million to co-finance 400 courses targeted at rural youth, with a special focus on self-employment. The objective of this measure it to introduce the innovations developed under the PJE to the broader training context in order to make the approach sustainable in the country.

**Component 2: Build capacity in the Secretaries of Labor (SET), Youth (SEJ), and INFOTEP to more effectively focus on at risk youth (US$2 million total, all financed by Bank).** The objective of this component is to improve the involved institution’s capacity to reach disadvantaged out-of-school youth through strengthened program coordination, implementation, and evaluation. In this context it would support the envisioned gradual transition of the PJE to INFOTEP in order to foster the sustainability of the program’s outcomes. This transition will need to be carefully prepared and managed. The GODR’s coordinating agencies – the Social Cabinet as well as ONAPLAN - are fully supportive of this approach, and will need to play a catalyzing role to ensure its success.

Three institutions will be strengthened through this component:
- The SET/PJE is responsible for the program implementation and evaluation of PJE. This component will strengthen the institution’s capacity for overall project management, including training of the ICAPs in key elements of the program, linking targeting to the
SUIBEN, integrating the PJE with the improved national labor intermediation system, and improving its monitoring systems and carrying out of the impact evaluation.

- INFOTEP is the GODR’s governing and certification body for job training, tasked with overseeing the national technical and professional training system. It has a sustainable financing source through an earmarked payroll tax levied on enterprises, and a reputation for quality both nationally and internationally. The project would strengthen INFOTEP’s systems for course evaluation and supervision. The institution has also demonstrated interest in increasing its capacity for responding to the needs of poor at-risk youth, and to develop a system for offering training contracts through a competitive bidding process. During project preparation, it will be discussed if the Bank could co-finance these training activities given that they are in line with the project’s objectives and methodologies. The intention is to build up INFOTEP’s capacity to ultimately serve as the long term institutional home for the PJE.

- The Secretary of Youth (SEJ)’s overall role is to coordinate youth related policies and advise line ministries on how to make their policies and programs more inclusive for youth. The SEJ has been actively involved in project preparation. A major focus of SEJ at present is to build up the information base on youth in the country through a cross-sectoral “Youth Observatory” that will track youth development indicators across all sectors through existing and new survey instruments to ensure a consistent and systematic approach to measuring GoDR progress towards youth development. The project will co-finance the National Youth Survey which is an essential element for the construction of the youth observatory. A first such survey has been carried out in 2005, and the second survey which would be based on the first, is planned for 2008.

This component will be implemented by the Secretary of Labor/PJE in coordination with INFOTEP for the Youth and Employment Program, and with the Secretary of Youth as regards the implementation of the Second National Youth Survey.

**Component 3: Strengthen and expand the ‘Second Chance’ education programs EBA and PREPARA (US$10,18 million total of which $5 million is Bank financed).** This component will strengthen and expand the SEE primary and secondary equivalency programs *Educacion Basica de Adultos* (EBA) and PREPARA that respond to the large number of school dropouts that have a demonstrated interest in continuing their studies. EBA (grades 1-8) is currently offered nightly, through a network of 650 primary schools, at no charge and reaches 90,000 students/ year. PREPARA students (40,000 students/ year, grades 8-12) attend classes in any of 256 centers/schools either two nights a week or once on Saturday or Sunday, and pay a minimal inscription fee (US$30) to cover the cost of materials. PREPARA also piloted an accelerated course in 2002 for older students (22 and above for US$60) with the support of the Spanish Cooperation that allows students to complete the four year curriculum in two years. There is significant unmet demand for this program as it enables motivated students to complete their formal education much more rapidly. This component of the loan will support i) expanded coverage and quality of EBA to respond to the demands of beneficiaries to transform it into a two night/week accelerated course with improved materials and to provide modules in life-skills (goal: 101,400 students/year); ii) expanded coverage of PREPARA, with a particular emphasis on the accelerated option by reducing the minimum age from 22 to 19 (goal for all PREPARA: 60,000 students/year) and on incorporating life skills modules, and iii) strengthened institutional
capacity of Department for Adult Education at the SEE to both implement the expansion of the programs and monitor their results and impact over time.

The Secretary of Education will be the implementing agency for this component. Transforming EBA will require technical assistance (to review the curriculum, didactic materials, evaluations, etc.), training, materials printing and distribution (books, etc.) and some basic equipment for the schools (invertors for providing lights to night classes, chairs, etc.).

5. Financing

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6. Implementation

**Coordination with other World Bank projects.** The Youth Development Project (YDP) has been prepared in close coordination with the new Social Protection Investment Project (SPIP) of US$30 million which seeks to increase access of poor households, particularly those lacking identity documents, to effective Government social programs for education, training, nutrition, and health insurance, promoting their human capital formation and capacity to lift themselves out of poverty. The SPIP will, among others, support the Government in establishing the Unified Beneficiary targeting mechanism SIUBEN which will be used, over time, by the PJE for targeting the most disadvantaged youth.

In addition, the project builds on some of the experience with the DR Early Childhood Development (ECD) project which is implemented by the Secretary of Education and includes a competitive subproject fund which provides grants to NGOs to carry out ECD activities. Experience from this fund was included in the revision of the training course selection process of the PJE.

**Coordination with the IDB.** In parallel to this operation, the PJE will receive support under the US$10 million IDB project entitled “Labor Markets and Social Transfers” (DR-L1006). The objective of the project is to improve the conditions for participation of the population in the labor market and the distributive impacts for investments in social assistance. To this end, it seeks to (i) reduce the job search times for the unemployed and the contracting by employers, (ii) improve the labor market performance of vulnerable groups with little work experience, and (iii) strengthen the functioning of the SIUBEN. While the IDB is concentrating on the development of the Secretary of Labor’s intermediary employment services and providing some financing for the PJE (US$5 million), the Youth Development Project would strengthen the PJE’s link to INFOTEP and build the institution’s capacity to be more inclusive of disadvantaged youth. The IDB loan was approved by the IDB’s Board in November 2005 and is expected be implemented over a three year period in parallel with the Youth Development Project. The IDB and WB teams
are working closely to coordinate implementation arrangements which will be reflected in a single operational manual of the PJE.

**Coordination with Spanish Cooperation (AECI).** AECI has been supporting the Secretary of Education in implementing both the PREPARA and EBA programs since 2001. Annually, they have invested about EURO 0.5 million in supporting the second chance programs. In addition, a Spanish expert has advised the DGEA in managing and supervising the programs. Some of the envisioned changes to both programs have been prepared under the AECI project (e.g. the introduction of accelerated PREPARA and reducing EBA’s requirements for nightly attendance).

AECI has just approved the further financing of the successful second education programs, continuing its annual support of EURO 0.5 million to the DGEA for another four years. AECI and the Bank will take this opportunity to work closely in supporting the envisioned changes, in supervising the programs and in the design and the implementation of the second chance evaluation and proposed tracer studies for which AECI might be able to access additional funds.

**Components 1&2: Youth Employment Program (PJE).**

The PJE is implemented by SET/PCU which is adequately staffed and has acquired a solid experience of implementing the program since its start in 2001. The PCU works closely with the Secretary of Labor’s Department for Employment (to develop intermediary labor market services) and the Department for Training (in the supervision of INFOTEP). The unit is responsible for overall implementation of the PJE, including the carrying out of the program’s public information campaign, the launch of the calls for proposals for ICAP, pre-screening of proposals, economic evaluation of proposals, contracting of winning ICAP’s, payments, monitoring and evaluation.

INFOTEP will co-implemented the PJE being responsible for the key aspects: pre-selection of training institutions (through its registry for training institutions - RECOS), technical evaluation of proposals, and the supervision of training and internships. In addition, INFOTEP will be responsible for contracting 400 training courses for youth at risk using the operational manual of the PJE and co-financing them in an increasing way (20% year 1, 30% year 2, 40% year 3, 50% year 4). The responsibilities between SET and INFOTEP are spelled out in detail in an Inter-institutional Agreement.

ICAPs would be responsible for identifying appropriate internships, designing respective training courses, and based on this preparatory work, preparing proposals. If selected, they will be contracted to implement the training courses including the lifeskills modules, positioning beneficiaries in private firms and accompanying them throughout the internships. They will also be responsible for paying daily stipends to beneficiaries (financed under the PJE) to cover their transportation and meal expenditures (US$2 per day per student).

Finally, private sector firms, government entities (including municipalities) and NGOs would be asked to provide meaningful internships for the beneficiaries of the PJE. In order to ensure that internships are meaningful, a learning plan would need to be prepared for each internship between private firm and ICAP, which would be the base for participation in the bidding process. Close follow up to the implementation of the learning plan will be requested from the ICAPs.
Component 3: Second Chance Education

This component will be implemented by the SEE, with the Department for Adult Education (DGEA) responsible for the management and expansion of the “Second Chance” EBA and PREPARA programs. Responsibilities include program staffing, teacher training, development of didactic materials, book distribution, monitoring and evaluation, and other operational duties.

The fiduciary management of funds will be the responsibility of the Office for International Cooperation (OCI) of the ministry (see annex 7). The OCI will be responsible for the investment in the infrastructure of the centers, including the procurement of electric generators and computers, as well as for handling all financial disbursements, accounting, and reporting.

The Second Chance Programs are offered primarily in primary school facilities, and occasionally in secondary schools. The DGEA manages a network of 650 educational centers, each with a director for at least one of the Second Chance education programs. If there are more than 600 PREPARA students registered in one site, an additional coordinator is employed to supervise the PREPARA courses.

An inter-institutional agreement will be signed between SEE and SET for the topics that are common to both ministries, including the design of the life-skills module, joint promotion campaigns of programs, arrangement for offering EBA/PREPARA in ICAPS, and inscription fee waivers for PJE beneficiaries who continue with EBA/PREPARA (once the SIUBEN system is fully established, these waivers would only be granted to persons below the poverty line pertaining to SIUBEN categories 1 and 2, and identified through a SIUBEN card.

At the project’s mid-term review, the targeting mechanism of the PJE, the performance of INFOTEP, the effectiveness of the SIUBEN system and other important aspects would be evaluated and reviewed to decide on adjustments in the program pertaining to these topics.

7. Sustainability

At political level

The Government of the Dominican Republic has demonstrated very strong ownership of the PJE. The program was founded under the previous government and was then continued under the present administration which is now asking for its continuation and expansion. This provides some indication that also under a new administration the PJE would be supported, managed either by the Secretary of Labor as now, or by INFOTEP, a potential future home for the program (see below). During project preparation, consultations with the main political parties were carried out and all were aware of the need to provide more opportunities to disadvantaged youth, and also specifically supported the PJE as well as the second chance education initiatives. Project preparation has been coordinated by the Social Cabinet and ONAPLAN. The GODR has committed to assume the recurrent costs of this project to ensure that the programs will be able to continue after project completion.
Institutional sustainability

Components 1 and 2: To date, the GODR has financed the administrative costs of implementing the PJE, while the IDB has financed the investment costs covering training courses and internships, as well as technical assistance and some equipment. In order to make the PJE sustainable over time, the role of INFOTEP is being strengthened as a co-implementing agency. As before, INFOTEP will continue to be responsible for the technical evaluation and supervision of training courses and internships, but with a much improved system for evaluating course proposals and better equipped to carry out meaningful supervision in a timely manner, linked to payments to ICAPs for their training services. In addition, INFOTEP will be supported in its efforts to become more responsive to at risk youth by building its capacity to contract training courses through a competitive bidding process (fondos concursables), including life-skills training and linking them to internships in the private sector, following the PJE model. The project would co-finance these courses contracted by INFOTEP on a decreasing level (80%, 60%, 40%, 20%) over the four year project implementation period. INFOTEP will provide approximately US$1.7 million co-financing to contract these courses for youth at risk. Through this mechanism, it is envisioned that INFOTEP would be able to implement a training program targeted at youth at risk in the future. At the same time, the project would strengthen the Secretary of Labor’s Training Department to oversee the implementation of such program and the Secretary’s Employment Department is strengthened under the IDB loan to provide better intermediary services for job seekers and employers alike that would be particularly relevant for beneficiaries of training services.

Component 3: The Secretary of Education (SEE) started the EBA program in the early 1990s and the PREPARA program in 2000, with assistance from the Spanish Cooperation (AECI). The SEE has an administrative, technological and technical structure that guarantees the continuation of the two subprograms after the project closes. The annual budget allocation for the subprograms is planned to be increased to absorb the additional recurrent costs for teachers, materials, etc. overtime. In addition, students are asked to pay an inscription fee that contributes to cover costs pertaining to the reproduction of materials and additional payments to teachers.

At the beneficiary level: Beneficiaries of the PJE are expected to be equally positioned as their non-poor peers to insert into the labor market. This would manifest itself in an increase of their incomes over time, a better educational level, and more responsible behaviors shown to their families and communities. The expected impacts would be measured by the impact evaluation financed under the project that would follow beneficiaries over time and include different aspects of employability, such as length and quality of employment, income, behavior, community engagement, educational levels, etc.

At the beneficiary level.
Important sustainable benefits are expected at the beneficiary level. The PJE has shown to significantly increase the chances for employment and increased wages over time. These welfare effects are particularly significant for breaking the vicious circle of poverty and providing young people with better perspectives than their parents had. In addition, PJE graduates will have the
opportunity to enroll in second chance education programs free of charge, in order to continue their schooling and further enhance their future prospects.

8. Lessons Learned from Past Operations in the Country/Sector

Youth training programs need to be driven by labor market demand: International experience has proven again and again that vocational training opportunities are most successful in adequately preparing beneficiaries for the labor market when they have close links to the labor market in their design and implementation. The PJE follows the model of similar youth training programs in LAC by requesting that the training institutions (ICAPs) work with private firms who offer internships for the trainees. Based on the firms’ needs, the ICAPs design training courses then offered to beneficiaries. Innovative training courses need to be designed to respond to the market needs. Only proposals that include both internships and training are considered under the PJE. While internships are no and should not be a guarantee for a future job, they have proven to be a good proxy for identifying firms and sectors with future potential for employment opportunities. In the future, the PJE will even go a step further in asking ICAPs to train beneficiaries preferably for firms that not only offer internships, but that also have available job vacancies in related areas.

Working with the private sector requires flexibility and quick responses from the suppliers of training. In order to motivate the private sector to take trainees, especially those from disadvantaged backgrounds, the program needs to be flexible and respond quickly to the opportunities offered by the market. The PJE will therefore introduce various modalities of contracting training institutions, including direct contracting and an ongoing application process, to respond to this need of the market.

Training programs need to be an integral part of active labor market policies. The Secretary of Labor is in the process of building and strengthening its intermediary labor market services, supported under the IDB project. Experience, particularly from Europe, has shown that labor market insertion can be successfully improved, including for disadvantaged population groups, if intermediary services are provided that efficiently link labor market demand with supply. In the Dominican Republic, the PJE includes training modules that will teach beneficiaries how to apply for a job and how to find and use the job search tools that are offered by the Secretary of Labor or the private sector. In addition, beneficiaries would be encouraged to register in the Secretary’s “bolsa de trabajo” which is being improved at present.

Training and education opportunities for disadvantaged youth are becoming a mainstream concern. The private sector and private sector training institutions become increasingly aware that youth at risk need to be given a chance to re-enter the educational and occupational system to become productive members of society instead of being marginalized. INFOTEP, the Dominican well respected National Professional Training Institute, has outlined in its 2006-2010 strategic plan its intention to be more inclusive for formerly rather excluded population groups, including poor youth in rural and marginalized urban areas. Based on this opening, the PJE is strengthening its strategic alliance with the Institute and plans to co-implement the program with INFOTEP. INFOTEP, in turn, would open up its national registry for training institutes to allow
for more innovation, and strengthen its own evaluation and supervision capacity. In addition, it will provide considerable co-financing to expand the PJE.

**Synergies between a solid education and training opportunities are important to enter the labor market.** It is known that a short-term training can not make up for the opportunities lost by youth by dropping out of the education system prematurely. A good education is still the best investment in someone’s future. Studies have shown that for many youth, a combination of training and the reentry of the education sector through “second chance” education programs have provided a successful combination in the long run. The project would strengthen the collaboration between the Secretary of Labor/INFOTEP and the Secretary of Education - two important sectors that need to work together for youth development. It would foster their institutional capacity in identifying and responding to the needs of poor young women and men, and build specific links across their respective programs to reach as many at-risk youth as possible with complementary interventions. The labor market components will be promoting the value of completing primary and secondary education, and encouraging graduates to continue with their studies (including through a small ‘scholarship’ that covers inscription costs). At the same time, the Program Juventud y Empleo will target “second chance” graduates as potential recruits.

**Lifeskills training is essential to succeed in the workplace – and in life more generally.** The education and training programs will also work together on the development of life skills training modules underscoring the importance of integrating life skills – job search skills, , self-esteem, parenting and communication skills, information on risky behaviors (including reproductive health, HIV/AIDS, etc.) among others - across both sectors to enable disadvantaged youth to transition into being productive adults and parents. Second chance education programs need to adjust to the schedules of adults, particularly mothers. Program data has revealed that courses requiring student classroom presence only twice a week have had much more success in achieving high female participation rates (55% for PREPARA vs. 44% for EBA). Reducing the time commitment and amount of travel needed to participate in the program has therefore been central to the program design.

### 9. Safeguard Policies (including public consultation)

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10. List of Factual Technical Documents

- Análisis y Cartografía de Riesgos y Vulnerabilidad en la Republica Dominicana, World Food Program, Inter-American Development Bank, and Secretariado Técnico de la Presidencia, 2005
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- Nópo H. and Saavedra J. (2003), “Evaluación del impacto de mediano plazo de Projoven: Resultados de las mediciones realizadas a los seis, doce y dieciocho meses de culminado el programa”. Lima: GRADE.
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October.

- SIUBEN: Operational Manual and Institutional Structure, 2005
- Solidaridad: Operational Manual and Institutional Structure, 2005
- World Bank (2005a) - Review of trade and labor competitiveness
- World Bank (2005b) - Country Assistance Strategy
- World Bank (2005c) - Dominican Republic Poverty Assessment: Achieving More Pro-Poor Growth
- World Bank (2005d) - From Vicious to Virtuous Circles: Growth and Poverty Reduction in LAC - Perry, Lopez, Maloney, Arias, Serven

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