

PROJECT CONCEPT DOCUMENT (PCD)

HAITI

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Project Name: Vocational Training

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Borrower: Republic of Haiti

Executing Agency: Ministry of Education, Youth and Sports (MENJS), through its National Professional Training Institute (INFP).

Financing Plan: IDB (FSO): US\$22.0
Cofinancing: US\$ 0.0
Local: US\$ 2.5
Total: US\$24.5

PTI: Poverty Reduction: Yes, headcount classification.

SEQ: Social Equity: Yes, education sector.

Tentative dates: Orientation Mission: 12 October, 2004
Loan Committee: 6 January, 2005
Board: 16 February, 2005

I. FRAME OF REFERENCE

A. The labor market and vocational training

- 1.1 Haiti's population has been growing rapidly – from 4.2 million in 1971 to over 8 million in 2004. The high population growth rate has led to a skewed distribution of population by age: about half the population consists of children younger than 15 years of age. The growth in labor supply matches the growth in population. Between 1995 and 2000, the working-age population grew 3.5% per year. One outcome is that the work force is becoming younger, with a third below the age of 24. Combined with low levels of education, this has resulted in a surge of inexperienced and unskilled job seekers. These trends are expected to continue, even becoming more pronounced, since the population growth rate remains at 1.9%.

- 1.2 As indicated in Table I-1, the labor force consists of 4.5 million mostly unskilled workers. In 2001, over 46% had received no education at all, 32% of the male labor force and 28% of the female labor force had some primary education, and below 3% of the labor force had received any formal post secondary training or university education. While labor force participation is generally low, it is particularly low for women – 37.3% compared to 52.3% for men.

Table I-1
Profile of Labor Force, by Education Level and Sex

CATEGORY	MALE	FEMALE	TOTAL
Total labor force, 15 years and above (million)	2.2	2.4	4.5
Participation rate (percent)	52.3	37.3	44.8
Education levels (percent)	100.0	100.0	100.0
None	40.4	53.5	46.2
Primary	32.0	28.2	30.3
Secondary	24.1	16.6	20.8
Postsecondary	3.5	1.7	2.7

Source: Elaborated on the basis of the 2001 Living Condition Survey database.

1. Demand for skilled labor

- 1.3 While the labor-market is characterized by an abundance of unskilled labor both the formal and the informal sectors suffer from a shortage of skilled labor.
- 1.4 **Formal Sectors.** The most important sectors of the Haitian economy are agriculture (27% of GDP), services and tourism (52% of GDP), and manufacturing, including the construction and assembly industries (16% of GDP). The sub-sector that is likely to prove most dynamic in terms of employment creation in the short run is the assembly industry. This sub-sector, heavily dependent on US markets, employed 80,000 workers in the mid-1980s, but during the embargo employment fell to 17,000. Private domestic and foreign investment is now returning to Haiti. The Association of Haitian Industries (ADIH), reports that investment in the assembly industry went up by 36% during 2003. Today, some 50 US manufacturing firms, as well as some Asian and Latin American firms are operating in Haiti.
- 1.5 There are indications that the strengthening of the assembly industry may continue. In 2003, Parliament amended the Haitian Investment Code to allow free zones run not only by the Government, but also by private enterprises. As a result, private free zones are now under construction in Port-au-Prince and Ouanaminthe. Moreover, if the United States Congress passes the Haitian Economic Recovery Opportunity Act (HERO), making many articles imported directly into the United States duty-free, the employment opportunities in the assembly industry will expand considerably. A recent Bank-financed study estimates that if the HERO Act is passed, it would have a very immediate impact on output and employment in the assembly sector, creating an estimated 100,000 direct jobs in textile production and as many indirect jobs in supporting activities.¹

¹ Mats Lundahl, *Sources of Growth in the Haitian Economy – a Study for the Inter-American Development Bank*, Stockholm School of Economics, April 2004.

- 1.6 The Bank-financed study also highlights that the lack of skilled labor constitutes a serious constraint to the Haitian assembly industry. During the embargo years many qualified workers emigrated, as companies were forced to close down. They left behind a vacuum that has not been properly filled during the decade that has elapsed since the end of the sanctions. Foreign middle management and technical personnel – e.g. Dominican and Philippine – are being imported to fill the gap, but these workers are temporary. The study concludes that there is an unmet demand for “trained Haitian technicians, supervisors, managers, etc.”² This lack of skilled labor has also been confirmed in a Bank-financed survey of the labor-needs of enterprises in Haiti’s seven largest cities, which identified an unmet need for skilled labor in 25 different specializations – including plumbing, electronics, refrigeration and cooling systems, agro-industry, fishery, and construction.³
- 1.7 **Informal Sector.** The informal sector is believed to be growing. In 2004, some 300,000 informal micro enterprises are estimated to employ on average 3 to 4 workers. There is a heavy concentration in trade, employing over half a million informal workers, and services, which is likely to employ close to 300,000 workers. Due to its overwhelming low levels of skilled labor, the informal sector has not managed to adapt to the changing needs of the market, thus making it unable to improve its production methods in recent years. The sector relies mostly on a system of on-the-job training whose impact is limited by the low quality of training of the supervisors who impart skills.

2. Vocational Training

- 1.8 The vocational training system consists of a very heterogeneous network of institutions training workers aged 15 years and above.⁴ Over 350 centers are registered, but hundreds of others operate outside the Government’s sphere of influence. Training centers fall into three basic categories. The most sophisticated are Technical Education Institutes (EET), which require successful completion of at least 12 years of formal education and offer both theoretical and practical instruction. The second most advanced category of institutions consists of the Vocational Education Schools (EEP), that require at least 6 years of basic education and focus mainly on practical training. Far below these in sophistication, but dwarfing them in number and enrollment are the Skills Training Centers (CM), which often do not require any prior level of schooling and produce semi-skilled workers. The CMs account for approximately three quarters of all centers and 90% of these are non-public. The higher end of the market is equally divided between the EETs and EEPs. Some 25% of all EEPs and 10% of the EETs are publicly financed. During the academic year 2002/2003 slightly over 3,000 students graduated from the public centers. No data are available on the number of students in the non-public centers.

² Ibid.

³ PADECO, ATN/JC-6489-HA, 2001. This information is currently being updated and complemented through ATN/CT-8790-HA.

⁴ Vocational education within the formal education system is theoretically an option in the third cycle (7th to 9th grade), but this track does not exist in practice.

Table I-2
Types of Training Centers

TRAINING CENTERS	NUMBER OF CENTERS	PROPORTION PUBLIC
Technical Education Institutes	45	10%
Vocational Education Schools	43	25%
Skills Training Centers	264	10%
Total	352	12%

Source: PADECO, ATN/CT-8790-HA

- 1.9 The non-public providers encompass everything from rudimentary courses offered in private homes to internationally supported technical training colleges that adhere to strict entry requirements and self imposed quality standards. Within the public sector, the National Professional Training Institute (INFP), which is a specialized service within the Ministry of Education, Youth and Sports (MENJS), operates the large majority of centers (over 70%). The remaining public centers are operated by four different ministries: the Ministry of Social Affairs, the Ministry of Agriculture, the Tourism Secretariat of the Ministry of Commerce, and the Ministry of Public Works.
- 1.10 Between 1973 and 1982 the vocational training system was financed through a payroll levy. The legislation regulating the payroll levy is still in force, collecting an estimated US\$20 million annually. However, the resources are no longer directly allocated to the vocational training system, and given the overall shortage of resources in the national budget, it is unlikely that the proceeds from the payroll levy will be redirected to the training system. Since 1997, the INFP has made no investments in equipment, infrastructure, didactic materials, or training of trainers or staff. In 2003/2004, the Government allocated US\$3.9 million to the INFP and the centers it operates, 86% of which is dedicated to salaries. Financial shortages have forced some public providers to rely on donations and unauthorized sale of goods and services to keep centers open.
- 1.11 Two decades ago, the INFP was considered to be on the forefront among national training institutes in the Caribbean. However, due to the chronic under-financing the INFP has been severely weakened, which has had far-reaching consequences for the entire training system. The wide spectrum of problems of the system fall into three categories related to governance of the sector, overall access to and quality of the training provided.
- 1.12 **Governance.** The INFP is officially⁵ the only institution authorized to coordinate and regulate the vocational training system – controlling the quality not only of the centers it operates, but also of all non-public providers of training. However, the institution is not adequately fulfilling this role, and the vocational training system remains uncoordinated and unregulated.
- 1.13 Although the INFP retains a legal mandate to accredit training providers as means of quality control, in practice its role has remained limited to the licensing of a small number of institutions. Rather than ensuring that the inputs necessary to

⁵ Decret-Loi de mars 1985: Organisation de la formation professionnelle en Haïti, August 2003.

deliver quality training are at the disposal of a given center, the licensing procedure currently used merely registers basic characteristics of the centers regardless of their condition. The INFP also lacks other means of quality control, including the resources to conduct regular inspection visits to the centers it operates. Between 1995 and 2004 the public centers under its charge received on average two inspection visits.

- 1.14 **Access to Training.** The vocational training system is characterized by two principal problems of access. First, access to EETs, EEPs and many CMs remains restricted to those who have graduated from the formal education system, thus excluding the vast numbers of Haitians with little or no work-experience and/or incomplete schooling. In addition, the courses offered are largely long-term pre-employment training, which creates an additional barrier for the working poor who cannot afford to take time off for training. Therefore, the vast majority of Haitians – an estimated 80% of workers – do not qualify for any type of training program. Only six of every 1,000 workers in the labor market have received some type of technical or professional training.
- 1.15 Second, the vocational training system is characterized by women’s lack of access to training. In 2000, merely 11% of students admitted to the centers operated by the INFP were women. Moreover, women’s access to training is restricted in higher paying, traditionally male occupations. A Bank-financed diagnostic identified a tendency for women to seek training largely in traditional “female” occupations in sewing, cosmetology, and pastry making. The proportion of women in traditionally higher paying “male” occupations in the productive sector was merely 0.31%.⁶
- 1.16 **Quality.** In addition to problems in coverage and governance, the quality of both public and private providers of vocational training is low. The training offered varies greatly in quality and is largely theoretical and out of touch with the production sector’s needs. Although there are a few notable exceptions,⁷ most training providers lack basic inputs, such as infrastructure, didactic materials and equipment, and qualified teaching staff.
- 1.17 Haiti has no national training institute for vocational trainers, but relies on a network of providers for the training of trainers, including universities, NGOs and for-profit institutions. The programs often suffer from serious problems in terms of relevance and quality. The trainers that are trained are frequently out of touch with the production sector’s needs. Some high-end training institutions depend largely on the productive sector for the recruitment of trainers, which has generally proven to be successful.

⁶ PADECO, *Stratégies pour augmenter la participation des femmes dans les programmes de formation professionnelle*, ATN/JC-6489-HA.

⁷ For example, Haiti Tec and CANADO.

B. Strategy of Haiti for the sector

- 1.18 One of the goals of the MENJS is to improve the quality and coverage of the country's vocational training, thereby boosting the skills and employability of the Haitian workforce. Specifically, goals of the National Plan for Education and Training 1997-2007 include: (i) increase access to vocational education, particularly of poorer groups; (ii) align vocational education with the demands of the productive sector; (iii) secure availability of qualified teachers; and (iv) secure a minimum quality of public and private providers.

C. Bank Strategy and Lessons Learned

- 1.19 The overarching goal of the Bank's Haiti Transition Strategy for Reengagement (GN-2212-2) is poverty reduction, emphasizing: (i) governance and the strengthening of public finances; and (ii) services targeted to the poorest groups, including critically important investments in education, water supply and sanitation, health and rural roads. Within the education sector, cost-efficient vocational training for private sector employment is highlighted as a priority area for investment. The proposed Program is consistent with these priorities in that it will provide vocational training targeted at disadvantaged young workers. The Program is also in line with the Eight Replenishment Mandate, which emphasizes investments in "vocational training, both to improve equity and to raise the productivity of human resources" (AB-1704).
- 1.20 The preparation and design of this Program is benefiting from the lessons learned since 1992 from several Bank-financed demand-driven training programs targeted at disadvantaged youth in Latin America.⁸ The results of these projects are promising. The rate of employment of program beneficiaries is considerably higher than that of control groups. However, an important lesson learned from these programs was that absent adequate investment in quality and quality controls, the overall return of projects is diminished.⁹ Building from this lesson, the Bank's Strategy on Vocational and Technical Training (GN-2051-1) highlights the following priorities for funding: (i) reform of training institutions, strengthening their coordinating and monitoring role; (ii) organizational patterns that lower the costs, expand access and improve quality, such as the selective use of NGOs and for-profit organizations for the provision of training, and the recruitment of professionals from the productive sectors to teach courses; (iii) self-learning at large and apprenticeships; and (iv) competency-based training, accreditation of training institutions, modularization of training, and introduction of basic skills in conventional training.
- 1.21 The preparation of the Program is also drawing on the lessons learned from a MIF-financed initiative in Haiti that sought to expand the market for in-service

⁸ For example, *Chile Joven*, *Proyecto Joven* in Argentina, and the National Plan for Professional Education in Brazil (PLANFOR) in Brazil.

⁹ Claudio de Moura Castro and Aimee Verdisco, *Training Unemployed in Latin America: Same Old Story?*, International Institute for Education, UNESCO, April, 1999.

training by providing matching grants to formal sector enterprises and to NGOs that train informal entrepreneurs.¹⁰ The initiative, which is in its final execution stage has benefited close to 10,000 individuals providing them with short-term vocational training courses. The initial results from its evaluation indicate that the operation has successfully stimulated a demand for training among enterprises. However, the initiative paid insufficient attention to the preparation of quality training materials and teacher training. In addition, although the initiative successfully incorporated women (50%), they were largely concentrated in traditional occupations with low returns.

- 1.22 A number of Bank projects in execution or preparation in Haiti are related directly or indirectly to the target population of this Program. The Basic Education Project (1016/SF-HA), the Local Development Program (1491-SF/HA), and the Program for Organization and Rationalization of the Health Sector (1009-SF/HA) all target the poorest and most vulnerable segments of the population. Although several of these projects include short-term training activities for public employees and beneficiaries in specific issue areas – mainly in planning and community participation – they do not contemplate the delivery of vocational training for the target group. The proposed Program will complement these other loans by enhancing the employability of the target group.

D. Conceptualization of the Program

- 1.23 Given the magnitude of problems of the vocational training system, the strategy of the Program is to respond to a number of critical issues that are expected to have high returns, and are feasible to implement given the institutional limitations of the INFP. Most importantly, the Program sets out to address the vocational training system's general failure to modernize and respond to the production sector's demands by creating a demand-driven training system that targets skills already called for by the labor market and emerging occupational requirements. In response to the generally low quality of vocational training in Haiti, the Program will include measures to enhance the quality of the training provided, as well as the regulation and quality control of the sector. It is expected that these improvements in quality will create an increased demand for the services of the INFP and for vocational training. This enhanced credibility of the system and increased demand for training is predicted to lead to higher national budget allocations as well as higher proceeds.
- 1.24 The proposed Program is benefiting from the momentum created by the Interim Cooperation Framework, which highlights the reform of the national training system and the strengthening of the INFP as priorities both for the Government and the donor community. Also the principal institutions representing the private sector – Center for Free Enterprise and Democracy (CLED) and ADIH, among others – have in public statements promoted the strengthening of the INFP's

¹⁰ ATN/MH-6696-HA.

regulatory and normative capacities, as well as the reorientation of the training system towards market demand.

- 1.25 The proposed Program is being prepared in close coordination with the European Union and the Canadian International Development Agency (CIDA). As a complement to the investments in public centers, initial discussions have been held with the European Union regarding the financing of the rehabilitation of non-public centers in areas where the public supply is absent. In addition, CIDA is in the process of examining the feasibility of instituting vocational tracks in the third cycle of the formal education cycle as laid out in the National Plan for Education.

II. THE PROGRAM

A. Objectives and description

- 2.1 The overall objective of this Program is to improve the employability of young people thereby enhancing their possibilities of achieving sustained improvements in their living conditions. Specifically, the proposed Program will strengthen Haiti's human resources base by targeting young people between 15 and 24 facing problems of labor marginality. For the purpose of this Program, labor marginality will be defined as: (i) open unemployment, underemployment or illness (e.g. AIDS) with a desire to work; (ii) poverty; (iii) limited or no work-experience; (iv) lack of skills for an occupation demanded by the market; and (v) falling outside the regular education system or having incomplete schooling. The population eligible to participate in the Program has tentatively been estimated at 2 million people (22% of the country's population).
- 2.2 Table II-1 below identifies the principal indicators against which the Program will be measured.

Table II-1
Selected Indicators for Program Evaluation

OUTCOMES AND INTERMEDIATE OUTCOMES
<ul style="list-style-type: none">• Young individuals facing labor marginality have been trained in skills, which are in demand;• Increased proportion of centers with access to cutting edge technologies and equipment;• Increased proportion of courses using didactic materials based on a modular approach;• Increased proportion of trainers with private sector experience;• Increased proportion of centers accredited by the INFP;• Increased frequency of INFP inspection visits to centers;• Increased proportion of women trained in non-traditional occupations.
IMPACT
<ul style="list-style-type: none">• Increased employment rate of vocational training students;• Increased return to vocational training.

B. Structure of the Program

- 2.3 To accomplish the stated objective, the Program will finance activities in the following three components: (i) demand-driven training (US\$9.0 million); (ii) quality enhancement (US\$11.5 million); and (iii) governance (US\$2.0 million).

Table II-2 below highlights the principal problems of the vocational training system and how they will be addressed within the structure of this Program.

Table II-2
Link between Principal Problems and Structure of the Program

PRINCIPAL PROBLEMS	SOLUTION STRATEGIES	STRUCTURE OF THE PROGRAM
Training centers do not respond to market demand.	Enhancement of the relevance and the quality of the training programs offered.	Components I and II
80% of workers, many of whom are women, excluded from vocational training programs.	Effective targeting and social marketing, combined with incentives for students.	Components I and III
Lack of regulation of the vocational training system.	Strengthening of the normative and quality control roles of the INFP.	Component III

1. Component I. Demand-driven training

- 2.4 This Component aims to provide vocational training for Program beneficiaries in training centers, both public and non-public.¹¹ While being labor oriented, the training contemplated will be heavily based on the provision of durable basic skills¹² that foster the ability to think through various systems and processes, learn along the way and adapt to changes in technology and production as they arise. To be eligible for Program participation, centers must have initiated the process of accreditation (described under Component III below).
- 2.5 Although the duration of the training will vary depending on the specific content, it will be offered in two successive stages: (i) a classroom period of a minimum of 200 hours delivered in a time-period not to exceed two years; and (ii) a workplace-based internship linked to the subject for which beneficiaries were trained for a period of one to six months. The training providers will be directly responsible for all aspects related to classroom instruction, and identifying and placing Program beneficiaries in internships.
- 2.6 Training will be provided by both public and non-public centers. In the case of non-public providers, the training services will be outsourced on a competitive basis, defraying the entire cost of the training. Payments to the training centers will be contingent upon proof of placement of Program beneficiaries in internships, and bids submitted by training providers interested in participating in the Program must include copies of letters of intent from companies that would receive interns. Furthermore, a significant percentage of their fee will not be paid until the internships are completed. In the case of public providers, these are currently being selected based on an analysis of the demand for specific occupations in different geographical locations. Salaries of civil servants will not be financed. For both public and non-public providers, the resources of the

¹¹ Non-public centers are in Haiti defined as for profit institutions and non-governmental organizations.

¹² For the purposes of this Program, basic skills are defined as those skills which are used in a multiplicity of situations, such as reading, writing, using numbers, analytical thinking, problem solving and team work.

Component will cover costs associated with stipends for beneficiaries, transportation, meals and accident insurance during both the classroom portion and the internship.

- 2.7 It will be the responsibility of the centers to select Program beneficiaries in accordance with pre-established selection criteria. The exact criteria will be defined during the preparation of the Program. Above and beyond targeting young people between 15 and 24 facing problems of labor marginality, the funding decisions will give priority to proposals from training providers explicitly targeting women in non-traditional occupations.¹³ Priority will also be given to courses taught by trainers with relevant experience from the productive sector, and with curricula that address occupational safety and HIV/AIDS as crosscutting issues.

2. Component II. Quality Enhancement

- 2.8 The purpose of this Component is to improve the quality of the vocational training. It will finance the following key quality inputs: (i) training of trainers; (ii) didactic materials based on a modular approach; (iii) cutting-edge equipment and technologies; and (iv) rehabilitation of the infrastructure of centers.
- 2.9 The Component will finance short-term in-service training of teachers from both public and non-public centers that are providing training of beneficiaries through Component I. Two types of interventions are envisioned: (i) the skill upgrading of teaching staff; and (ii) pedagogical training for teachers from the productive sectors who are working for training providers on a course-by-course basis. The agreements for the provision of training services under Component I will contain conditions regarding this training of trainers.
- 2.10 In those vocational areas for which an unsatisfied demand for skilled labor has been identified during the preparation of the proposed Program, financing will be provided for the development of didactic materials. The materials will be distributed to participating centers that offer courses in the respective vocational areas. These materials will be modular in their approach, thus allowing students to enter and exit training programs as their labor or personal conditions permit. The development of the materials will build on existing curricula and texts internationally recognized for their quality and relevance, and adapt them to the peculiarities of the Haitian context without violating copyrights. These materials will be in line with the system for certification of competencies for select occupations, currently in development in collaboration with the business sector. To the extent possible all training materials will be bilingual (French-Creole).
- 2.11 As part of Program preparation, investment priorities are being determined based on the local demands of the labor market and the student-base. These criteria will be weighted by geographical location, giving higher priority to providers outside

¹³ For the purpose of the Program, non-traditional occupations will be defined as occupations with a feminization rate of less than 35% in the 2001 Living Condition Survey.

the capital. This analysis is expected to identify the need for the rehabilitation and/or conversion of a number of centers run by the INFP in different parts of the country. The Component will finance both the rehabilitation of infrastructure, and the acquisition of cutting edge-equipment and technologies, turning these public centers into Centers of Excellence. In order to sustain the investment made, the Centers of Excellence will be required to provide access of non-public training suppliers to the equipment for a nominal fee necessary to cover the maintenance of the equipment. With the counterpart resources, additional Centers of Excellence will be financed, which may include non-public centers.

3. Component III – Governance

- 2.12 The Component aims to strengthen the INFP's role as a regulatory and normative agency. The Component will finance five types of activities: (i) training of INFP staff; (ii) social marketing; (iii) technical assistance; (iv) creation and implementation of an accreditation and certification system; and (v) creation and implementation of a management information system within the INFP.
- 2.13 During the preparation of the proposed Program, an institutional analysis is being carried out, examining all positions and the responsibilities associated with each, as well as those needed to strengthen the INFP's regulatory and normative functions. Based on the outcome of this analysis, the Component will finance the training of staff to assume new responsibilities.
- 2.14 Program resources will be used to finance targeted social marketing campaigns designed to disseminate the Program among public and non-public training providers as well as among the target population. Special emphasis will be placed on the promotion of women in non-traditional occupations.
- 2.15 Given the weak programming capacities of many training providers in Haiti, the Component will provide technical assistance for the elaboration of training proposals to be funded under the Program, including the tailoring of the centers' services to the target population. In the selection of beneficiary centers, priority will be given to the public centers receiving the quality investments outlined in Component II, as well as to non-public providers who have completed their accreditation procedure on a first-come first-serve basis (see below).
- 2.16 To strengthen the quality control capacity of the INFP, a system is being designed and tested during Program preparation for the self-evaluation and accreditation of vocational training centers and courses, and the certification of competencies.¹⁴ These activities will produce the manuals and procedures necessary for the INFP to fulfill its mandate to accredit providers of training and assume the role to certify specific courses. The Component will finance technical assistance to the INFP to strengthen its capacity to prepare centers to undergo processes of auto-evaluation, accreditation and certification.

¹⁴ The professional areas under the responsibility of the Ministry of Health are excluded from this accreditation and certification system of the INFP.

- 2.17 A database software is currently being developed for use by the INFP to monitor basic information on: (i) public and non-public providers, including infrastructure, equipment and teachers; (ii) students, including dropout, repetition and completion rates; and (iii) the INFP's work in the area of supervision and control, including the frequency and results of inspection visits. The Component will finance the installation of the database within the INFP, including basic computer equipment and training for key personnel.

C. Cost and financing

- 2.18 As indicated in Table II-3, the total cost of the proposed Program will be US\$24.5 million, of which the Bank will finance US\$22 million. The remaining US\$2.5 will come from local counterpart, which may tentatively be provided by the European Union.

Table II-3
Project Cost (million US\$)

COMPONENTS	IDB/OC	LOCAL	TOTAL	%
1. Demand-Driven Training	9.0	-	9.0	37
2. Quality Enhancement	9.0	2.5	11.5	47
3. Governance	2.0	-	2.0	8
4. Administration and Evaluation	2.0	-	2.0	8
TOTAL	22.0	2.5	24.5	100

- 2.19 Component I has been dimensioned based on the implementation capacity of training providers identified during the execution of the Private Training Market Initiative. The size of Component II is justified on the grounds of the relatively high cost of equipping the Centers of Excellence with cutting-edge equipment.

III. PROGRAM EXECUTION

A. Borrower, guarantor and executing agency

- 3.1 The borrower will be the Republic of Haiti and the executing agency will be the Ministry of Education, Youth and Sports (MENJS) through its INFP.

B. Program execution and administration

- 3.2 Within the MENJS, the INFP will have the technical responsibility for the execution of the Program. A Project Coordinating Unit (PCU) will be established under the General Management's office in the INFP. The PCU will report directly to the General Manager and be comprised of a national coordinator and three execution teams: (i) a technical operations team in charge of the programming, monitoring and follow-up of the training provided through Component I; (ii) a quality control team responsible for the programming, monitoring, and follow-up of the activities in Component II, as well as for the strengthening of INFP's normative and regulatory functions through Component III; and (iii) an administrative and financial team in charge of the administration, accounting and acquisitions. To ensure inter-institutional coordination and the social auditing of

the Program, a Program Review Committee will be established with, among others, the participation of representatives of the productive sectors, the private and public training centers, and the other ministries operating vocational training centers.

- 3.3 While the Program is nation-wide in its scope, the implementation will be sequenced by geographic area. The implementation will start in four departments – one urban and three rural – and subsequently be extended to cover all nine departments of the country. In each group of departments, the execution will start with the implementation of the social marketing campaign, the provision of technical assistance for the design of course proposals, and the accreditation of centers. The following step will be the provision of training of teachers and beneficiaries through Components I and II.
- 3.4 All other activities of Components II and III – including, the rehabilitation and equipping of the public centers pre-selected during the preparation of the Program, the development and publication of didactic materials, and the training of INFP staff – will be initiated immediately upon Program eligibility.

C. Execution period and disbursement schedule

- 3.5 The proposed Program will have an execution and disbursement period of 48 months, counted from the entry into force of the loan contract. The preliminary disbursement schedule, which is in keeping with the Program's estimated execution capacity, is as follows:

Table IV-1
Preliminary timeline of disbursements (in million US\$)

SOURCES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL
IDB	4.4	6.0	6.0	5.6	22.5
Local	0.1	1.0	1.0	0.4	2.5
TOTAL	<u>4.5</u>	<u>7.0</u>	<u>7.0</u>	<u>6.0</u>	<u>24.5</u>

D. Monitoring and evaluation

- 3.6 **Monitoring.** Throughout the execution of the proposed Program, the PCU will produce semiannual monitoring reports as a basis for annual reviews. The reports will examine the Program's status, looking at such variables as: (i) semiannual targets towards meeting the goals laid out in the logical framework; (ii) number of proposals submitted and awarded, and the basic information associated with each; (iii) the quality of the training offered; (iv) progress made in the institutional strengthening of the INFP; and (v) progress in the accreditation and certification processes.
- 3.7 **Evaluation.** Once 50% of the resources have been committed – or two years have elapsed since the entry into force of the loan contract, whichever occurs first – a mid-term review will be conducted to assess the achievement of benchmarks and the operational scheme of the different components. A final external evaluation of

the Program will be conducted – once 90% of the resources have been disbursed – to evaluate the effects of the training provided. During the preparation of the Program, a quasi-experimental evaluation scheme is being established and piloted, consisting in a mechanism to track student intake, progression through the training programs offered, and absorption into the labor market. Taking advantage of lag-time between the piloting and the launching of the Program, as well as of the sequencing of the execution of the operation in different geographical regions, the first cohorts to be tracked will be considered the “control group,” since they will not have benefited from the program. This same mechanism will be used to track cohorts entering these same but “enhanced” centers; these will be considered the “experimental” groups. Program effects, will be measured by estimating the changes between the two groups. To evaluate the extent to which the Program meets the demands for skilled labor, a survey of employer satisfaction that is being conducted during Program preparation will be repeated in relation to the intermediate and final evaluations.

IV. DEVELOPMENT IMPACT

A. Benefits and beneficiaries

- 4.1 It is anticipated that the proposed operation will reorient the training system away from a supply- to a demand-driven approach incorporating quality and normative controls. This shift is expected to produce a series of positive results, including: (i) stronger regulation and control of the vocational training system, including the establishment of an accreditation and certification system; (ii) improved monitoring of the quality of the services offered by both public and non-public providers; (iii) enhanced quality of the training provided; (iv) improved access to the training system of young people between 15 and 24 facing problems of labor marginality; (v) increased employability of low-income individuals; and (vi) decreased gender-based occupational segregation. As regards the sustainability of these results, it is predicted that the improved quality of the services rendered by the INFP as well as the increased demand for training will lead to higher national budget allocations as well as higher proceeds.

B. Expected results

- 4.2 Human capital development is a key component in any growth strategy. The correlation is direct and positive: higher levels of education and skills lead to higher levels of output and productivity. There are also individual gains, as workers with a good mix of practical skills and conceptual understanding of technology can adjust more easily to different occupations, grow in their careers, and adjust to technological changes. Labor markets also tend to pay higher returns to those with higher levels of education.
- 4.3 In this respect, limited data from the 2001 Survey of Living Conditions indicate that vocational training in Haiti has a positive effect on wages. As part of the Program preparation, the data from the household survey is being complemented

with data from a reversed tracer study to calculate the rates of returns to different types of training relative to non-participation in training programs and academic tracks of study.

C. PTI/SEQ classification

- 4.4 This Program classifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eight Replenishment.¹⁵ Furthermore, this Program qualifies as a Poverty Targeted Investment based on the headcount classification. Well over half the beneficiaries earn less than US\$62 a month, which is the poverty line for Haiti established by the Bank.

D. Environmental and social impact

- 4.5 **Environmental impacts.** As the investment in infrastructure is limited to the rehabilitation of existing constructions, no significant adverse environmental impacts are envisaged. Nevertheless, the operations Manual will require that the investments in infrastructure and equipment are environmentally feasible both during rehabilitation and subsequent utilization.
- 4.6 The Program will also finance activities that will have an indirect positive environmental impact. In the development of didactic materials, the training of teachers, and the accreditation of courses, the following will be emphasized: (i) environmentally sustainable production methods, including energy conservation, and the treatment and disposal of toxic waste in trades such as mechanics and textiles; and (ii) the promotion of occupational health, safety and protection.
- 4.7 **Gender aspects.** The conditions that make pre-employment training effective are the same for women as they are for men: jobs must be available and good linkages must be forged between training institutions and employers to ensure that training is relevant to the productive sector's needs. Yet, even when these conditions have been present, the role of vocational training as a path to employment for women has been limited. The evaluation of three demand-driven training systems, that have been financed by the Bank in Chile, Argentina and Brazil, consistently found that the rates of employment and return to education were lower for women beneficiaries than for men. Against this background, the proposed Program will use a three-pronged strategy to promote women's participation in non-traditional more profitable occupations: (i) special attention will be given to this issue in the social marketing campaign; (ii) the technical assistance given to centers in the elaboration of proposals will place emphasis on the general targeting of women and the identification of internships for them in non-traditional occupations; and (iii) courses for women in non-traditional occupations will be prioritized for financing under Component I.
- 4.8 **HIV/AIDS.** Discrimination based on HIV status is widespread in relation to employment, and some employment situations create conditions of risk for their employees. To address these problems, the Program will introduce into the teacher training elements related to

¹⁵ IDB, *Implementing the Eighth Replenishment Poverty Targeting Mandate*, No. GN-1763-27, Washington, DC, 1995.

the prevention and education on HIV/AIDS. In Component I, priority is also given to courses that address this problem as a crosscutting issues.

V. RISKS

- 5.1 The main challenge to demand-driven vocational training programs that the Bank has financed in the past – including the Private Training Market Initiative in Haiti, *Chile Joven* and *Proyecto Joven* in Argentina – has been the lack of attention to institution building and underinvestment in the preparation of quality training materials and teacher training. Design improvements aimed at strengthening the INFP's regulatory role and enhancing the quality of the training provided by both public and non-public providers, are expected to mitigate this risk.

VI. PROGRAM PREPARATION

- 6.1 The Bank is providing the INFP with support through two Technical Co-operations: Vocational Education and Training and its Linkages to the Labor Market (ATN/CT-8790-HA) and Quality Control Mechanisms in Vocational Training (HA-T1014). The following activities are being developed: (i) a limited reversed tracer study to evaluate the individual returns to vocational education; (ii) institutional analysis of the INFP; (iii) pre-identification and costing for the rehabilitation and equipment of public centers; (iv) elaboration of a model for managing the public centers and sustaining the investments made in heavy infrastructure and equipment; (v) design of mechanisms and procedures for the accreditation of vocational training centers and courses; (vi) design of mechanism and procedures for the certification of job competencies; (vii) testing of the new system of accreditation and certification through a limited pilot initiative; (viii) design of software for a database and management information system; (ix) the establishment of the control group; and (x) inputs to the operation manual.