

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

DOMINICAN REPUBLIC

SUPPORT FOR THE RD-TRABAJA FLEXIBLE EMPLOYMENT SYSTEM

(DR-L1155)

LOAN PROPOSAL

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ABBREVIATIONS

ALMP	Active labor market policy
AWP	Annual work plan
BCRD	Banco Central de la República Dominicana [Central Bank of the Dominican Republic]
BEE	Bolsa Electrónica de Empleo [Online Employment Exchange]
CGRD	Contraloría General de la República Dominicana [Office of the Comptroller General of the Dominican Republic]
CONADIS	Consejo Nacional de Discapacidad [National Council on Disability]
COS	Centros operativos del sistema [system operating centers]
DGE	Dirección General de Empleo [Employment Office]
EDGE	Excellence in Design for Greater Efficiencies
ENIGH	Encuesta Nacional de Ingresos y Gastos de los Hogares [National Household Income and Expenditure Survey]
ICAP	Institutional Capacity Assessment Platform
ICB	International competitive bidding
ICT	Information and communication technology
ILO	International Labor Organization
INFOTEP	Instituto Nacional de Formación Técnico Profesional [National Institute of Technical Vocational Training]
IRR	Internal rate of return
MEPYD	Ministry of Economy, Planning, and Development
NCB	National competitive bidding
OECD	Organization for Economic Co-operation and Development
OMLAD	Observatorio del Mercado Laboral Dominicano [Dominican Labor Market Observatory]
OTE	Oficina territorial de empleo [territorial employment office]
PEP	Plan de ejecución plurianual [multiyear execution plan]
PES	Public employment service
PEU	Program execution unit
SCL/LMK	Social Sector / Labor Markets Division
SENAE	Servicio Nacional de Empleo [National Employment Service]
SIGEF	Sistema Integrado de Gestión Financiera [Integrated Financial Management System]
SIRLA	Sistema Integrado de Registros Laborales [Integrated Labor Records System]
SIUBEN	Sistema Único de Beneficiarios [Unified Beneficiaries System]
SCL/LMK	Social Sector/Labor Markets Division
SOFR	Secured Overnight Financing Rate

PROJECT SUMMARY

DOMINICAN REPUBLIC SUPPORT FOR THE RD-TRABAJA FLEXIBLE EMPLOYMENT SYSTEM (DR-L1155)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility ^(a)	
Dominican Republic			Amortization period:	15 years
Executing agency:			Disbursement period:	4 years
Ministry of Labor			Grace period:	15 years ^(b)
Source	Amount (US\$)	%	Interest rate:	SOFR-based
IDB (Ordinary Capital):	38 million	100%	Credit fee:	(c)
			Inspection and supervision fee:	(c)
			Weighted average life:	15 years
Total:	38 million	100%	Currency of approval:	U.S. dollar
Project at a Glance				
Project objective/description: The general objective is to improve employment opportunities for job seekers in the formal sector. Support will thus be provided for an integrated system of active employment policies with the following specific objectives: (i) to strengthen job seekers' employability skills; and (ii) to improve the coverage and quality of job placement service offerings.				
Special contractual conditions precedent to the first disbursement of the financing: (i) a program execution unit (PEU) has been created, and a team has been appointed and/or hired consisting of at least a general coordinator, a procurement specialist, a financial specialist, and a planning and monitoring specialist; (ii) the program Operating Regulations have been approved and have entered into force on the terms and conditions previously agreed upon with the Bank; and (iii) an interagency agreement has been signed between the Ministry of Labor and the National Institute of Technical Vocational Training (INFOTEP) to provide services associated with the program (see paragraph 3.5).				
Strategic Alignment				
Challenges: ^(d)	SI <input checked="" type="checkbox"/>		PI <input type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(e)	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>		CC <input checked="" type="checkbox"/> and ES <input type="checkbox"/>	IC <input checked="" type="checkbox"/>

- (a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- (b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.
- (c) The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with applicable policies.
- (d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- (e) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem to be addressed, and rationale

- 1.1 **Macroeconomic context.** Between 2013 and 2019, the economy of the Dominican Republic was the third most dynamic in Latin America and the Caribbean, with GDP growing by an annual average of 6%, and poverty retreating by 47%.¹ The country is classified as upper middle-income but exposed to international shocks and natural disasters. The pandemic had major economic consequences: GDP shrank 6.7% in 2020, but then grew 12.3% in 2021 (among the highest growth rates in the region) and is expected to grow 5% in 2022.²
- 1.2 **Social context.** Economic growth has been accompanied by social gains. Between 2013 and 2022 the country climbed from 102nd to 80th position on the Human Development Index, driven by improvements in years of schooling and life expectancy of its population,³ and between 2014 and 2021 extreme poverty levels fell from 8% to 3%.⁴
- 1.3 These improvements in the Dominican Republic's economic and social performance were not fully reflected in the labor market. The proportion of informal jobs remained high at around 55% in 2019 (similar to the regional average), revealing scarce opportunities for quality (formal) employment in growth sectors.^{5 6 7} The pandemic sharpened these structural deficits in job quality and triggered significant job losses, along with heightened levels of inactivity and underemployment, especially among young people and women. Although GDP rebounded in 2021, the recovery in labor indicators lagged behind. Between 2019 and 2021 the informality rate rose from 54.8% to 58.9%, and unemployment (expanded definition)⁸ rose from 9.9% to 13.2%. (The increases were greater among young people and women: from 16.2% to 22.4%, and from 24% to 30%, respectively.)⁹ The pandemic also hastened the digital transformation of many

¹ Economic growth in Latin America and the Caribbean as a whole averaged 2.7%. Central Bank of the Dominican Republic (BCRD) (2020) and Ministry of Economy, Planning, and Development (MEPYD) (2021). For complete bibliographical references, see [optional link 3](#).

² Ministry of Economy, Production, and Development (MEPYD) (2022).

³ United Nations Development Programme (UNDP) (2022).

⁴ Zentner et al. (2020).

⁵ Central Bank of the Dominican Republic (BCRD) (2021). Informality is measured as the percentage of workers without access to social security.

⁶ The mostly informal sectors (agriculture, other local manufacturing, construction, commerce, hotels and restaurants, transportation, and other services) generated 67% of the growth in economy's value added. BCRD (2021).

⁷ Inclusive growth: GDP gains are accompanied by investments in human capital. Achieving this poses a challenge for Central America, including the Dominican Republic. IDB (2019).

⁸ Unemployment (expanded definition): includes individuals who did not actively look for work in the week prior to the report. BCRD (2021).

⁹ The economically active population (EAP) shrank 9% between January and June 2020. In 2021, rates of underemployment (workers accepting jobs of fewer hours than they would like) were 24%, 17%, and 9% among youth, women, and men, respectively. BCRD (2021).

occupations, mostly affecting adult workers who on average have lower digital skills than young people¹⁰ and thus find it harder to rejoin the labor market.

- 1.4 **Thus, the main problem identified is limited access to quality job opportunities.** The absence of an integrated system of active employment policies limits the capacity of public policy to solve this problem. Two specific problems are identified: (i) the mismatch between the skills demanded by the formal sector and the skills and work experience of job seekers; and (ii) the lack of information and services on training and formal employment opportunities.
- 1.5 These problems are compounded by the absence of integrated active labor market policies (ALMP).¹¹ In other words, job seekers are not offered a coordinated array of services that provide the right information for making decisions on training and employment, accentuating the skills and work experience deficit.

1. The skills and work experience deficit

- 1.6 **On the labor demand side, employers agree on the need to improve training and report that the skills deficit makes filling vacancies a challenge.** Fifty-four percent of employers report difficulty in finding workers with the required skills profile, and 52% in finding workers with specific technical training.¹² Employers value social-emotional skills¹³ (such as teamwork and responsibility) and, especially since the pandemic, digital skills (such as Web development, cybersecurity, and use of digital platforms). Between January 2020 and 2021, the share of vacancies requiring skills in information and communication technologies (ICT) increased from 55.5% to 61.8%.¹⁴ At the same time, the Dominican Republic is committed to transitioning towards a green economy, which entails a reduction in carbon emissions and a stronger commitment to the environment. This transition could impact the labor market through new occupational demands and required skills and, hence, new training needs.
- 1.7 On the supply side, several groups face different kinds of challenges in accessing quality jobs.
- 1.8 **Young people face higher barriers employability.**¹⁵ The expanded unemployment rate among 18-35 year-olds (22.4% in the third quarter of 2021) is 12 percentage points higher than for adults (36 years or older).¹⁶ A study of postpandemic vacancies found that skills requirements have increased (50% require workers with vocational or technical training). Young people lack these

¹⁰ The percentage of adults using the Internet is 47.1%, versus 82% among youth. Ministry of Higher Education, Science, and Technology (MESCYT) (2019).

¹¹ Organized under the umbrella of a public employment service (PES), ALMPs help people find employment by providing information, guidance counseling, training, job placement and intermediation, and other services. Crépon et al. (2016).

¹² Most of the employed population (84%) has a basic skills level (levels 1 and 2). Amargós (2019) ([optional link 4](#)).

¹³ These skills are also an essential component of “green skills.”

¹⁴ Guataquí and Londoño (2020).

¹⁵ Employability: the set of aptitudes and attitudes that make it possible to get a job and keep it.

¹⁶ Unless otherwise indicated, throughout the document and its annexes, youth and young people are defined as individuals between ages 18 and 35, and adults as those over age 35.

skills and the necessary experience (68.5% of employers require work experience of one year or more). As a result, they are less likely to be hired.¹⁷ Even those with work experience are mainly in occupations affected by the crisis, which makes reintegration difficult.¹⁸ There also is concern about the scarring effects that a lack of quality work experience may have on their employment career.¹⁹

- 1.9 **Women's labor disparities were worsened by the pandemic.** Historically, women have a lower labor participation rate and higher expanded unemployment rate than men. The pandemic widened these gaps through two channels. The first was occupational segregation: 89% of working women (versus 59.4% of men) are employed in the service sector, which was hit hardest by health measures. Second, the pandemic reinforced women's role in home-based care, reducing their participation in the labor market. In 2021, the labor participation rate for young women was 61% (versus 84% for young men), and their expanded unemployment rate was three times higher than men's (18% versus 6%). The percentage of young women neither studying nor working rose to 28% in the third quarter of 2021 (versus 10% for young men). In the case of adult women, the labor participation rate was 50% (versus 78% for men), and the expanded unemployment rate was 13% (versus 4% for men). These gaps are wider for married than for single people, owing to the presence of young children (up to age 5) in the household, especially for women with a low level of education (up to completed secondary school). The expanded unemployment rate is 19% for women with a primary school education or less, and 24% for women with a secondary school education. Nearly half of women cite domestic chores or family responsibilities as the reason for not seeking a job (versus 2% of men). The widest employability gaps are for education levels below secondary school.²⁰
- 1.10 **Persons with disabilities face additional challenges in accessing quality jobs.** According to the 2010 Census, which is the most recent information available, of only 32% of 1,097,849 working-age people with some type of disability in the country were employed. The incidence of disability increases with age, particularly after 60 years old and among women.²¹ In addition, unemployment among persons with disabilities is 10 percentage points higher than for the general population (7.2%).²² The Ministry of Labor of the Dominican Republic has identified greater obstacles for persons with disabilities: their unemployment rate is double the national rate, their wages are lower, and inclusive training offerings beyond initial education are scarce.
- 1.11 **Job seekers over age 35 face challenges in rejoining the labor market.** Although in the third quarter of 2021 the expanded unemployment rate was 8% for workers over age 35, 61% are in informal jobs, and 45% are self-employed. Among adult male workers with lower education levels (up to completed primary school),

¹⁷ Barrero (2021).

¹⁸ BCRD (2021).

¹⁹ Negative and prolonged effects of unemployment and/or informality. Beccaria (2016).

²⁰ For further details see [optional link 5](#).

²¹ United Nations (2021). This piece of data is representative of the persons with disabilities identified in the Unified Beneficiaries System (SIUBEN).

²² National Council on Disability (CONADIS) (2020).

64% are self-employed. In this group, almost 20% of the unemployed reported having been looking for work for a year or more; 13% of those who had stopped looking said employers would not hire them because of their age, and 41% cited family responsibilities or household chores.²³ Low-skilled adults need support to develop knowledge, skills, and aptitudes that will enable them to seek and find a job, as well as adapt to technological progress and changes arising from the transition to a low-emission, environmentally sustainable economy.

- 1.12 **These challenges for job seekers come amid sweeping global changes that are affecting conditions in the Dominican labor market.** First, technological changes are transforming modes of production, consumption, and work, calling on workers to update their skills constantly. Second, climate change and the transition to a greener, low-emissions economy entails changes in the production matrix and, consequently, changes in the occupations and skills in demand. Going digital and reducing carbon-intensity will drive the creation of new jobs and the realignment towards more digitalized and/or sustainable ones. It will also put other jobs at risk. In terms of green jobs, a study for Latin America and the Caribbean finds that decarbonization will have a net positive effect on job creation, which will be greater in medium- and low-skill occupations.²⁴ A study for the Dominican Republic estimates that sectors that are highly strategic for the country's decarbonization policy—such as energy, tourism, and transportation—could generate 8,872, 20,300 and 13,436 new jobs, respectively, if the investments proposed in the mitigation plan are implemented.²⁵ Nonetheless, these projections have to be translated into demands for specific occupations and skills in the country; and training plans need to be developed that equip job seekers with the skills to benefit from these new opportunities.

2. Lack of information and services on training and formal employment opportunities

- 1.13 **Workforce training offerings are limited in both coverage and relevance.**^{26 27} This training is offered within the technical/vocational training system, with the National Institute of Technical Vocational Training (INFOTEP) serving as the apex agency and job training provider. According to available information, in 2003 INFOTEP was able to cover about 30% of the demand for training, and in 2021 the number of certifications awarded was equivalent to less than 3% of the economically active population.²⁸ Although INFOTEP has held consultations on the needs of the productive sector²⁹ and is working to address them, this effort needs

²³ ENCFT (2021).

²⁴ Inter-American Development Bank (IDB) – International Labour Organization (ILO) (2020).

²⁵ For details, see [optional link 6](#).

²⁶ Amargós (2016).

²⁷ The Dominican education system ranks 86th out of 140 countries on the 2019 Global Competitiveness Index.

²⁸ Organization for Economic Co-operation and Development (OECD) (2008). Although there are no recent data, several sources confirm the need to expand the range of training provided by INFOTEP ([optional link 7](#)).

²⁹ INFOTEP (2021).

to be consolidated, systemized, and expanded.³⁰ To narrow the skills gap, more training needs to reach a larger number of beneficiaries with high-quality, relevant offerings and content aligned to the needs of the productive sector.³¹

- 1.14 **Job placement services are also limited in coverage and quality.** The National Employment Service (SENAE), created in 2007 and reporting to the Employment Office (DGE) of the Ministry of Labor, promotes active employment policies in the areas of training (Workshop Schools Program), job placement, employment promotion, guidance counseling, and labor market information management (under the responsibility of the Dominican Labor Market Observatory (OMLAD)). The DGE is also responsible for the network of territorial employment offices (OTEs) supporting SENAE locally. SENAE offers support through the Online Employment Exchange (known by its Spanish-language acronym, [BEE](#)), where job seekers and employers can register and receive job placement support, as well as through 38 OTEs and 42 contact points in Ministry of Labor offices or agencies (e.g., employment kiosks and mobile units). It also offers services such as vocational guidance workshops, job fairs, and jobless certification.
- 1.15 **The coverage of SENAE services at the user level (individuals and firms) and their quality are limited by scarce technological and human resources.** In 2021, the BEE received 32,618 individuals and referred 23,094 to a job, representing approximately 40% of the total number of new job seekers.³² It also registered 469 firms and 10,956 vacancies. The placement/referral ratio is low (8% in 2019, 12% in 2021) for many different reasons. These include:³³ the need to update the BEE's computer systems and hardware, to enhance its value and use among workers and firms;³⁴ the absence of technological development making it possible to interconnect with training opportunities and tap into a larger volume of vacancies;³⁵ no profiling tools to assess job seekers' employability; no system of management and results indicators; no system for tracking those receiving guidance counseling; and not enough staff with specialized training to support different worker profiles (such as women and persons with disabilities).³⁶ Despite its other capabilities, the OMLAD has no tools for projecting labor demand or crossreferencing information with data systems such as the Integrated Labor Records System (SIRLA).³⁷
- 1.16 Although distributed across the country, the territorial employment offices (OTEs) face several challenges. The services offered (guidance counseling, placement) vary from one local area to another and are not tailored to the profile of the users. They are short-staffed and compete for space with other offices of the Ministry of Labor, which affects user services. They offer no services to provide guidance for

³⁰ Amargós (2019), ILO (2021) ([optional link 7](#)).

³¹ IDB (2020b).

³² BCRD (2021).

³³ Wegital (2022).

³⁴ ENCFT (2021).

³⁵ EuroSocial+ (2022).

³⁶ ILO (2014) recommends pilots and focus groups to develop adequate supply.

³⁷ Cinterfor (2021).

firms, or any structured process for connecting with them. They have no protocols or specialized staff to promote the inclusion of women and persons with disabilities. There is also an opportunity to adapt the infrastructure of the OTEs, to make them more climate sustainable and resilient. Lastly, services need to be expanded to areas with limited Internet access by setting up new kiosks and mobile units.³⁸

- 1.17 **To improve access to quality jobs, it is necessary to close the gap between labor demand and supply and strengthen job placement services.** Key to this is promoting integrated ALMPs that, based on each person's profile, offer a menu of services ranging from job information or guidance counseling, through quality, relevant training, to placement in formal jobs.³⁹ Evidence indicates that training strategies driven by demand in the productive sector and in the workplace can reduce the skills gap and increase the likelihood of employment.⁴⁰ In fact, a survey of INFOTEP graduates⁴¹ identifies the key determinants for finding employment as the relevance of the training received (i.e., its alignment with demand), work experience, and/or exposure to on-the-job training. However, the effects of training are only positive if the beneficiaries complete it successfully and earn certification.⁴² Currently, graduation rates on similar courses range from 46% to 57%.⁴³ The evidence shows that job placement services, generally provided by public employment services (PESs) such as SENAE, are a cost-effective investment in reducing job search costs for individuals and recruitment costs for firms.⁴⁴ Also, given the barriers to employment access, supporting ALMPs with economic incentives for participation in classroom training is effective in improving course completion rates; and incentives for training at firms are effective in improving subsequent employability.⁴⁵
- 1.18 **Training in technical skills helps to close the skills gaps of vulnerable groups for joining the labor market.** Evidence shows that technical skills can be acquired both in the classroom and in the workplace. The evaluation of the Job Corps program in Chicago, which provided technical training to adolescents, identified a positive impact of between 2% and 20% on the participants' wages.⁴⁶ In the Latin American and Caribbean region, the "Jóvenes" model combines classroom and on-the-job training. By ensuring that technical training is aligned with the demands of the private sector, this model has yielded positive results in terms of employability. Examples of such programs are "Jóvenes en Acción" in Colombia, which includes three months of classroom training provided by the private sector, and "Entra21" in Argentina, which includes an internship program in private firms.

³⁸ EuroSocial+ (2022).

³⁹ IDB (2015, 2020).

⁴⁰ OECD (2015), Holzer (2015), IDB (2016).

⁴¹ Amargós (2019).

⁴² IDB (2020b), Fein (2012).

⁴³ According to INFOTEP administrative data for 2021 in courses similar to those expected to be designed. Streke and Rotz (2022); Figueroa et al. (2015) find similar figures in other countries.

⁴⁴ Card et al. (2018).

⁴⁵ For evidence on the effectiveness of subsidies for training and/or job placement see IDB (2015, 2020, and 2021) ([optional link 3](#)).

⁴⁶ J-PAL (2017).

In parallel, bootcamps are an alternative for narrowing digital skills deficits and for reskilling and retraining job seekers. Specifically, programs in the region such as “Laboratoria” work to close gender gaps in ICT.⁴⁷

- 1.19 **Training programs that include on-the-job components have better outcomes in terms of wages and job quality.** Evidence indicates that on-the-job training enhances the results of classroom training, especially in terms of employability and wages in the short run.⁴⁸ In Latin America and the Caribbean, the most frequent modalities are internships and apprenticeship programs.⁴⁹ Internships achieve greater effects on employment and wages than other training modalities⁵⁰ and have even had positive effects on the chances of having a formal job.⁵¹ Evidence from programs such as “Juventud y Empleo” (Dominican Republic) and “Jóvenes en Acción” (Colombia) shows that these effects can be long-lasting.⁵² Some programs combine training with stipends or subsidies, to make sure the beneficiaries participate and remain in the programs. These are particularly useful in helping vulnerable groups gain work experience and maintain formal employment in periods of economic recession.⁵³ They serve to cover the opportunity cost of job search and are especially relevant for women who have less access to training (e.g., owing to care responsibilities).⁵⁴
- 1.20 **Social-emotional skills improve work outcomes by helping people to self-regulate and become more empathetic, resilient, and persevering.**⁵⁵ Other benefits include enabling people to adapt better to changes, to have more confidence and better expectations about the future, as well as better health, and to reduce risky conduct.⁵⁶ They also increase adaptability to climate change and promote more sustainable and environmentally friendly behavior.⁵⁷ A review of global experimental evaluations, conducted by The Abdul Latif Jameel Poverty Action Lab (J-PAL) in 2017, found that the combination of technical and social-emotional skills training improves commitment and graduation rates—particularly among vulnerable youth—and improves employability. For example, the “Juventud y Empleo” (Dominican Republic) and “Entra21” (Argentina) programs show that social-emotional skills development enhances employability.^{58 59}

⁴⁷ Attanasio et al. (2015); Alzúa et al. (2016).

⁴⁸ The Abdul Latif Jameel Poverty Action Lab (J-PAL) (2017).

⁴⁹ Fazio et al. (2016); Novella and Perez-Davila (2017).

⁵⁰ IDB (2020b).

⁵¹ Gonzalez-Velosa et al. (2011); Ibarrarán and Rosas (2009).

⁵² Ibarrarán et al. (2015); Attanasio et al. (2011).

⁵³ Datta et al. (2018).

⁵⁴ World Bank (2022).

⁵⁵ Duckworth et al. (2007); Durlak et al. (2011); Heckman and Kautz (2013); OECD (2015).

⁵⁶ Case and Deaton (2017), Durlak et al. (2011), Heckman and Kautz (2012); Herrera et al. (2015), OECD (2015).

⁵⁷ Kwauk and Casey (2020).

⁵⁸ Ibarrarán et al. (2015).

⁵⁹ However, standardized tests show that a large proportion of the region’s young people lack these skills: 40% of 15-year-old students cannot solve simple problems, compared to 20% in OECD countries (OECD, 2016).

- 1.21 **Training programs to improve opportunities for labor market entry should be adapted to the beneficiaries' needs and supplemented with aid to lower access barriers ([optional link 5](#)).** The unequal distribution of household responsibilities and the burden of care penalize women in the labor market, potentially affecting their decisions to participate in training and choices of the type of training to receive, the chances of completing courses and graduating or earning certification, and labor participation decisions. According to data from the 2018 National Household Income and Expenditure Survey (ENIGH), a household would require between RD\$71 and RD\$3,118 on average to pay for the care of young children, depending on the type of care (daycare, public childcare service, etc.). For persons with disabilities, a fundamental access barrier to training and employment opportunities is the scarcity of accessible means of transportation that meet their needs.⁶⁰ a 2018 study found that employed persons with disabilities spent between 37% and 40% of their pay on transportation.⁶¹ In addition, gender-lens job placement services would help to provide jobs aligned to women's needs (e.g., flexible hours), with higher pay (and/or choice of opportunities with better wage prospects) and guide them towards training in the skills sought by firms.⁶²
- 1.22 **Job placement services help individuals to find better jobs, and firms to identify suitable talent.** These services are more cost-effective than other workforce integration strategies in the short term.⁶³ They create mechanisms that lower the costs of sharing information between employers and individuals through job exchanges, job search assistance, vocational guidance and profiling, contacts with employers and recruitment services, as well as online vacancy information services.⁶⁴ Evidence from member countries of the Organization for Economic Co-operation and Development (OECD) indicates that they can be effective in matching workers to jobs more quickly, and with higher earnings.⁶⁵ Previous interventions show positive impacts on youth employment and income in Mexico, Colombia, Peru, and Chile.⁶⁶ People in the region also tend to seek employment through informal channels (e.g., relatives or friends), putting the more vulnerable at a disadvantage, so job placement services offer a better chance obtaining a formal job with adequate pay.⁶⁷ It is also necessary to raise PES staff awareness of gender and diversity issues, and to provide them with tools for guidance and care appropriate to each group.⁶⁸
- 1.23 **Investment in developing green skills and adapting employment services is strategic in terms of climate change adaptation and mitigation as well as employability.** The development of social-emotional competencies and skills that

⁶⁰ United Nations (2021).

⁶¹ [Optional link 5](#).

⁶² There are several PES-oriented training initiatives that are transferable to the country context ([optional link 5](#)).

⁶³ Card, Kluve, and Weber (2015, 2010); Mazza (2017).

⁶⁴ Datta et al. (2018).

⁶⁵ Mazza (2011); Davis and Michaelides (2013); Forslund et al. (2011).

⁶⁶ Flores-Lima (2010); Pignatti (2016); Chacaltana and Sulmont (2003); Acero et al. (2009).

⁶⁷ Mazza (2017).

⁶⁸ The ILO has developed guidelines for providing gender equity training to PES staff.

promote environmentally friendly and more sustainable behavior is relevant for increasing climate resilience and adaptability to climate change.⁶⁹ Additionally, the country's policy on the transition to a zero-emissions economy and policy on sustainable growth provide a window of opportunity for job creation that will require a specialized workforce.⁷⁰ The mitigation program based on the country's Nationally Determined Contribution (NDC) sets major targets for clean production. These include wind farms and expansion of the solar photovoltaic energy network, along with reforestation activities, tree planting, and the introduction of climate-smart agriculture and livestock techniques, among others. Progress needs to be made in developing job profiles and the corresponding training courses, drawing on the results of ongoing sector studies.⁷¹ Training offerings should generate new skills among young people and reskill adult workers, and this should be accompanied by job placement services that redirect this workforce towards sustainable sectors, industries, and production processes. In addition, PESs can contribute to this transition by adhering to sustainability and energy efficiency standards and offering their services online.⁷²

- 1.24 **Rationale.** In response to the employability challenges, the Government of the Dominican Republic has rolled out a series of employment initiatives. One major focus area of the government plan is a new employment system that can be enhanced with Bank support. The program of support for the [RD-Trabaja Flexible Employment System](#),⁷³ led by the Ministry of Labor, seeks to promote formalized hiring through a new comprehensive ALMP support system. This will help job seekers improve their employability, linked not only to employment opportunities, but also to new opportunities for training in the skills in greatest demand.⁷⁴ The government has designed the RD-Trabaja Flexible Employment System to meet that goal and has requested Bank support to finance implementation of the main components of the program. A new end-to-end support system for job seekers will be created with the financing, to provide the unemployed with strengthened workforce integration services, as well as guidance on training or job placement that takes both their employability profile and the demands of the productive sectors into account. The project is aligned with the major strategy areas of the [National Development Strategy \(2010-2030\)](#), seeking to build human capital and increase economic opportunities for improved employability and retraining of displaced workers, facilitating their placement in productive jobs. The program will prioritize gender and diversity mainstreaming and the development of skills to promote environmental sustainability and climate change mitigation and adaptation.
- 1.25 **Vertical logic.** Based on the diagnostic assessment of the obstacles faced by Dominican people in obtaining formal employment, and the government's proposal

⁶⁹ Kwauk and Casey (2020).

⁷⁰ IDB (2020f).

⁷¹ [Optional link 6.](#)

⁷² Cabrol et al. (2021).

⁷³ Name of the program in the [2022 Budget Law](#).

⁷⁴ Complementary initiatives to boost the creation of formal employment include the social security reform plan, industrialization plan, digital agenda, and the promotion of global value chains.

to overcome them through the RD-Trabaja program, the Bank has identified the most critical areas for developing a comprehensive ALMP system, to improve people's employability (helping to close the skills gap in the labor force) and improve training and employment service offerings. First, to improve job seekers' employability, it is necessary to provide training that is relevant and aligned with the needs of the productive sector. The training offered must be appropriate to the profiles of the individuals, combining classroom and workplace activities, soft and technical skills, and recognizing that the mix of these skills differs between young people and adults, and also for persons with disabilities. Furthermore, not only does the training need to be appropriate, but people need to be able to participate and complete the respective courses. This means eliminating costs through differentiated stipends for women who are mothers and for persons with disabilities, as the case may be. Second, to do this in an integrated, crosscutting way, SENAE needs to become the gateway to the country's ALMP offerings. This requires a profiling tool that makes it possible to direct each person to the service best suited to their profile. In order to offer a homogeneous and quality service, a series of investments need to be made in SENAE and in the OTE network, to upgrade their information technology and management systems, and to improve their staff's capacity to respond to the diversity of job seeker and company profiles. In addition, making a strengthened SENAE more visible (through job fairs and communication campaigns) will be crucial for attracting new users, thereby enhancing the benefits for individuals and firms alike.

- 1.26 **The Bank's lessons learned and sector experience.** This operation is informed by the Bank's experience in designing and supervising job training and job placement programs. Component 1 incorporates the following sector lessons on training: (i) increased private sector participation in training makes it possible to align skills to labor market needs and improve labor productivity and employability outcomes for young people and adults (operations 4555/OC-PE, 2739/OC-BA, 4362/OC-CH, 3787/OC-BH, and ATN/OC-15185-TT); this lesson is drawn on specifically because it will align training offerings with private sector needs; and (ii) support participation in on-the-job training programs by paying stipends and, specifically, encourage participation of women who are mothers in job placement programs by providing childcare support (loan 3822/BL-BO). This is particularly relevant in Subcomponent 1.1, where women and persons with disabilities will also receive an additional stipend to overcome access barriers specific to these groups. In terms of sector knowledge on workforce integration, Component 2 draws on lessons learned from the regional project on the technological modernization of PESs (operation ATN/OC-16825-RG) and the following lessons from previous operations: (i) develop the technical capabilities of human resources at employment offices (loan 3547/OC-PE) by training staff as part of the strategy to strengthen SENAE; (ii) improve profiling in employment services (loans 1936/OC-ME and 3822/BL-BO), particularly through the work to be done on profiling SENAE job seekers; (iii) expand the coverage of employment services using technology (loan 1936/OC-ME) by expanding virtual services and the BEE; and (iv) promote job placement among persons with disabilities by providing special support in job search (loan 3822/BL-BO) with a clear strategy for the inclusion of vulnerable groups.

- 1.27 Additionally, the Bank has been providing operational and technical support in the country for almost 20 years. Loan 1693/OC-DR⁷⁵ financed the Youth and Employment Program, which stood out for its inclusion of soft skills development modules, and an experimental impact evaluation made it possible to measure the short- and long-term impacts of the program. Program 2546/OC-DR⁷⁶ supported expansion of the OTE network at the local level and strengthened the OMLAD through sector and subnational studies that highlighted the importance of targeting actions to geographic areas and economic sectors that have the necessary business community to train and/or employ job seekers. In turn, IDB Lab's New Employment Opportunities for Youth (NEO) program (operation ATN/ME-14172-DR)⁷⁷ also showed the importance of targeting training to local areas and sectors where demand is sufficient to ensure placement of the young people, as well as the importance of supporting their placement in internships through the OTEs, as specialized offices spread throughout the country. This program builds on previous work in the country by including specific soft skills development modules for youth and adults (Component 1), prioritizing work in local areas and sectors with greater employability potential (Component 1), and doing this by strengthening and expanding the existing OTE network (Component 2) and the capabilities of the OMLAD (Component 2). Some of these and other activities have been, and will be, financed with technical-cooperation operations: ATN/OC-18871-DR⁷⁸ has financed development of the institutional architecture of the Ministry of Labor, which will serve as the basis for the digital transformation of SENA (Component 2); and ATN/OC-19483-DR⁷⁹ will finance activities related to Component 1: (i) prioritization of local areas and sectors (based on such features as unemployment, degree of social vulnerability, availability of vacancies or training services); (ii) a mechanism for reviewing the relevance of the courses; and (iii) design of an employability index to direct people to the most appropriate services according to their profile.
- 1.28 **Complementarity with other operations and initiatives.** The program has synergies with actions led by the Bank's Education Division (SCL/EDU) and Trade and Investment Division (INT/TIN) in collaboration with the Labor Markets Division (SCL/LMK). EDU is supporting the country in improving technical/vocational education through loan 4692/OC-DR⁸⁰ and operation ATN/OC-19225-DR,⁸¹ which promotes improvements in the dual training program led by INFOTEP, among other actions. Progress on implementation of that operation will trigger improvements in coordination with productive sectors and the in-company and classroom training model. The experience gained can be replicated in the training to be provided by RD-Trabaja. With Bank technical support, the country is also developing a strategy to reposition sectors in global value chains and develop the necessary talent. Demand for skills in strategic sectors, as well as the available supply in the country, are also being identified with Bank support, which will

⁷⁵ Program for US\$10 million, closed in 2014.

⁷⁶ Program for US\$20 million, closed in 2017.

⁷⁷ Program for US\$11,094,193 (with 82% local financing), closed in 2018.

⁷⁸ US\$125,000, client support technical-cooperation operation, 78.4% disbursed (eligible since 10/2021).

⁷⁹ US\$235,000, operational support technical-cooperation operation, 0% disbursed (eligible since 9/2022).

⁸⁰ Program for US\$70 million with eligibility in 12/2021, 1.43% disbursed.

⁸¹ US\$150,000, operational support technical-cooperation operation, 0% disbursed (eligible since 5/2022).

promote training in more advanced skills than those supported by RD-Trabaja, contributing to close the skill gaps in the country.

- 1.29 **Strategic alignment.** The operation is consistent with the second Update to the Institutional Strategy (document [AB-3190-2](#)) and aligned with the development challenges of: (i) social inclusion and equality, by promoting inclusive services for access to the labor market. It is also aligned with the following crosscutting themes: (i) gender equality, by developing specific strategies to support women's employability; (ii) diversity, by promoting actions to include persons with disabilities; (iii) institutional capacity and rule of law, by strengthening education and labor institutions; and (iv) climate change and environmental sustainability, by devoting an estimated 10.19% of the operation's resources to climate finance, according to the [joint methodology of the multilateral development banks for tracking climate finance](#), since the project promotes activities to develop green skills and adapt buildings to make them sustainable and resilient. These resources contribute to the IDB Group's goal of increasing the financing of climate change-related projects to 30% of approvals by 2022 ([optional link 6](#)). The program also contributes to the following Level 2 indicators of the Corporate Results Framework 2020-2023 (document GN-2727-12): 2.7 Beneficiaries of employment support initiatives, with a climate-based breakdown of beneficiaries receiving climate-relevant skills training and those receiving job search support to access industries with net zero emissions; 2.16 Women beneficiaries of economic empowerment initiatives; 2.18 Targeted beneficiaries of public services that have been adapted for diverse groups; and 2.26 Agencies with strengthened digital technology and managerial capacity.
- 1.30 The operation is aligned with the IDB Group Country Strategy with the Dominican Republic 2021-2024 (document [GN-3084](#)) through the priority areas of sustainable and inclusive productive reactivation and strengthening of human capital. It is also consistent with the following sector framework documents: Labor (document [GN-2741-12](#)), in the priority area of enhancing worker productivity through higher-quality training systems that are more relevant and effective; Gender and Diversity (document [GN-2800-8](#)), by expanding economic opportunities for women by increasing female participation and access to jobs, as well as by supporting access to public services for persons with disabilities and improving their quality; Skills Development (document [GN-3012-3](#)), by ensuring that young people and adults are equipped with skills enabling them to be successful in the labor market; and Climate Change (document [GN-2835-8](#)), by developing skills for adaptation and mitigation. The program contributes to the Employment Action Framework with Gender Perspective (document [GN-3057](#)), by promoting equal access to employment opportunities for men and women.

B. Objectives, components, and cost

- 1.31 **Objectives.** The general objective is to improve employment opportunities for job seekers in the formal sector. Support will thus be provided for an integrated system of active employment policies with the following specific objectives: (i) to strengthen job seekers' employability skills; and (ii) to improve the coverage and quality of job placement service offerings.
- 1.32 **Component 1. Employability support (US\$25.61 million).** This training component will be coordinated by the RD-Trabaja system and will be national in

scope. The courses offered will be determined through a targeting process based on geographic and sector criteria.⁸² To access training under this component, job seekers will enter the system through a single window located in SENAE, where they will be guided toward both training and job placement services, according to their employability profile.⁸³ This component is organized in two subcomponents with differentiated training actions for young people and adults.⁸⁴

- 1.33 **Subcomponent 1.1. Youth Employability Program (US\$20.51 million).** Depending on the employability profile of unemployed young people between 18 and 35 years old, three types of job training combined with economic support will be offered to improve their access to quality jobs.
- 1.34 **Modality I: Training courses in soft and technical skills with internships.** This modality offers training in soft and technical skills and an internship with economic support for some 2,400 young people. The courses will last three months and will be run at INFOTEP centers and System Operating Centers (COS), depending on the geographical area of residence of the young people in question.⁸⁵ Funding will be provided for: (i) the design and adaptation of soft skills development training modules, to increase the job seekers' employability,⁸⁶ and entry-level technical training modules for the more sought-after occupations in the productive sector, including specific modules for the development of crosscutting skills, as well as specific skills associated with climate change mitigation and adaptation;⁸⁷ (ii) the cost of providing the courses; and (iii) economic support as a stipend to cover the costs of accessing the training. The stipend will be paid mainly through bank transfers, except in geographic areas where access to banks is difficult. The details of the payment mechanism will be described in the program Operating Regulations. The basic stipend will be calculated so as to cover the cost of transportation and food for the participants. To address the greater difficulty in accessing training, an additional stipend will be provided of at least RD\$100 to women who are mothers,⁸⁸ and at least RD\$200 to persons with disabilities. In addition, the beneficiaries of this modality will undertake internships in firms for up to two months.⁸⁹

⁸² This prioritization will be done under operation ATN/OC-18871-DR (see paragraph 1.27) and will include: (i) characteristics such as unemployment, degree of social vulnerability, availability of vacancies or training services; and (ii) a mechanism for reviewing the relevance of the courses. This will be defined in the program Operating Regulations and will be reviewed annually.

⁸³ Beneficiaries will be assigned to the different modalities and support measures using an employability index based on the job seekers' occupation, education, and experience profile (see paragraph 1.27).

⁸⁴ Job placement actions will focus on productive sectors with the highest labor demand and will prioritize those related to environmental sustainability and the transition to zero net emissions ([optional link 4](#)).

⁸⁵ Both INFOTEP and SENAE will guarantee course quality assurance through mechanisms to be established in the program Operating Regulations.

⁸⁶ Modules will include content that increases self-esteem, communication and teamwork skills, the ability to learn, self-control, reading and writing skills, mechanization, and use of technology.

⁸⁷ At least 20% of the beneficiaries will receive courses that include green skills.

⁸⁸ This will cover the cost of participation, such as childcare for women who are mothers, or the cost of access, such as transportation, for persons with disabilities.

⁸⁹ The internships will be governed by the regulations contained in Ministry of Labor Resolution 25-2021.

- 1.35 **Modality II: In-company employability training.** This modality involves three months of on-the-job training for approximately 16,000 young people. Participating firms will advertise vacancies for permanent jobs with SENAE. The firm will assume the role of on-the-job training provider and will assign at least one supervisor within the firm to train and supervise the young participants. In addition to the content of the job, participants will receive training in values, responsibility, hygiene, health at work, and other topics. The Ministry of Labor will onboard the supervisors prior to the program. Funding will be provided for economic support of up to one minimum wage per participant according to sector,⁹⁰ for up to three months,⁹¹ during the initial stage of employability training. Priority will be given to job placement at firms associated with sustainable sectors (renewable energies, electromobility) or those with an environmental sustainability seal,⁹² and to firms committed to gender parity.⁹³
- 1.36 **Modality III: Temporary economic support for employability.** This modality offers three-month internships, combined with soft skills development training for approximately 2,986 young people in geographic areas with the highest rates of unemployment, and at firms with hiring prospects. Participants will be selected jointly by SENAE and the human resource areas of the participating firms.⁹⁴ Funding will be provided for up to one minimum wage per worker for up to three months,⁹⁵ to promote their on-the-job training and subsequent employability.
- 1.37 **Subcomponent 1.2 Employability promotion (US\$5.10 million).** This subcomponent will finance training actions targeted to unemployed people over age 35, including Modalities I, II, and III described above in Subcomponent 1.1, and with the same types of expenditure as described above, i.e., Modalities I (items (i) to (iii)), II, and III. The courses offered will be adapted to the learning needs and profile of adult job seekers who need to update their skills or retrain to obtain employment. Modalities I, II, and III are expected to benefit around 600, 4,000, and 747 people, respectively.
- 1.38 **Component 2. Strengthening and expansion of SENAE service offerings (US\$10.44 million).** This component supports SENAE in functioning as the single window for the RD-Trabaja system, improving the quality, timeliness, and relevance of its services. Funding will be provided for: (i) improvements to information technology systems (including energy efficient hardware) and their

⁹⁰ Including contributions to social security, INFOTEP, and a proportion of the mandatory year-end bonus known as the “Christmas payment.”

⁹¹ Firms undertake to: (i) establish a training plan and certify the participants’ work experience; and (ii) a 50% job placement target as a requirement to remain in the program. Experiences in similar programs show positive impacts with this arrangement. Urquidi and Durand (2020). [Optional link 2](#). For persons with disabilities, the period of training and economic support will be six months.

⁹² At least 10% of the beneficiaries will participate at firms related to decarbonization and the country’s Nationally Determined Contribution (NDC) plan. The same applies to Modality III.

⁹³ For example, firms participating in such initiatives as “Sello Igualando RD” [DR Equality Seal] and/or the Gender Parity Initiative (GPI).

⁹⁴ See Ministry of Labor Resolution 24-2021.

⁹⁵ Including contributions to social security, INFOTEP, and a proportion of the mandatory year-end bonus known as the “Christmas payment.”

interconnection with training services, especially for the BEE;^{96 97} (ii) equipment (technology, furniture, and vehicles) and staff training to improve oversight of compliance with decent employment standards for program beneficiaries; (iii) improvements in the coverage and quality of face-to-face service to meet the needs of different job seeker profiles with a gender and diversity lens, including training for SENA E employees;⁹⁸ updating of process manuals and protocols for job counseling, upgrading of existing OTEs, and development of targeting tools, such as the employability index for beneficiary profiling, for the Dominican Labor Market Observatory (OMLAD),^{99 100} purchase of new employment kiosks and mobile units; (iv) implementation of pilots to promote the workforce integration of vulnerable groups such as youth, women, and persons with disabilities;¹⁰¹ (v) SENA E's quality management system; and (vi) mass media campaigns and employment workshops to enable the OTEs to disseminate and expand the coverage of their services.

1.39 **Administration and other expenses (US\$1.95 million).** Resources will be allocated for program auditing, monitoring and evaluation, and administration.

1.40 **Beneficiaries.** Through the SENA E single window, the operation will serve at least 31,067 people during program execution, 26,733 of whom will be direct beneficiaries of training. Specific action will be taken through public-private and civil society collaboration, in addition to media campaigns, to ensure that 20% of the beneficiaries will be women who are mothers, and 5% will be persons with disabilities.¹⁰² The strengthening of SENA E will potentially benefit the entire Dominican population of working age (5.3 million in 2022), as well as employers, through improved service offerings.¹⁰³

C. Key results indicators

1.41 The outcomes associated with specific objective 1 will be measured through eight indicators: proportion of job seekers who are: young people (total, women who are mothers, persons with disabilities); adults (total, women who are mothers, persons with disabilities) with certification from classroom training courses; and the proportion of job seekers (youth and adults) with certification from employability courses. The outcomes associated with specific objective 2 will be measured through six indicators: proportion of job seekers using SENA E virtual services; job

⁹⁶ The number of Ministry of Labor services made available online will be increased, making it unnecessary for people to travel to their offices and thus reducing greenhouse gas emissions.

⁹⁷ These actions were identified and prioritized under operation ATN/OC-18871-DR (see paragraph 1.27).

⁹⁸ Training for SENA E employees will include awareness modules with protocols to support specific groups, promoting the elimination of bias towards women or persons with disabilities.

⁹⁹ The services will be adapted to make them accessible to persons with disabilities.

¹⁰⁰ Seventeen OTEs will be upgraded in areas including offices, furniture, equipment, interconnectivity, and the incorporation of environmental sustainability criteria (energy efficiency, water use savings) and climate resilience (adaptation to floods and storms, ventilation, and protection, solar, etc.), to meet criteria equivalent to an Excellence in Design for Greater Efficiencies (EDGE) certification.

¹⁰¹ Pilot labor inclusion initiatives are planned. See CONADIS and Ministry of Labor [Guide](#) (2021).

¹⁰² To verify their eligibility, mothers must present their children's birth and/or adoption certificate, and persons with disabilities must present their CONADIS certification.

¹⁰³ This operation is part of a comprehensive government job creation strategy (see paragraph 1.24).

seekers receiving comprehensive service from SENAE (total and persons with disabilities); number of vacancies registered with SENAE; proportion of SENAE workers with certification from training on inclusive services; and number of OTEs with EDGE certification.

- 1.42 **Economic analysis.** A cost-benefit analysis of the program was done using a methodology that quantified the incremental benefits associated directly with the program. The project will yield a return with a net present value (NPV) of more than US\$1.11 million and an internal rate of return (IRR) of 13.6%. The sensitivity analysis indicates that for increases of between 14% and 20% in the likelihood of employability due to the program, the project maintains social returns with IRRs of between 6.5% and 21.6%.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The operation will be a specific investment loan of US\$38 million with resources from the Bank's Ordinary Capital. The detailed analysis in the multiyear execution plan projects a disbursement period of four years.¹⁰⁴ The choice of instrument is justified by the project's clearly defined scope, the logical interdependence of its components, and their individual physical and technical attributes. It will also allow the Bank to provide technical support during the design and execution of the different activities, capitalizing on its experience in similar operations.

¹⁰⁴ The fact that the program is included in the budget, and support under operations ATN/OC-18871-DR and ATN/OC-19483-DR, will help to quicken the start of execution.

Table 1. Estimated program costs (US\$)

Components	IDB (Ordinary Capital)	%
Component 1. Employability support	25,607,000	67.4
1.1 Youth Employability Program	20,507,000	54.0
Modality I	1,853,000	
Modality II	15,720,000	
Modality III	2,934,000	
1.2 Employability promotion	5,100,000	13.4
Modality I	436,000	
Modality II	3,930,000	
Modality III	734,000	
Component 2. Strengthening and expansion of SENAE service offerings	10,443,000	27.6
SENAE information technology systems improved	1,191,000	
SENAE technical capacity strengthened, including implementation of an action plan to correct identified gender equality gaps	1,101,000	
OTE network strengthened	1,695,000	
Employment mobile units purchased	810,000	
Pilots implemented to promote workforce integration of vulnerable groups	940,000	
Tools developed for OMLAD	600,000	
Labor regulation mechanism strengthened	2,190,000	
Quality management system implemented	400,000	
Guidance counseling services strengthened	121,000	
Employment workshops held	495,000	
SENAE promotion conducted	900,000	
Administration and other contingent expenditures	1,950,000	5.0
Total	38,000,000	100.0

Costs per subcomponent and/or activity are indicative.

Table 2. Disbursement schedule (US\$)

	Year 1	Year 2	Year 3	Year 4	Total
IDB (Ordinary Capital)	2,413,391	11,621,458	14,682,949	9,282,202	38,000,000
Percentage	6.35%	30.58%	38.64%	24.43%	100%

B. Environmental and social safeguard risks

- 2.2 In accordance with the new Environmental and Social Policy Framework, the operation was classified as Category “C” because no significant negative environmental or social impacts are anticipated.

C. Fiduciary risks

- 2.3 A medium-high fiduciary risk was identified in relation to human resources, since, if there are insufficient competent staff and resources to perform the tasks related to fiduciary management of the program execution unit (PEU), the program's procurement and payment processes could take longer, generating delays in execution of the components. To mitigate this, the executing agency will need to strengthen the PEU in fiduciary areas with at least one financial management specialist and one procurement specialist (see paragraph 3.5). Additionally, the IDB team will work with the executing agency to regroup procurement processes, anticipate staff recruitment and training, and strengthen the fiduciary team.

D. Other key risks and issues

- 2.4 **Other risks.** In addition to the fiduciary risk, two other medium-high risks were identified. One relates to the legal environment: If ratification of the loan contract by the Congress of the Dominican Republic takes more than 12 months from its signature date, program implementation could not start in 2023, making it necessary to adjust project planning in line with the prevailing labor conditions at the time of eligibility. This risk cannot be managed within the project, so its evolution will be monitored, while activities with technical assistance will proceed in parallel (see paragraph 1.27). The other risk relates to planning: If the internship arrangements are not formalized between the ministry and the firms in the productive sectors involved during the first year of execution, the Component 1 activities could be delayed. The executing agency will mitigate this risk by promoting the program and strategic partnerships with firms in the regions and in sectors with job creation potential. The Bank will support this effort by promoting the program among firms with ties to the Gender Parity Initiative (GPI). It will also finance demand identification activities and technical support in identifying incentives to participate with operation ATN/OC-18871-DR (see paragraph 1.27).
- 2.5 **Sustainability.** The program finances investment in a comprehensive support system for job seekers, enabling SENAE to improve its workforce integration role with greater investment in technology and staff capabilities and closer linkages with the country's training providers and productive sectors. The sustainability of the program's actions is based on the fact that RD-Trabaja is a medium-term plan of the Ministry of Labor for capacity-building at SENAE to gradually continue providing the service with its own resources. Component 1 focuses on the development of a range of training modalities for job seekers, which could continue to be offered after the program has ended, in coordination with the National Institute of Technical Vocational Training (INFOTEP), System Operating Centers (COS), businesses, and other government programs such as "Supérate." The stipends and economic support are temporary actions in response to conditions made worse by the pandemic and are likely to be reconsidered in light of prevailing conditions at the end of the program. Component 2 also emphasizes the management of technological change and staff capabilities at SENAE through the development of training packages that will remain available at the end of the program. To prevent the technological systems from becoming obsolete, the technical specifications used to select vendors will emphasize the need for digital solutions to be easily upgraded, and will use the institutional architecture of the information systems developed with operation ATN/OC-18871-DR.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Execution and administration.** The Dominican Republic will be the borrower, acting through the Ministry of Labor as program executing agency, which will be responsible for execution of the program in accordance with the loan contract, applicable laws and regulations, and the program Operating Regulations; the use of resources to finance procurement; financial management; and operational management and supervision of the program. The implementation arrangements are on two levels. At the strategic level, a Permanent Council for Supervision of RD-Trabaja will be formed, consisting of Ministry of Labor staff (the Office of the Deputy Minister for Employment, along with the offices of the Chief of Staff, Employment, Financial and Administrative, Planning, and Legal). The corresponding functions will be identified in the program Operating Regulations, establishing a clear division of roles and responsibilities between the PEU and the Permanent Council.
- 3.2 At the operational level, the PEU will be created within the office of the minister with responsibility for coordination, management (technical, administrative, and financial), execution, and monitoring and serving as the main liaison with the Bank. It will also prepare and deliver to the Bank the multiyear execution plans (and/or annual work plans), procurement plans, six-monthly status reports, financial plans, and other instruments required by the Bank to supervise program execution.
- 3.3 The PEU will coordinate actions with the training providers, including the National Institute of Technical Vocational Training (INFOTEP). An interagency agreement will be signed between INFOTEP and the Ministry of Labor, establishing the content and mechanism of this collaboration between the two institutions, including the terms and conditions on which training services will be provided. The signing of this agreement will be a special condition precedent to the first disbursement of the loan proceeds. The roles identified for INFOTEP in the implementation of RD-Trabaja are based on INFOTEP's public role as apex agency and public provider of the vocational training system.¹⁰⁵ These roles will include: providing a percentage of the training offered to RD-Trabaja beneficiaries in the geographic areas where INFOTEP has greater presence; supervising the training provided through the System Operating Centers (COS) in the geographic areas where INFOTEP does not have coverage; supporting the technical and curricular evaluation of the training course proposals submitted by the COSs; and signing the course graduation certificates. SENA will coordinate directly with INFOTEP, The territorial employment offices (OTEs), and the Dominican Labor Market Observatory (OMLAD) on training needs and resource allocation. These processes will be documented in the program Operating Regulations.
- 3.4 **Institutional capacity.** The institutional capacity analysis of the Ministry of Labor, performed using the Institutional Capacity Assessment Platform (ICAP) methodology, indicates that the executing agency has no recent experience in the management of projects with international financing, nor sufficient human

¹⁰⁵ [Optional link 7.](#)

resources to discharge the responsibilities involved in execution of the program, especially in fiduciary management. Accordingly, the program will finance the creation of a PEU with full-time staff (see paragraph 3.5), which will be strengthened in the fiduciary area (see paragraph 2.3). The ICAP analysis also revealed the absence of protocols describing project management processes, making it necessary to document processes in the [program Operating Regulations](#).

- 3.5 **Conditions precedent to the first disbursement of the financing:** (i) a program execution unit (PEU) has been created, and a team has been appointed and/or hired consisting of at least a general coordinator, a procurement specialist, a financial specialist, and a planning and monitoring specialist; (ii) the [program Operating Regulations](#) have been approved and have entered into force on the terms and conditions previously agreed upon with the Bank; and (iii) an interagency agreement has been signed between the Ministry of Labor and INFOTEP to provide services associated with the program. The first condition is justified in order to strengthen the capacity of the executing agency and mitigate the fiduciary risk identified in the ICAP analysis (see paragraphs 2.3 and 3.4). The second condition is necessary because the program Operating Regulations will specify the execution mechanisms (see paragraph 3.4). The third condition is required for the nature of the participation and coordination between INFOTEP and Ministry of Labor to be established from the start of the project (see paragraph 3.3).
- 3.6 **Procurement.** Procurements will follow the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15), the IDB's standard bidding documents and request for proposals, the procurement plans approved by the IDB, and the program Operating Regulations. Annex III sets out the overall framework for procurement management. Procurement supervision by the Bank will be as indicated in the Procurement Plan ([required link 4](#)).
- 3.7 An interagency agreement will be signed with INFOTEP as an overarching framework to coordinate the roles and activities indicated in paragraph 3.3, in addition to any specific contract that may be required for services to be provided. INFOTEP is the apex agency of the country's national technical vocational training system and therefore qualifies as a research organization, according to paragraph 1.13(c) of document GN-2350-15. This contracting is justified given the unique and exceptional nature of the services provided by INFOTEP, based on paragraph 3.11(d) of document GN-2350-15, given its experience of exceptional value in vocational training.
- 3.8 **Nonfinancial additionality and innovation.** The project is innovative in promoting a new support system and solutions for both individuals and firms. It promotes formal employment and guidance towards new relevant training courses, based on the employability profile of the individuals, helping to integrate them into the workforce in an inclusive manner. The program fosters the creation of sustainable opportunities through actions to expand training and employment in green sectors and digital activities, and in coordination with the productive sectors. Digital transformation of the Online Employment Exchange (BEE) will involve

innovation in the use of technologies to enhance the connection between employers and job seekers.

- 3.9 **Retroactive financing.** The Bank may retroactively finance, against the loan, up to 1% of the loan proceeds (i.e., up to US\$380,000) for eligible expenditures incurred by the borrower prior to the loan approval date, to finance activities under the Administration component (expenditure items for creation of the PEU), provided that requirements substantially similar to those established in the loan contract have been met, and the procurement procedures have complied with the Core Procurement Principles. Such expenditures must have been incurred on or after the project profile approval date of 18 May 2022, but not more than 18 months prior to the loan approval date.
- 3.10 **Audit.** The executing agency, acting through the PEU, will deliver the program's annual financial statements, audited by an eligible external firm selected according to the Bank's policies and procedures. During the execution period, the audited financial statements will be delivered annually within 120 days after each fiscal year-end. The executing agency will also deliver a final audit report no later than 120 days after the date of the last disbursement. Audit costs will be covered with the Bank loan proceeds.

B. Summary of arrangements for monitoring results

- 3.11 **Monitoring.** In addition to the annual work plans ([required link 1](#)) and procurement plans, the PEU will deliver six-monthly status reports within 60 days after the end of each six-month period ([required link 2](#)), including explanatory notes giving reasons for any deviation from the original plan.
- 3.12 **Evaluation.** An independent midterm evaluation will be performed (once 40% of the resources have been committed, or 40% of the disbursement period has passed, whichever occurs first). An independent final evaluation will be performed within 90 days after the date on which 90% of the loan proceeds have been disbursed. These evaluations will document progress in achieving the agreed outcomes and outputs, and lessons learned in the context of the factors affecting program performance. With respect to the overall development objective, a before-and-after evaluation will be performed for Modality II of Component 1 ([required link 2](#)).

Development Effectiveness Matrix		
Summary		DR-L1155
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Gender Equality and Diversity -Climate Change -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Beneficiaries of employment support initiatives (#) -Women beneficiaries of economic empowerment initiatives (#) -Targeted beneficiaries of public services that have been adapted for diverse groups (#) -Agencies with strengthened digital technology and managerial capacity (#)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3084	Priority areas of sustainable and inclusive productive reactivation; and strenghtening of human capital.
Country Program Results Matrix		The intervention is not included in the 2022 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		8.9
3.1 Program Diagnosis		1.9
3.2 Proposed Interventions or Solutions		3.2
3.3 Results Matrix Quality		3.8
4. Ex ante Economic Analysis		7.5
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		0.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		8.3
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		4.3
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium High
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting. Procurement: Information System, Price Comparison.
Non-Fiduciary	Yes	Monitoring and Evaluation National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	ATN/OC-18871-DR

Evaluability Assessment Note: The operation's main objective is to improve employment opportunities in the formal sector for job seekers in the Dominican Republic. The program has two specific objectives: (i) to strengthen skills for the employability of job seekers; and (ii) to improve the coverage with quality of the offer of Labor Intermediation (IL) services.

The diagnosis identifies as the main problem the limited access to quality job opportunities in the Dominican Republic and identifies two important causes: (i) the gap between the skills demanded by the formal sector and the skills and work experience of job seekers; and (ii) the lack of information and services on training opportunities and formal employment. Additionally, these problems are reinforced by the lack of integration of Active Labor Market Policies.

The proposed solutions are aligned with the problems, although no quantification of the evidence is presented for the identification of some problems/causes. The vertical logic of the program is clear, and it has a set of outcome indicators that would allow the proposed objectives to be measured. However, the result matrix has many outcome indicators, and some of the proposed goals are not supported by evidence.

The economic analysis provides a description of the possible benefits of the project, the main one being the increase in formal work thanks to the training and assistance given to job seekers. The model assumptions are mainly based on industry literature and country statistics, although some are not supported by evidence. The analysis concludes that the project has an internal rate of return of 13.6%.

The project presents a detailed monitoring and evaluation plan; the executing agency will provide most of the result indicators. The evaluation plan proposes a before and after methodology to evaluate the indicators and draws on the existing literature for the attribution analysis.

RESULTS MATRIX

Project objective:	The specific objectives are: (i) to strengthen job seekers' employability skills; and (ii) to improve the coverage and quality of job placement service offerings. Meeting these objectives will contribute to the general objective of improving employment opportunities for job seekers in the formal sector.
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GENERAL DEVELOPMENT OBJECTIVE

Indicators	Unit of measure	Baseline value ¹	Baseline year	Expected year achieved	Target	Means of verification	Comments
General development objective: Improve employment opportunities for job seekers in the formal sector							
Job seekers who obtain formal employment three months after having received training (Modalities I, II, and III)	Percentage	0%	2022	2027	17	Before-and-after evaluation report.	[1] See definitions and methodological details in required link 2 .

SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
Specific development objective 1: Strengthen job seekers' employability skills							
Young job seekers (ages 18-35) with classroom training course certifications	Percentage	0%	2022	2027	60%	Certification of training, administrative data from the National Employment Service (SENAE)	[1] [2] Disaggregated by gender and disability
Job seekers who are mothers (ages 18-35) with classroom training course certifications	Percentage	0%	2022	2027	60%	Idem.	[1]

¹ The baseline for all indicators will be measured before the intervention begins, and it will be confirmed that the difference is indeed zero.

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
Young job seekers (ages 18-35) who are persons with disabilities with classroom training course certifications	Percentage	0%	2022	2027	60%	Idem.	[1]
Young job seekers (ages 18-35) with certification from employability training courses in the in-company job placement program	Percentage	0%	2022	2027	60%	Idem.	[1]
Job seekers over age 35 with classroom training certifications	Percentage	0%	2022	2027	60%	Idem.	[1] [2]
Job seekers who are mothers over age 35 with classroom training certifications	Percentage	0%	2022	2027	60%	Idem.	[1]
Job seekers who are persons with disabilities over age 35 with classroom training certifications	Percentage	0%	2022	2027	60%	Idem.	[1]
Job seekers over age 35 with certification from employability training courses in the in-company job placement program	Percentage	0%	2022	2027	60%	Idem.	[1]
Specific development objective 2: Improve the coverage and quality of job placement service offerings							
Job seekers using virtual services of the SENAE Online Employment Exchange (BEE)	Percentage	32%	2022	2027	46%	SENAE reports	[1]
Job seekers receiving comprehensive service from SENAE	Number	7,209	2022	2027	31,067	Idem.	[1]
Job seekers who are persons with disabilities receiving comprehensive service from SENAE	Percentage	10%	2022	2027	30%	Idem.	[1]

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
Number of vacancies registered with SENA E	Number	10,956	2021	2027	25,000	Idem.	[1]
SENA E workers with certification from training on inclusive services	Percentage	0%	2021	2027	60%	Reports of the program execution unit (PEU) and SENA E	[1]
Number of territorial employment offices (OTEs) with EDGE certification	Number	0	2023	2027	10	Project reports	[1]

OUTPUTS

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
Component 1: Employability support										
Subcomponent 1.1 Youth Employability Program										
Youth beneficiaries of training courses in soft, green, and technical skills with internships	Number	0	2022	120	600	1,080	600	2,400	Report and attendance record	[1] [3] The target will include women who are mothers (20%) and persons with disabilities (5%) [4] At least 20% of the beneficiaries will receive courses that include green skills
Youth beneficiaries of the in-company employability training program	Number	0	2022	800	4,000	7,200	4,000	16,000	Project reports	[1] [5] At least 10% of the beneficiaries will participate in firms associated with decarbonization and sustainability

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
Young people who receive temporary economic support for employability	Number	0	2022	149	747	1,344	747	2,987		[5]
Subcomponent 1.2 Employability promotion										
Adult beneficiaries of training courses in soft, green, and technical skills with internships	Number	0	2022	30	150	270	150	600	Project reports	[1] [3] [4]
Adult beneficiaries of the in-company employability training program	Number	0	2023	200	1,000	1,800	1,000	4,000	Idem.	[5]
Adults receiving temporary economic support for employability	Number	0	2023	37	187	336	187	747	Idem.	[5]
Component 2: Strengthening and expansion of SENAE service offerings										
SENAE information technology systems improved	System	0	2022	0	0	0	1	1	Project report	[1]
SENAE technical capacity strengthened, including implementation of an action plan to correct identified gender equality gaps	System	0	2022	0	0	0	1	1	Idem.	[1]
OTE network strengthened	Offices	0	2022	0	5	7	5	17	Certificate of work completed	
Employment mobile units purchased	Mobile	0	2022	0	3	0	0	3	Certificate delivery of mobile units	
Pilots implemented to promote workforce integration of vulnerable groups	Pilots	0	2022	0	0	0	3	3	Pilot reports	[1]
Tools developed for the Dominican Labor Market Observatory (OMLAD)	Market research studies	0	2022	0	8	8	0	16	Project report	[1]

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of project	Means of verification	Comments
Labor regulation mechanism strengthened	Mechanism	0	2022	0	0	0	1	1	Idem.	[1]
Quality management system implemented	System	0	2022	0	0	0	1	1	Idem.	
Guidance counseling services strengthened	Activities	0	2022	1	2	2	0	5	Idem.	[1]
Employment workshops held	Workshops	0	2022	15	15	15	0	45	Attendance record	At least 20% of the workshops will include promotion of green jobs
SENAE promotion conducted	Strategy	0	2022	0	0	0	1	1	Project report	[1]

Country: Dominican Republic **Division:** SCL/LMK **Project no.:** DR-L1155 **Year:** 2022

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: Ministry of Labor

Project name: Support for the RD-Trabaja Flexible Employment System

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country system in the operation. (Any system or subsystem that is subsequently approved may be applicable to the operation, according to the terms of the Bank's validation.)

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	<input checked="" type="checkbox"/> National competitive bidding
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input checked="" type="checkbox"/> Shopping	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input type="checkbox"/> External control	<input type="checkbox"/> Individual consultants	<input type="checkbox"/> Other

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Specific features of fiduciary execution	The Dominican Republic will be the borrower, acting through the Ministry of Labor as program executing agency, which will be responsible for execution of the program in accordance with the loan contract, applicable laws and regulations, and the program Operating Regulations; the use of resources to finance procurement; financial management; and management and supervision of the program execution unit (PEU). The implementation arrangements are on two levels. At the strategic level, a Permanent Council for Supervision of RD-Trabaja will be formed, consisting of Ministry of Labor staff (the Office of the Deputy Minister for Employment, along with the offices of the Chief of Staff, Employment, Financial and Administrative, Planning, and Legal). The corresponding functions will be identified in the program Operating Regulations, establishing a clear division of roles and responsibilities between the PEU and the Permanent Council.
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	The institutional capacity analysis of the Ministry of Labor, performed in the second quarter of 2022 using the Institutional Capacity Assessment Platform (ICAP) methodology, indicates that the executing agency has no prior experience in program fiduciary management. It will therefore be necessary to strengthen PEU staffing in fiduciary areas with at least a financial management specialist and a procurement specialist, given that a human resources risk was identified as medium-high in the risk matrix.
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4. Fiduciary risks and risk response

Risk taxonomy	Risk	Risk level	Risk response
Human resources	If there are insufficient competent staff and resources to perform the tasks related to fiduciary management of the PEU, the program's procurement and payment processes could take longer, generating delays in execution of the components.	Medium-high	The PEU will need to be strengthened in fiduciary areas with at least one financial management specialist and one procurement specialist. Additionally, the IDB team will work with the executing agency to regroup procurement processes, anticipate staff recruitment and training, and strengthen the fiduciary team.

5. Policies and guidelines applicable to the operation: Policies for the Procurement of Works, Goods, and Nonconsulting Services Financed by the Inter-American Development Bank (document GN-2349-15) and Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15).

6. Exceptions to policies and guidelines: Not applicable.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

<p>Special conditions precedent to the first disbursement: (i) a program execution unit (PEU) has been created, and a team has been appointed and/or hired consisting of at least a general coordinator, a procurement specialist, a financial specialist, and a planning and monitoring specialist; (ii) the program Operating Regulations have been approved and have entered into force on the terms and conditions previously agreed upon with the Bank; and (iii) an interagency agreement has been signed between the Ministry of Labor and the National Institute of Technical Vocational Training (INFOTEP) to provide services associated with the program.</p>
<p>Exchange rate: For the purposes of Article 4.10 of the General Conditions, the parties agree that the exchange rate to be used will be the rate stipulated in Article 4.10(b)(ii). Accordingly, the exchange rate will be the rate in effect on the effective date on which the borrower, the executing agency, or any other person or corporation with delegated authority to incur expenditures makes the respective payments to the contractor, vendor, or beneficiary.</p>
<p>Type of audit: During the loan execution and disbursement periods, the financial statements will be audited annually by external audit firm acceptable to the Bank engaged under the relevant terms of reference issued by the Bank pursuant to the "Audited Financial Reports and External Audit Management Handbook," or superseding documents. These audited financial statements will be delivered annually within 120 days after each fiscal year-end, and a final audit report will be delivered no later than 120 days after the date of the last disbursement.</p>

III. PROCUREMENT EXECUTION AGREEMENTS AND REQUIREMENTS

☒	Bidding documents	The procurement of works, goods, and nonconsulting services, conducted in accordance with the procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB), will use the Bank's standard bidding documents or those agreed upon between the executing agency and the Bank for the specific procurement. Similarly, consulting services will be selected and contracted in accordance with the consultant selection policies (document GN-2350-15), using the standard request for proposals issued by the Bank, or as agreed upon between the executing agency and the Bank for the specific selection. The project sector specialist will be responsible for reviewing technical specifications and the terms of reference for procurements during the preparation of selection processes. This technical review may be performed ex ante and is independent of the procurement review method.
☒	Direct contracting and single-source selection	The National Institute of Technical Vocational Training (INFOTEP) will be contracted to provide services as part of the training offered to project beneficiaries, and to supervise execution of the training provided (Modality I of Subcomponents 1.1 and 1.2) through the System Operating Centers (COS), for an amount of US\$509,052. INFOTEP is the apex agency of the country's national technical vocational training system and therefore qualifies as a research organization, according to paragraph 1.13(c) of document GN-2350-15. This contracting is justified given the unique and exceptional nature of the services provided by INFOTEP, based on paragraph 3.11(d) of document GN-2350-15, given its experience of exceptional value in vocational training. The institution provides up-to-date, inclusive training, comprising over 900 programs, designed to meet the training needs of the productive sectors and the labor force. The fact that these training programs already exist gives INFOTEP a considerable advantage over a private firm. An interagency agreement will be signed with INFOTEP as a legal framework for the relationship and coordination between the two institutions for the purposes of the program, in addition to the specific contract to be signed for services to be provided by INFOTEP as part of the program activities.
☒	Advance procurement and retroactive financing	The Bank may retroactively finance, against the loan, up to 1% of the loan proceeds for eligible expenditures incurred by the borrower prior to the loan approval date, to finance activities under the Administration component (expenditure items for creation of the PEU), provided that requirements substantially similar to those established in the loan contract have been met, and the procurement procedures have complied with the Core Procurement Principles. Such expenditures must have been incurred on or after the project profile approval date of 18 May 2022, but not more than 18 months prior to the loan approval date. The program Operating Regulations will specify the category of expenditures that are eligible. (See documents GN-2349-15 and GN-2350-15 and the Bank Policy on Recognition of Expenditures, Retroactive Financing and Advance Procurement (document GN-2259-1).)

<input checked="" type="checkbox"/>	Procurement supervision	The procurement supervision method will be ex post, except in cases where ex ante supervision is justified. For procurements executed through the country system, supervision will be through the country supervision system. The method—(i) ex ante, (ii) ex post, or (iii) country supervision system—will be determined for each selection process, based on the complexity of the specific process and the capacity level of the executing agency. The frequency of ex post reviews will be established in the project supervision plan, subject to changes during execution.
<input checked="" type="checkbox"/>	Records and files	All documentation relating to bidding processes will be duly recorded and kept accessible for review as appropriate.

Main procurement items

Description of procurement	Selection method	New procedures/ tools	Estimated date	Estimated amount (US\$)
Goods				
Purchase of employment mobile units including equipment	ICB		30 November 2023	708,011
Purchase of vehicles for territorial employment offices (OTEs)	ICB		28 November 2023	587,703
Works				
Refurbishment of OTE physical infrastructure	NCB		1 March 2024	556,200
Nonconsulting services				
Contracting of firm to implement a customer relationship management (CRM) and digital document management platform	ICB		3 July 2025	450,000
Contracting of advertising agency to develop publicity campaign for the Santo Domingo and Salcedo workshop schools	Shopping		15 November 2023	143,088

Description of procurement	Selection method	New procedures/ tools	Estimated date	Estimated amount (US\$)
Firms				
Contracting of INFOTEP, establishing the terms and conditions services to be provided during program execution	Single-source selection		15 December 2023	509,052
Individuals				
Hiring of labor inspectors	Individual consultant selection (open invitation)		31 October 2023	474,294
Hiring of specialized technical staff for SENAE	Individual consultant selection (open invitation)		2 February 2024	300,000

The procurement plan may be consulted [here](#).

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programming and budget	The annual budget is prepared by the Ministry of Finance, acting through the Budget Office, in coordination with the Ministry of Economy, Planning, and Development (MEPYD) and with other government entities involved in the process. The executing agency will be responsible for managing project planning and budget and will use planning tools, including those of the Bank (multiyear execution plan, annual work plan, procurement plan, and financial plan).
<input checked="" type="checkbox"/>	Treasury and disbursement management	<ul style="list-style-type: none"> ▪ The project's cash flow programming will be consistent with the annual work plan and procurement plan that have received the Bank's no objection and should span a period of at least 12 months. ▪ The project will utilize a special bank account in the project name in U.S. dollars at the central bank, managed through a subaccount in the Treasury Single Account. ▪ The currency used to manage the operation is the U.S. dollar. ▪ The exchange rate to be used in the operation will be the effective exchange rate on the date of payment of the expenditure in local currency, option (b)(ii) of Article 4.10 of the General Conditions of the loan contract.

		<ul style="list-style-type: none"> ▪ The financial plan will cover a period of six months, or up to 12 months if the project so requires. The operation is expected to justify 80%, when accounting for cumulative balances pending justification.
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	The specific accounting rules followed will be the International Public Sector Accounting Standards (IPSAS). The Execution Units of Externally Funded Projects (UEPEX) module of the country's Integrated Financial Management System (SIGEF) will be used as the technology platform for the operation's accounting records, which will be on a cash basis. All key project financial reports, including disbursement requests, will be generated directly from this system. The policies and guidelines applicable to the operation will be supplemented by the program Operating Regulations and the documented definition of workflows and internal controls.
<input checked="" type="checkbox"/>	Internal control and internal audit	The Office of the Comptroller General of the Dominican Republic (CGRD) is responsible for internal audit of the government. The CGRD is assisted in performing this function by internal audit units at each entity of the Public Administration of the Dominican Republic.
<input checked="" type="checkbox"/>	External control and financial reports	<p>The borrower and/or executing agency will select and contract the external audit services pursuant to the terms of reference previously agreed upon with the Bank. These will specify the type, timing, and scope of the audits. The selected external auditor, and the auditing standards to be applied, will be acceptable to the Bank. Program financial statements, audited by a Bank-eligible firm, will be required. The type of audit and level of eligibility required of the auditors may be changed during the life of the project, depending on the findings of the Bank's supervision.</p> <p>The required audited financial statements for the program are as follows:</p> <ul style="list-style-type: none"> • Annually: delivered to the Bank no later than 120 days after the close of each fiscal period (31 December); and • At project close: delivered to the Bank no later than 120 days after the date of the last disbursement.
<input checked="" type="checkbox"/>	Financial supervision of the operation	<p>Supervision will be performed through annual financial audits.</p> <p>Onsite and desk reviews and monitoring will also be conducted periodically (at least once a year), subject to change during project execution. Supervision will consist of monitoring the implementation status of activities recommended to improve the unit's capacity, the status of fiduciary arrangements, ex post reviews, inspection visits, and ongoing dialogue and communication with the executing agency.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

Dominican Republic. Loan ____/OC-DR to the Dominican Republic.
Support for the RD-Trabaja Flexible Employment System

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Dominican Republic, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the project "Support for the RD-Trabaja Flexible Employment System". Such financing will be for the amount of up to US\$38.000.000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on _____ 2022)