

YOUTH TRAINING PROGRAM

(TC-95-05-46)

EXECUTIVE SUMMARY

BENEFICIARY: Government of Belize

EXECUTING AGENCY: Youth Start Plan (YSP)

**RECIPIENTS OF
TRAINING:** Youth in Belize

OBJECTIVES: The project objectives are: (i) to implement an efficient labor market brokerage system; and (ii) to evaluate and execute strategies, methodologies, and procedures to help young people enter into productive life, providing them the specialization and skill levels that the private sector demands.

DESCRIPTION: This project represents the first effort in Belize to design, test and implement an efficient labor market brokerage service, that could be replicated within the vocational training system in the country. The project will help to establish within the YSP a labor market brokerage service, to develop a system to ensure better placement of young work force entrants into more competitive wage earning jobs and income generating activities, based on private sector needs. This will include working with training providers to seek out new and innovative youth employment niches, establishing and maintaining a data bank on labor market trends, making the data bank information available to training providers and job seekers, identifying and publicizing re-training needs (those growing directly out of changing labor market demand), and performing tracer studies of former trainees in their jobs and businesses. Eligible workers will receive skills and interest assessment and career and employment counseling, to determine the training, placement or business development support they need. At the same time, the project will facilitate, through specific training, the entry of young people into productive life as employees and by promoting their participation as entrepreneurs in business activities. The project will finance 20 person/months of professional technical advisory services to assist the YSP during the execution of the project and, at the same time, will strengthen the capacity of the YSPL and the training providers.

Executive Summary

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FINANCING:	Modality:	Grant
	Local Counterpart:	US\$200,000
	MIF (Window II):	US\$792,000
	Total:	US\$992,000

IMPLEMENTATION	Period of Execution: 48 months
SCHEDULE:	Period of final disbursement: 48 months except for the Evaluation and Monitoring category, which will be 66 months.

ENVIRONMENTAL CLASSIFICATION:	The Environmental Management Committee, at its meeting of July 23, 1996, classified this as a Category II operation.
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CONDITIONS PRIOR TO FIRST DISBURSEMENT:	As a condition for first disbursement the Beneficiary, through the Ministry of Human Resources, Womens Affairs and Youth Development, will submit to the Bank: (i) evidence that the YSP has been incorporated and registered under the Companies Act of Belize, in the terms agreed with the Bank and its Board of Directors and officers have been appointed; (ii) evidence that the GOB and the YSP have signed a contract, in which the GOB agrees to transfer the grant resources and delegate the execution of the project to the YSP; (iii) evidence that the YSP has contracted the project personnel indicated in paragraph 4.4 and has adequate facilities, equipment and counterpart resources for the execution of the Project; and: (iv) the terms of reference for the study to analyze mechanisms of financial sustainability.
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I. COUNTRY ELIGIBILITY

- 1.1 On February 9, 1995 the Donors Committee declared Belize eligible for all forms of Multilateral Investment Fund (MIF) financing.

II. PROJECT CONTEXT AND BACKGROUND

A. Economic and social background

- 2.1 As a result of stabilization policies adopted by the government, the economic situation improved substantially in the second half of 1995. GDP grew at an unexpected high rate of 3.7 percent compared with 2.2 per cent in 1994. In 1996, GDP grew at 4 percent, benefiting from further production increases in the agricultural sector. In the near term agriculture and tourism remain the most promising sectors for Belize in terms of income and employment generating opportunities. In the medium term there is also potential for expanding the production of non-traditional goods. However, it is unlikely that projected growth rates will be sufficient to absorb the new entrants into the labor market without a significant investment in education and training.

B. The labor market and employment trends

- 2.2 The current population of Belize is estimated at 221,120 with an annual growth rate of 2.6 percent between 1985-1996. The labor force was estimated at 75,450 in 1996, up from 71,495 in 1995. This represents a 5.5 percent increase in the size of the labor force. The age distribution of the population is that of a "young nation" with 64 percent under 25 years of age and 40 percent under 14 years.
- 2.3 Approximately 23 percent of employment is in the primary sector (agriculture, forestry, fishing and mining), 18 percent is in the secondary sector (manufacturing, electricity, water and construction) and 59 percent is in the services sector. In terms of sub-sectors, agriculture is the largest single employer (22.5 percent), followed by the wholesale/retail trades (15.4 percent), manufacturing (9.7 percent), education/health (9.2 percent), public administration (7.9 percent) and transport (6.2 percent).
- 2.4 In 1994 the unemployment rate stood at 13 percent of the labor force compared to less than 10 percent in 1993. The increase was due largely to a slowdown in the economy precipitated by the growth of the fiscal deficit. However, among young workers (those in the 14-25 age group) the situation is more serious with an unemployment

rate of 24.3 percent. ^{1/} As the population gets older the employment conditions improves somewhat with a 9.3 percent rate recorded among the 25-29 age group. However, young women are particularly vulnerable with the unemployment rate for the female 14-19 age group estimated at 35.7 percent.

- 2.5 The unemployment rate in early 1995 was estimated to have fallen slightly to 12 percent but remains high especially in urban areas. However, unemployment figures for 1996 are expected to rise to approximately 14 percent somewhat reflecting a large reduction in public sector employment late in 1995. The conditions of youth unemployment remain serious and create both economic and social problems.

C. Problems facing the private sector regarding the labor market.

1. Untrained labor force

- 2.6 One of the main problem of operation and production facing belizean companies is lack of skilled labor. At least 72 percent of the employed labour force had not received training for any occupation. ^{2/}

- 2.7 The educational and attitude profile of the labor force is poor and a significant share of workers lack the discipline of the workplace and important workplace skills such as the ability to gather information, communicate effectively, analyze problems and plan and organize work. Further, employers commonly view workers as having insufficiently developed analytical capability and lacking in motivation and positive work ethic. The employers believe that the formal education system in Belize is doing little to prepare people to be productive upon entering the work force.

2. Unmet private sector demand for skilled labor.

- 2.8 A comprehensive labor market diagnostic study was undertaken to provide input for this project design. ^{3/} The study concluded that the current economic environment of modest growth has dampened demand for labor, especially unskilled labor. In addition the study indicated that modest increases in demand for labor are projected for light manufacturing, especially food processing, furniture making and handicraft production, and in the service sectors, especially trade, tourism and security services. Some

1/ 1994 Labour Force Survey Report, Central Statistic Office, Ministry of Finance, Belmopan, Belize.

2/ 1994 Labour Force Survey Report, Central Statistical Office, Ministry of Finance, Belmopan, Belize.

3/ Labor Market Diagnostic Study, January 8, 1996, Lorraine Blank (Consultant for IDB).

sub-sectors in agriculture, including shrimp farming and citrus continue to be major contributor to employment. However, the report concluded that the industries can absorb only a limited amount of semi-skilled labor. In all sectors and industries the most significant gaps are at the skilled level; i.e., craftsmen, artisans and technicians. There are serious shortages of skilled mechanics, machinists, electricians, plumbers, carpenters and maintenance personnel.

D. Assessment of the vocational training system

- 2.9 The vocational education and training system in Belize is weak and unresponsive to labor market conditions. It is characterized by a large number of agencies operating without an effective means of coordination. There is little information about the effectiveness of training programs, their responsiveness to labor market demand or the cost effectiveness of various training approaches. ^{4/} In the absence of adequate labor market information and industry linkages training programs remain supply driven and tend to produce students ill prepared for existing labor market conditions. Further, training is frequently conducted on outmoded equipment and not relevant to current technical requirements of industry.
- 2.10 The system lacks training standards and enforcement systems. Programs are not monitored systematically and there is no accrediting authority for programs in the non-formal system. Although many teachers lack sufficient training, the vocational teacher training program recently implemented at Belize Technical College (BTC) should help to alleviate this problem. Most programs have only limited on-the-job training components and industrial linkages are not well developed. In the absence of adequate follow up information on trainees it is impossible to determine training effectiveness.
- 2.11 For the most part training provided by, Non Governmental Organizations (NGO) teach skills more relevant for self-employment than for wage employment. For example, agriculture programs tend to emphasize crop management techniques for owner-operated small farms as opposed to training relevant to commercial operations.

1. The Training Providers

- 2.12 The existing training organizations may be grouped broadly into two tiers. The first consists of those with relatively strong institutional capacity and solid, formal training credentials. Examples are the Belize Institute of Management (BIM), the Center

^{4/} Preliminary data shows that the cost per student in the technical high schools is approximately US\$750 and for the CET the cost per student is US\$1,250.

for Employment and Training (CET) and the Belize Technical College (BTC).

- 2.13 BIM is a completely private entity specializing in business management short courses. CET is a state supported training center and has a permanent staff of trainers, administrative staff and a reasonable workshop facilities. BTC is a public sector tertiary educational institution offering advanced skills associate training degree in a wide range of fields. These institutions appear to be perfectly capable of responding to project needs.
- 2.14 The second tier are a group of non-governmental institutions (NGOs) that, in general, are less well developed institutionally, and which have directed their pre-determined (supply driven) types of training to specific small groups of youth. Examples are the Belize Enterprise for Sustainable Technology (BEST), Youth Enhancement Services (YES), the Young Women's Christian Association (YWCA), Junior Achievement (JA) and 4-H. If carefully selected, and supported with technical assistance and employment and entrepreneurial information, they can be a major asset to the youth training investments (see Annex I for a description of the training providers).
- 2.15 The range of training provider capacity results in alarming variation in training quality - a situation that is exacerbated by the virtual absence of training standards, and occupational competency requirements and on-the-job training programs. There is no formalized contact between training providers and the private employers on training needs, nor is there a system of analyzing the employment market and relating the results of such analysis to the design of training programs. Consequently the skills preparation courses which do exist are supply driven-dependent on the preferences of particular training providers.
- 2.16 Finally, other than the incipient effort being made by the YEU of the Ministry of Human Resources, Belize has no mechanism to link job seekers to training programs and employment opportunities. To the extent that such matches do take place, they are a function of personal networks and individual initiative.

2. Training in the Private Sector

- 2.17 In Belize, most occupation-specific skills training occurs on-the-job. Most of the employers contacted during the study indicated that they provide on-job-training of some type for almost all for entry level workers. Many employers, especially the larger firms, also provide training for staff who need upgrading to function as skilled craftsmen, technicians, or managers.
- 2.18 Training is provided in different ways. In-house training programs are organized by the larger firms while smaller firms provide informal apprenticeships. Employers also sponsor employees for study at local and overseas training institutions. Several firms

reported that they relied on training videos. Closer supervision of poorly trained workers represents an indirect investment in training.

- 2.19 Cost estimates for on-the-job training are difficult to provide at this point. However, based on interviews conducted as part of the Labor Market Diagnostic Study, it is clear that the investment in on-the-job training is significant. Among the five firms that were able to provide estimates, annual training budgets averaged BZ\$230,000 ranging from a low of BZ\$50,000 to a high of BZ\$500,000.
- 2.20 To meet the need for training for the tourist sector, the Belize Tourist Board (BTB) and the Belize Tourist Industry Association (BTIA) provide training in all aspects of the hospitality industry. Over 400 persons received training provided organized by BTIA and BTB and funded by the USAID Tourism Management Project. As of 1995, training for the industry will be funded through the hotel tax. One half of one percent of the 6 percent hotel tax, or approximately BZ\$2 million, will go to the BTB to support training. Training will be provided at the request of industry in individual establishments and through seminars and short-courses.

E. The Belize Youth Start Plan

- 2.21 The YSP is a Government initiative begun in June 1995 to help young women and men develop the skills and attitudes needed to succeed as employees in the labor market or to become successful entrepreneurs. The mandate of the YSP is to provide a coordinated national and local system of technical and financial support provided by private sector, government and non-government agencies to young entrepreneurs. This includes ensuring effective linkages among the existing systems of training, finance, business and marketing, and development further capacity. Implementing the YSP is the responsibility of the Ministry of Human Resources, Women's Affairs and Youth Development. The Ministry established a new Youth Enterprise Unit (YEU) in Belize City to carry out the YSP. Its annual budget is about BZ\$100,000 (US\$50,000).
- 2.22 The YSP and the YEU are guided by the Youth Enterprise Advisory Council, chaired by the Minister of Human Resources. Of the Council's dozen members, seven are from the private sector. The Council has several approval and authorizing functions along with its advisory duties.
- 2.23 As its first task the YEU launched several small pilot training projects for unemployed youth. In July 1995 requests for proposals were sent to 18 training institutions elicited eight proposals. Five organizations were selected and began pilot projects before

the end of 1995 training a total of 90 students. ^{5/} Since that time the YEU has been using its limited resources and staff to provide training support and employment guidance to a small group of youth, and has requested assistance from the Bank in order to expand its activities. During project analysis, agreement was reached to convert the YEU into a non profit company, under the Company Act Of Belize, entitled YSP, with private sector majority representation on the Board of Directors.

F. Justification of the Operation

- 2.24 To achieve economic growth, firms and workers in Belize will need to produce higher-value output, which will require workers with higher levels of technical skills. The provision of vocational technical training for employment needs careful planning to ensure that it is relevant to evolving labor market conditions, that responds to the needs of the private sector and is self sustainable in the long run.
- 2.25 The Bank's support will make it possible to establish a mechanism to match the private sector needs for skilled workers to the training system. This is the first effort in Belize to design, test and implement an efficient labor market brokerage service, that could be replicated within the vocational training system.
- 2.26 In addition, the project will focus on provisions of skills training at different levels in specific niches areas, that respond to the demand of the private sector. Training will be provided by different training institutions to meet the requirements of different industrial sectors for trained labor. Technical assistance will be available to training providers previously selected, to improve their performance.
- 2.27 At the same time, the project will assist the Government to convert the Youth Start Plan (YSP), now a public sector institution into a quasi public organization, in which the private sector will play a key role in the operation's overall success. The private sector will be an influential force in project operations and will occupy a majority of seats on the YSP including the Chair.

^{5/} The Young Women's Christian Association (YWCA), the Center for Employment Training (CET), Youth Enhancement Services (YES), the Belize Enterprise for Sustainable Technology (BEST) and Junior Achievement (JA) operate these projects.

III. THE PROJECT

A. Objective

- 3.1 The project objectives are: (i) to implement an efficient labor market brokerage system; (ii) to evaluate and execute strategies, methodologies, and procedures to help young people enter into productive life, providing them the specialization and skill levels that the private sector demands.

B. Project Achievements

- 3.2 This will be realized by providing institutional support to a newly-created organization (Youth Start Plan) and establish it as a viable entity, the following achievement are anticipated after a four-year period: (i) established one self-sustaining mechanism for demand-driven skills training which matches skills/job seekers to training programs and income earning opportunities. This will increase the coordination between training providers; (ii) trained 400 persons in pre-employment wage earning skill areas, (at least 75 percent of trainees employed immediately after training) (iii) trained 100 persons in small/micro-enterprise self-employment fields (at least 50 percent of the trainees would have established an enterprise); (iii) strengthened a minimum of four intermediary training providers in their ability to carry out market driven skills training; and (iv) have a minimum of 60 private firms and/or individuals entrepreneurs participating in the program as employers, mentors, financial intermediaries and contributors to demand-driven skills training (See Annex II).

C. Project Components

- 3.3 The project has two components: labor market brokerage service and youth training.

1. Labor Market Brokerage Service

- 3.4 The purpose of this component will be to develop a system to ensure better placement of young work force entrants into more competitive wage earnings jobs and income generating schemes. This will include working with training providers to seek out new and innovative youth employment niches, establishing and maintaining a data bank on labor market trends, making the data bank information available to training providers and job seekers, identifying and publicizing re-training needs (those growing directly out of changing labor market demand), and performing tracer studies of former trainees in their jobs and businesses. Eligible workers will receive skills and interest assessment and career and employment counseling, to determine the training, placement or business development support they need.

- 3.5 In addition, this component will assist in the initiation of a skills certification process, in four priority areas, as a pilot case. The formulation of the certification packages will feature close interaction with the private sector employers. A panel will be organized with entrepreneurs-practitioners of the selected skill areas to determine the competencies required for productive job execution. Subsequently, certification test will be develop and administered to participants in project financed skills training courses. All skills training course participants will have the opportunity to take the certification tests. Results will be available, upon demand, to employers to assist them in selecting job candidates. Participants will be charged a fee for the exam, and these will be applied to off-set the YSP operating cost.

2. Youth training

- 3.6 The objective is to facilitate the entry of young people into productive life as employees or as entrepreneurs.
- 3.7 The component will include the following activities: (i) award training contracts to training providers who can best satisfy market-driven skill requirements; (ii) monitor and evaluate execution of the sub-contracts; this includes providers' performance at placing trainees in jobs; and (iii) provide administrative, financial management and other technical assistance to training providers.
- 3.8 The training providers will be selected on the basis of criteria agreed upon between the Youth Start Plan and the Bank for each training episode, and in accordance with the Bank's norms for the contracting of services, as well as MIF eligibility criteria for sourcing of services. It is anticipated that the courses will last between four and six months 6/, average 40 students and cost US\$18,000. Approximately 12 such contracts will be awarded during the four year project. The technical assistance to training providers will focus on improving the academic preparation of trainees, and support the institutions in areas such as curriculum and materials development, and on the on-the-job training programs.
- 3.9 The Labor Market Diagnostic Study gives an indication of the priority areas for skills training, such as light manufacturing, especially furniture making, handicraft production and food processing. In the service sectors, especially, tourism, trade and security services. Project provided training will focus on unemployed youth but will also include employed youth in critical occupations, like machine mechanists, electricians, plumbers and other maintenance personnel, who can be upgraded to the skilled craftsman level. However, the stronger links to demand will be

6/A period of four to six months is considered adequate to provide the students the required skills level.

achieved through tying training to placement and through establishing on-going agreements with expanding sectors to place trainees.

- 3.10 In addition, as part of this component there will be limited resources (US\$45,000) for entrepreneurial training. A strict selection criteria will be used to select the participants; preference will be given to youth Belizean between 18 and 29 years old. To attend a course in entrepreneurial training a participant must have successfully completed a course in basic training and be evaluated on the basis of his/her experiences as having an aptitude for business.
- 3.11 The main activities will include information workshops and student evaluation (individual assessments) basic business education, business planning/feasibility assessments, time management, principles of management, fundamental of marketing and business law.
- 3.12 The entrepreneur component will include training in the particular "technical" field (e.g., electrical appliance repair, furniture making, boat building) with business management study (e.g., market, planning, inventory, cash flow, customer service orientation, finance and business law). It is anticipated that the curricula will be competency-based, and will consist of both classroom and practical application work including a period of mentorship with a successful Belizean entrepreneur. An effort will also be made to link self-employment graduates with local sources of credit. The majority of youth who participate in self/employment stream will require occupation specific skills training.
- 3.13 The YSP will act as a matcher and integrator of new or innovative small enterprise niches with would-be entrepreneurs and credit sources. This will require staying fully up to date through unceasing contacts with the private sector, keeping in constant touch with credit suppliers and their terms and conditions, and working daily with potential youth entrepreneurs, especially those who are being trained under youth training programs.

D. Target Group

- 3.14 The target group of this project are un- and under-employed Belizean youths (16 to 29 years of age), comprised of approximately 5,000 people from which the project's participants will be drawn. It is the segment of the work force most adversely affected by current labor market difficulties. A strict selection criteria will be applied to the beneficiary population, which will include the completion of 9 grade of secondary education.

E. Training Areas

- 3.15 The training carried out under this project will be demand driven and will respond to the exigencies of the market. Project related activities (e.g., analysis of periodic labor market surveys conducted by the Ministry of Labor and a series of regular data gathering exercises-- needs assessments, panels with employer groups (in tourism, agricultural, manufacturing), and seminars with training providers and government policy makers-- will provide a continuous stream of information on labor market requirements. This data will serve as the basis for the design of training programs to prepare the labor force for productive employment and income generating opportunities.
- 3.16 Initial work to identify market trends and employment niches has been carried out. 7/ The research identified a current unmet demand for mechanics and machine operators in a number of fields (agro-industry, garment manufacturing, transportation and communications) and at different skills levels. There is a need for skilled workers in construction, a requirement for refrigeration technicians, kitchen personnel and guides in the tourism industry. These identified skill gaps can be used by the YSP to identify the initial set of training areas financed by the project. The results of the analysis will be updated, expanded and cross-checked by the employment niche identification mechanisms noted above. The task of constant measuring of labor market demand and matching this demand to training initiatives will be carried out by the YSP. The YSP will work in a restricted number of skills areas and will avoid possible duplication with other efforts in Belize, specially in the tourism sector.

F. Selection of courses and training providers

- 3.17 Before the YSP sponsors a training course it will first conduct a labor market/small business niche analysis to determine the type of training needed and the provider best able to conduct the training course and place the students. Contracting for training providers will be done competitively through a process of sealed bids submitted in response to requests for proposals in accordance with the IDB's standard procedures for the selection and contracting of professional services, and the MIF sourcing eligibility criteria.
- 3.18 Selecting the best training provider will be critical to success in each case. Likely evaluation criteria include: (i) relevant training experience and track record; (ii) efficiency and cost effectiveness; (iii) methodology and curriculum proposed; (iv) adequacy of current management systems, particularly participant tracking systems; (v) cost recovery and trainee participation; and (vii) job placement rates.

7/ Labor Market Diagnostic Study, January 8, 1996, Lorrain Blank (Consultant for IDB).

G. The Private Sector Participation

- 3.19 The Belizean private sector is a key element of the project and will play a variety of roles critical to the operation's overall success. Private entrepreneurs will occupy a majority of seats on the YSP including the chair. Accordingly, and in keeping with the demand-driven nature of this investment, the private sector will be an influential force behind project operations assuring that the "perspective of the marketplace" conditions the YSP's approach vocational training and job matching.
- 3.20 Private enterprise, will also help identify, via participation on the periodic sectoral panels, the technical disciplines in which project financed training will take place. The private sector will also be a source of training through the project sponsored apprenticeship, on-the-job training and mentorships and will absorb those trained under the project. Private investors will be a source of financial support to the project contributing, in cash and in-kind, to the YSP self-sufficiency. 8/ Finally, private enterprise will participate directly in the formation of standards and certification requirements for four technical training curriculums developed under the project.

H. Costs and Financing

- 3.21 The total cost of the operation has been estimated at the equivalent of US\$992,000. Of this sum the MIF contribution would amount to US\$792,000 on a nonreimbursable basis. The local contribution will be the equivalent of US\$200,000. Annex III gives the estimated detailed budget.

COSTS
(in US\$)

COMPONENTS	MIF	COUNTERPART	TOTAL
1. Individual Consultants	160,200		160,200
2. Youth Training Activities	350,400		350,400
3. Operating Cost	217,300	188,000	405,300
4. Evaluation and Monitoring	20,000	12,000	32,000
5. Contingencies	44,100		44,100
TOTAL	792,000	200,000	992,000

8/ A financial sustainability study is proposed in this program.

I. Financial Sustainability

- 3.22 Since the creation of the YEU in mid 1995, the Government has been the principal financial benefactor. During the 1995/1996 budget year the Government allocated US\$108,000 for the MHR's Department of Youth Development. The portion of this budget dedicated to YEU activities is approximately US\$50,000. In addition, the YEU had received US\$60,000 in International Donor assistance (US\$35,000 grant from the Organization of American States, office equipment valued at US\$10,000 from USAID and the maintenance cost of two U.S. Peace Corps Volunteers) and a US\$13,000 contribution from the private sector.
- 3.23 From the outset it is imperative that the YSP devise a sound financial strategy which will result in financial self-sustainability before the end of the IDB/MIF project, with specific mechanisms for cost recovery. With this in mind, the project will finance a study to analyze mechanism of financial sustainability and recommend viable options for self sustainable financing. Illustrative options include sales of products and services related to counseling and training, develop a fund raising plan to obtain contribution from the Belizean and foreign private business, registration and subscriptions fee, etc. The study will be made during the first three months of the project and will propose strategies most likely to succeed in the Belize setting. It will be submitted to the Bank for approval.
- 3.24 After MIF funding ceases, the YSP will have to raise approximately US\$150,000 per year to sustain its operations, from the following sources: (i) US\$50,000 from government; (ii) ten percent earnings on a dollar denominated trust fund established early in the project. The fund's earnings will be small at first, rising to about US\$50,000/year after the first decade; (iii) annual membership subscriptions from local firms and fund raising activities estimated at US\$10,000 annually; (iv) grants for training scholarships from international donors such as the EC, UN agencies, Organization of American States (OAS), and NGOs. Start-up efforts should result in annual grants of US\$50,000 during the initial years.

IV. PROJECT EXECUTION

A. The Executing Agency

- 4.1 The Executing Agency will be the Youth Start Plan, a quasi-public organization which will take over the functions of the YEU currently operating within the Ministry of Human Resources, Womens Affairs and Youth Development. The YSP will be governed by a Board of Directors whose members will be drawn from private, public and NGO sectors in Belize. The Memorandum of Association and Articles of Association (the legal basis for the YSP) will be approved by both the Government and Bank, and the YSP will be incorporated

(registered) as a non-profit company under the laws of Belize, as a condition prior to first disbursement. The YSP will receive a base level of financial support from the GOB, will be empowered to seek donations from individuals, firms, foundations or international donors, may charge fees for services rendered and will be subject to regular independent audits.

1. The Board of Directors

- 4.2 The YSP will be governed by a Board of Directors exercising fiduciary responsibility for the organization and subject to the normal liability arising from that responsibility. The members of the Board of Directors will be: five private sector representatives from the Belize Chamber of Commerce and Industry, the agricultural, banking and commercial sectors, and the Belize Tourism Industry Association, and one representative from a NGO and three Government representatives (Ministry of Human Resources, Women Affairs and Youth Development, Ministry of Education and Ministry of Economic Development).
- 4.3 The Board of Directors would be formed and would select a Managing Director, Chairman, Vice Chairman and Treasurer as a condition precedent to first disbursement. It is the intention that the Chairman would be drawn from the private sector. The Board's basic functions would include establishing policies and ensuring the proper functioning of the organization.

2. Project Personnel

- 4.4 The YSP staff will be comprised of: the Managing Director, who will act as Project Director, Training Specialist/Placement Officer, a Program Officer/Fund Raiser, a Financial Specialist, and an Administrative Assistant. The terms of reference for these personnel have to be approved by the Bank.
- 4.5 The Project Director will be responsible for the operation of the YSP and for all aspects of YSP financial management. He or she must be able to build strong relationship throughout the Belizean private and public sectors. The Training Specialist/Placement Officer, will be responsible to match job seekers to jobs, trainees to training programs and monitor the progress of graduates in their jobs and enterprises. The Program Officer/Fund Raiser will do the long-term strategic planning, develop and manage the fund raising plan and prepare proposals for donor funding. The Financial Specialist will assist the Project Director in the financial management of the YSP and prepare all the necessary documentation for the disbursement of the MIF contribution. The Administrative Assistant will be responsible for the computer system and miscellaneous administrative tasks.

3. Technical assistance

- 4.6 The project will finance 20 person/months of professional technical advisory services to assist the YSP during the execution of the project and, at the same time, will strengthen the capacity of the YSP and the training providers. This includes a Principal Advisor (7 months); a Controller (3 months); a Fund Raiser (2 months); a Curriculum Development Specialist (4 months); and a Skills Certification Specialist (4 months). These advisors will work on all components of the project in collaboration with the staff of YSP to assure the transfer of experience and knowledge

B. Procurement and Disbursements

- 4.7 The awarding of contracts for goods and services for the project and the disbursement of funds will be done in accordance with the Bank's technical-cooperation contracting, procurement and disbursement procedures, and the MIF sourcing eligibility criteria.

C. Conditions Prior to the First Disbursement

- 4.8 As a conditions for the first disbursement the Ministry of Human Resources will submit to the Bank: (i) evidence that the YSP has been incorporated and registered under the Companies Act of Belize, in the terms agreed with the Bank, and that its Board of Directors and officers (Managing Director, Chairman, Vice Chairman and Treasurer) have been appointed; (ii) evidence that the GOB and the YSP have signed a contract, in which the GOB agrees to transfer the grant resources and delegate the execution of the project to the YSP; (iii) evidence that the YSP has contracted the project personnel indicated in paragraph 4.4, and has adequate facilities, equipment and counterpart resources to execute the Project; and (iv) the terms of reference for the study to analyze mechanisms of financial sustainability.
- 4.9 Once the conditions prior to the first disbursement have been met, at the YSP request, it is recommended that the equivalent of 10 percent of the MIF contribution be advanced to assist the organization in carrying out project activities in the first 120 days. The funds will be deposited in a special Technical Unit account for the project.

V. VIABILITY AND RISKS

- 5.1 There are two major risks for the project. The first risks relates to the **institutional capacity** of the YSP to match labor market skill needs with training providers and unemployed youth. This risk is being reduced by the project financed technical assistance (long-term and short-term) will transfer to the YSP's staff the managerial and technical skills to function effectively as a "market place--skills training" intermediary. Institutional capacity will be deepened and broadened through the recruitment of

a limited number of qualified professionals. Project financed commodities and staff training will enhance overall productivity.

- 5.2 The second risk relates to the **financial self-sufficiency** of the program. A number of factors have been built into the design of the project to deal with this constraint. First, the project will finance a study to analyze mechanisms of financial sustainability and recommend viable options for self sustainable financing. Second, a project financed professional fund raiser will be engaged early in project implementation to help formulate a blueprint for long-term financial independence. Third, the GOB has agreed to maintain a base level of funding for the YSP of US\$50,000 per year.

VI. COMPLIANCE WITH PROJECT ELIGIBILITY CRITERIA

- 6.1 **General Criteria for Project Eligibility.** The proposed project is consistent with the general purpose of the MIF approved in the Agreement Establishing the MIF, especially to implement development strategies based on sound economic policies which encourage increased private investment and an expanding private sector, as those policies will increase employment opportunities and foster small business and microenterprises.
- 6.2 **Facility Criteria for Project Eligibility.** The project is also fully compatible with the financing criteria of the Human Resources Facility (II), one purpose of which is to provide grant funding to develop the human resource base needed by the private sector.

VII. CONSISTENCY WITH THE BANK'S COUNTRY PROGRAM

- 7.1 One of the key elements of the Bank's country program for Belize is to help the government to increase the competitiveness, productivity and mobility of the labor force. A narrow human capital base, both in terms of absolute numbers and range of skills, constraints the country's ability to respond to trade diversification efforts and increased international competitiveness. To increase exports and initiate a sound diversification process in a highly competitive international environment will require qualified labor and management skills, which may contribute directly or indirectly to the export sector. There is a growing need to provide technical vocational training relevant to changing labor market conditions.
- 7.2 The program is fully compatible with the Bank's country strategy (CPP, July 1993) of supporting programs to improve labor productivity through investment in human capital in the form of a vocational and technical education for increased export competitiveness as well as to promote the participation of the private sector organizations as providers of training. The priority

of this program was confirmed during the last Programming Mission (October 1995).

VIII. AVAILABILITY OF MIF RESOURCES

- 8.1 **Funding Modality.** The project will be financed by a MIF grant as Belize was declared eligible for all modalities of financing under the MIF by the Donors Committee on February 9, 1995.
- 8.2 **Allocation of MIF Resources.** No restriction applies to the allocation of MIF resources for Belize or to this project.

IX. MONITORING AND EVALUATION

- 9.1 Consultants will be hired to conduct a mid-term evaluation upon conclusion of the first 24 months of program execution, another evaluation at the end of the program and a final evaluation one year after completion of the program. The Bank will hire the consultants to perform the evaluation in accordance with term of reference approved by the Project Team.
- 9.2 The information system, which will be designed under the job placement component will describe in detail the indicators to measure the progress, results, and impact considered necessary for the control, supervision, monitoring and evaluation of the operation. The system must be implemented during the first six months of the project.
- 9.3 The evaluation process will include, among others, the following information: (i) the project impact on the labor market, taking as indicator the number of persons placed in salaried employment or self-employment; (ii) the degree of participation of the private sector; (iii) the cost-effectiveness of the programs; and (iv) the development of the training providers that received institutional strengthening. See Annex II for evaluation benchmarks.
- 9.4 The project's performance will be evaluated in the annual reviews and agreements will be reached on the adjustments required to ensure from year-to-year, that the project objectives are being met. The YSP and the project team members will participate in these evaluations. The issues to be examined are: (i) the progress achieved which respect to each component in the preceding year; (ii) the annual works plans, specific progress reports, the budgetary, MIF, and local counterpart financing requirements for the following year; and (iii) the efficiency of project administration and coordination and the necessary adjustments to be introduced to the schedule of expected results.

THE TRAINING PROVIDERS

- 1 The existing training organizations may be grouped broadly into two tiers. The first consists of those with relatively strong institutional capacity and solid, formal training credentials. Examples are the Center for Employment and Training (CET), Belize Technical College (BTC), and the Belize Institute of Management (BIM).
 - a. CET, a state supported training center has a permanent staff of trainers and administrative support staff and reasonable workshop facilities. Its enrollment averages 200 students for a training program that lasts approximately nine months. It offers training in a variety of skill areas (e.g. carpentry, auto mechanics, plumbing, radio and T.V. repair). Its yearly budget is approximately US\$ 250,000 and the cost per student/per course is about US\$1,350. It has instituted a fee for services initiative but is currently recovering around 10 per cent of training costs from student tuition. The balance of its resources come from government subsidies, contracts (two) with public vocational secondary schools and private donations.
 - b. BTC is a public sector tertiary educational institution offering advanced skills associate training degree in a wide range of fields. Enrollment for this two year community college equivalent program is slightly more than 500 students. The college has a permanent cadre of qualified teaching and administrative staff including a Director with a Ph.D. in Industrial Education from a U.S. university. The BTC's annual budget is less than US\$550,000 and the yearly cost per student is about US\$1,100. As noted above, most of the financing is furnished by the Belizean government, although some of the costs (minimal amounts) are recuperated through student fees.
 - c. BIM is a completely private entity specializing in business management short courses. It operates with a skeletal staff and hires contract employees (instructors) on an as needed basis to teach its course offerings. It is self-sufficient (consulting services compliment its training portfolio) and has been the recipient to substantial international donor support.
- 2 Considering only the training dimension, Tier I institutions appear to be perfectly capable of responding to project needs. However, with respect to knowledge of the employment market and effectiveness in placing graduates in jobs, it is likely that these providers will need some assistance from the central project implementing entity.
- 3 On a second tier are a group of non-governmental institutions (NGOs) that, in general, are less well developed institutionally, and which have directed their pre-determined (supply driven) types of training to specific small groups of youth. Examples are the Belize Enterprise for Sustainable Technology (BEST), Youth Enhancement Services (YES), the Young Women's Christian Association

(YWCA), Junior Achievement (JA) and 4-H. Certain of these providers are highly motivated and flexible, but in general, they lack the resources and institutional depth of the Tier I institutions. If carefully selected, and supported with technical assistance and employment and entrepreneurial information, they can be a major asset to the youth training investments.

- a. BEST's objective is to develop community-based enterprises and microenterprise credit programs. The training activities it undertakes (viz. short courses in agriculture, agro-processing, career development skills) are an adjunct to its microbusiness lending program. BEST has a small permanent staff (6-7 people) of administrators and credit agents. Its trainers are hired on a short-term, as needed, basis. BEST's cadre of borrowers trainees is normally around 30 individuals. It is attempting to meet its operating costs through profit margins in its lending program as a complement to injections of international donor funding.
- b. YES. With a reduced staff consisting of an administrator/counselor, one social worker, a Peace Corps Volunteer and 2 instructors and 2-3 local volunteers operates a two-year program for out-of-school girls between the ages of 13 and 18. Training is provided in social services, along with remedial instruction in basic academic subjects. Enrollment ranges between 25-30 students and the annual budget is about US\$40,000. Participants are required to contribute US\$10/month but there are waivers of fees for students who cannot afford to pay. Most of the budget is underwritten through local contributions. YES has recently instituted a 3-week internship program with Belize City hotels.
- c. YWCA provides life skills, remedial education and training (cosmetology, sewing and catering) for teenage girls. Students considering starting a business receive business plan formulation guidance and opportunities to establish a clientele. The nine month program is limited to about 40 girls. The staff consists of a director/administrator, one program coordinator, counselor, one Peace Corps Volunteer and 4-6 part-time most of which is garnered from local contributions and the YWCA International. Students are asked to pay US\$5 registration fee plus a US\$10 monthly charge. However, as with YES, fees are waived if trainees cannot afford the cost.
- d. JA has been active in Belize since 1989. It provides education in practical economic and opened business training. Organizationally JA is a "whole sailing" its program -i.e., it maintains a minimal administrative staff and operates through the public school system and a few local NGO's. Since its inception, it has been able to reach about 300 youths (an average of about 50 students per year). All of its funding comes from local donations.

Proposed year-by-year Benchmarks

Belize Youth Training (TC-9505465)					
OUTPUTS ¹	YEAR 1	YEAR 2	YEAR 3	YEAR 4	TOTAL
1. Number of youth trained	125	125	125	125	500
2. Number of strengthened training providers	1	1	1	1	4
3. Skill Certification Exercises		2	2		4
4. Curriculum Development Exercises		2	2		4
5. Number of participating private sector entities ²	15	15	15	15	60

^{1/} A mechanism for demand-driven skills training will be accomplished at the end of the program.

^{2/} Private firms participating as mentors, employers or financial supporters.

PROPOSED RESOLUTION

BELIZE. NONREIMBURSABLE TECHNICAL COOPERATION FOR A
YOUTH TRAINING PROGRAM

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Belize and to take such additional measures as may be pertinent for the execution of the project memorandum referred to in Document MIF/AT- with respect to a technical cooperation program for youth training.

2. That up to the amount of US\$792,000, or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the resources of the Human Resources Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

YOUTH TRAINING PROGRAM
ESTIMATED PROJECT BUDGET (In US\$)

TOTAL	\$992,000	
MIF	792,000	80%
GOBL	200,000	20%

	Year 1	Year 2	Year 3	Year 4	Total	MIF	GOBL
1. INDIVIDUAL CONSULTANTS FOR THE PROJECT	107,220	27,340	12,820	12,820	160,200	160,200	
1.1 Fees	74,000	18,500	8,000	8,000	108,500	108,500	
Principal Advisor: 7 months at \$8,000/month a/	24,000	16,000	8,000	8,000	56,000	52,500	
Controller, 3 months at US\$2,500	7,500	0	0	0	7,500	7,500	
Fund Raiser 2 months at US\$2,500	2,500	2,500	0	0	5,000	5,000	
Financial Sustainability Consultant	8,000	0	0	0	8,000	8,000	
Curriculum And Skills Certific.Specialist, 4 months at US\$8,000	32,000	0	0	0	32,000	32,000	
1.2 Tickets	2,400	800	800	800	4,800	4,800	
Principal Advisor, US\$800 per trip	800	800	800	800	3,200	3,200	
Financial Sustainability Consultant	800				800	800	
Curriculum and Skills Certific Specialist	800				800	800	
1.3 Per Diem	30,820	8,040	4,020	4,020	46,900	46,900	
Principal Advisor 7 months US\$134 per day	12,060	8,040	4,020	4,020	28,140	28,140	
Financial Sustainability 1 month US\$134 per day	2,680	0	0	0	2,680	2,680	
Curriculum and Skills Certificate Specialist 4 months US\$134 per day	16,080	0	0	0	16,080	16,080	
2. YOUTH TRAINING ACTIVITIES	69,600	87,600	105,600	87,600	350,400	350,400	
2.1 Training contracts, 12 at \$18,000 each	36,000	54,000	72,000	54,000	216,000	216,000	
2.2 Assistance to 4 Providers of Training	11,100	11,100	11,100	11,100	44,400	44,400	
2.3 Skills Certification Excercise	10,000	10,000	10,000	10,000	40,000	40,000	
2.4 Curriculum Development Excercise	12,500	12,500	12,500	12,500	50,000	50,000	
3 EXECUTION UNIT COSTS	102,280	106,900	97,080	99,080	405,300	217,300	188,000
3.1 Salaries	68,400	68,400	68,400	68,400	273,600	205,600	68,000
3.1.1 Project Director US\$1200/month	14,400	14,400	14,400	14,400	57,600	57,600	
3.1.2 Training Specialist US\$1000/month	12,000	12,000	12,000	12,000	48,000	48,000	
3.1.3 Program Officer/Fund Raiser US\$1000/month	12,000	12,000	12,000	12,000	48,000	48,000	
3.1.4 Controller US\$1000/month	12,000	12,000	12,000	12,000	48,000	48,000	
3.1.5 Placement Officer US\$1000/month	12,000	12,000	12,000	12,000	48,000		48,000
3.1.6 Administrative Assistant US\$500/month	6,000	6,000	6,000	6,000	24,000	4,000	20,000
3.2 Benefits Retirement and Health 15% of Salaries	10,260	10,260	10,260	10,260	41,040		41,040
3.3 Travel and Training	2,500	2,700	3,000	3,500	11,700	11,700	
3.4 General Support	21,120	25,540	15,400	16,900	78,960		78,960
3.4.1 Rent	7,000	7,500	8,000	8,500	31,000		31,000
3.4.2 Telephone/Fax	500	600	700	800	2,600		2,600
3.4.3 Electricity	900	1,000	1,100	1,200	4,200		4,200
3.4.4 Vehicle Operation	1,000	1,200	1,300	1,500	5,000		5,000
3.4.5 Office Supplies	500	600	600	600	2,300		2,300
3.4.6 Books and Videos	500	600	700	800	2,600		2,600
3.4.7 Promotion/Seminars	2,000	2,500	3,000	3,500	11,000		11,000
3.4.8 Office Equipment	3,000	0	0	0	3,000		3,000
3.4.9 Computer Equipment (2)	3,500	0	0	0	3,500		3,500
3.4.10 Office Furniture	1,220	0	0	0	1,220		1,220
3.4.11 VCR Camera-Monitor	1,000	0	0	0	1,000		1,000
3.4.12 Vehicle	0	11,540	0	0	11,540		11,540
4. EVALUATION AND MONITORING	6,000	10,000	6,000	10,000	32,000	20,000	12,000
5. CONTINGENCIES	11,000	11,000	11,000	11,100	44,100	44,100	0
GRAND TOTAL	296,100	242,840	232,480	220,580	992,000	792,000	200,000

a/ The principal advisor will be hired for three months in the first year, two months in the second year, and one month in the third and fourth year.