

As agreed during the 4 December 2013 meeting of the Donors Committee, the changes to this version of the document are the result of consultations with the NEO Dominican Republic Partnership on the appropriateness of modifying the objective and activities of this initiative's component III (review of the legal frameworks for youth employment).

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

**DOMINICAN REPUBLIC**

**“QUISQUEYA BELIEVES IN YOU...”  
NEO IN THE DOMINICAN REPUBLIC  
(NEO-DR)**

**(DR-M1044)**

**DONORS MEMORANDUM**

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## **PROJECT SUMMARY**

### **“QUISQUEYA BELIEVES IN YOU...” NEO IN THE DOMINICAN REPUBLIC (NEO-DR) (DR-M1044)**

“Quisqueya believes in you” or NEO in the Dominican Republic (NEO-DR), is one of the first initiatives to be launched under the regional program, New Employment Opportunities for Youth (NEO) (operation RG-M1210). NEO’s objective is to improve the quality of human capital and employability for 500,000 vulnerable young people in Latin America and the Caribbean.

In the Dominican Republic, the low level of human capital among youth, combined with the lack of job creation, has led to a high unemployment rate among young people—more than double the rate among adults. One in five young people neither works nor goes to school. These two conditions affect young women disproportionately, compounding the fact that 34% of young women are already mothers at age 19. The government, along with country’s businesses and civil society, are mobilizing efforts to reverse this situation, bringing to bear various proposals, collaboration agreements, and programs.

In this context, NEO-DR seeks to provide effective, sustainable solutions for youth employability. The program was born out of a pioneering partnership in the country involving the Ministry of Labor, the Ministry of Education (MINERD), the Ministry of Youth, the National Institute of Technical Vocational Training (INFOTEP), the Office of the Presidency’s Bureau of Special Programs (DIGEPEP), the company Implementos y Maquinarias CxA (IMCA), the Iniciativa Empresarial por la Educación Técnica [Entrepreneurial Initiative for Technical Education] (IEET), the foundations Fundación Sur Futuro and Fundación Inicia, and the organizations ENTRENA and EDUCA.

In terms of impact, NEO-DR is designed to increase job opportunities for low-income young people aged 15 to 29, living in urban areas of 13 of the country’s provinces. In terms of outcomes, the program seeks to expand the scope and improve the quality of technical training programs and of policies and programs aimed at promoting the employment of Dominican youth.

The direct beneficiaries of this initiative will be 32,000 young people, of whom at least 50% will be women. Priority will be given to young heads of household who are neither in school nor working, and to women who are pregnant or have children. The program will also benefit instructors and staff of technical baccalaureate and technical vocational training centers, as well as labor intermediation and regional employment offices, whose capacities will be strengthened for using new teaching methods and implementing curricula aligned with the needs of the labor market, including core competencies and vocational guidance and labor intermediation services.

To achieve the proposed objectives, four components will be undertaken: (i) strengthening technical education offerings; (ii) improving vocational guidance, job placement, and social integration services for young people; (iii) reviewing the legal frameworks for youth employment; and (iv) generating knowledge, promoting strategic communication, and strengthening the partnership.

The presence of the Multilateral Investment Fund (MIF), the Inter-American Development Bank (IDB) and the International Youth Foundation (IYF), along with other NEO regional partners, has already served as a catalyst for attracting and mobilizing major stakeholders from the country's public and private sectors, as well as civil society, who are working to improve the educational and work opportunities for at-risk youth. The MIF provides an important contribution to NEO-DR, in that it will assist in efforts to standardize skills, develop knowledge products and establish dissemination mechanisms. At the same time, the MIF's financial contribution is vital in leveraging the necessary forces and resources. Each MIF dollar will be matched by five counterpart dollars.

## CONTENTS

### EXECUTIVE SUMMARY

I.	BACKGROUND AND RATIONALE .....	1
II.	PROGRAM OBJECTIVES AND COMPONENTS.....	6
III.	MONITORING AND EVALUATION STRATEGY.....	14
IV.	COST AND FINANCING.....	14
V.	EXECUTING AGENCY.....	15
VI.	PROJECT RISKS.....	16
VII.	ENVIRONMENTAL AND SOCIAL IMPACTS .....	17
VIII.	FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS.....	17
IX.	ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY .....	17

**ANNEXES**

Annex I	Logical Framework
Annex II	Itemized Budget
Annex III	Quality for Effectiveness in Development (QED) Matrix
Annex IV	Budget by Entity

**APPENDICES**

Proposed resolution

**AVAILABLE IN THE DOCUMENTS SECTION OF THE MIF PROJECT INFORMATION SYSTEM**

Annex V	Itemized Budget
Annex VI	Preliminary List of Milestones
Annex VII	Diagnostic Needs Assessment of the Executing Agency
Annex VIII	Requirements regarding progress reports and fulfillment of milestones, fiduciary agreements and institutional integrity
Annex IX	Procurement Plan
Annex X	Schedule of Activities
Annex XI	Operating Regulations
Annex XII	Project Coordinator Terms of Reference
Annex XIII	Monitoring and Evaluation Plan
Annex XIV	Governance Agreement for the NEO-DR and EDUCA Partnership

## ABBREVIATIONS

AWP	Annual work plan
COSs	Centros Operativos del Sistema [System Operational Centers]
DIGEPEP	Office of the Presidency's Bureau of Special Programs
EDUCA	Acción Empresarial por la Educación [Entrepreneurial Action for Education]
IEET	Iniciativa Empresarial por la Educación Técnica [Entrepreneurial Initiative for Technical Education]
IMCA	Implementos y Maquinarias CxA
INFOTEP	National Institute of Technical Vocational Training
IYF	International Youth Foundation
LMK	Labor Markets and Social Security Unit
MIF	Multilateral Investment Fund
MINERD	Ministry of Education
NEO	Nuevas Oportunidades de Empleo para Jóvenes [New Employment Opportunities for Youth]
OILP	Labor Intermediation and Internship Office
OTE	Regional Employment Office
QED	Quality for Effectiveness in Development
SENAE	National Employment Service

**DOMINICAN REPUBLIC**  
**“QUISQUEYA BELIEVES IN YOU...”**  
**PUBLIC-PRIVATE PARTNERSHIP TO INCREASE YOUTH EMPLOYMENT LEVELS AND**  
**SOCIAL INTEGRATION**  
**(NEO-DR)**  
**(DR-M1044)**

**EXECUTIVE SUMMARY**

<b>Country and geographic location:</b>	Thirteen provinces in the Dominican Republic. Areas of Santo Domingo and the National District, provinces of: Azua, Barahona, Dajabón, El Seibo, Elías Piña, La Vega, Puerto Plata, San Cristóbal, San Juan, San Pedro de Macorís, and Santiago de los Caballeros.
<b>Executing agency:</b>	Acción Empresarial por la Educación (EDUCA).
<b>Area of access:</b>	Access to markets and capabilities.
<b>Agenda:</b>	Job skills (Youth: jobs, competencies, and entrepreneurship).
<b>Coordination with other donors/Bank operations:</b>	With the Bank’s Labor Markets and Social Security Unit (LMK), as part of the implementation team and NEO founding partner, through the Program to Support the National Employment System (operation DR-L1036) and the technical cooperation operation “Strengthening the Human Capital Accumulation among Youths in the PROSOLI Program,” led jointly by LMK and the Social Protection and Health Division (operation DR-T1113).
<b>Direct beneficiaries:</b>	Thirty-two thousand low-income young people, aged 15 to 29, at least 50% of whom will be women. Priority will be given to young heads of household who are neither in school nor working, and to women who are pregnant or have children. Twenty-one technical institutes with new teaching methodologies for technical baccalaureates and retention activities, and with the ability to expand their night school offerings, providing short courses for training and soft skills. Twelve regional employment offices strengthened, along with 21 labor intermediation and internship offices with personnel trained to carry out vocational guidance and labor intermediation functions. Three hundred firms benefited through providing young people who are better-prepared for work.
<b>Indirect beneficiaries:</b>	Given that Dominican families have an average of 4.5 members each, the initiative would reach 144,000 people indirectly.

<b>Financing:</b>	Technical cooperation operation:	US\$2,073,304	17%
	Investment:	US\$000,000	
	Loan:	US\$000,000	
	<b>Total MIF contribution</b>	<b>US\$2,073,304</b>	17%
	Counterpart:	US\$9,480,503	83%
	Cofinancing (if any)	US\$000,000	00%
	<b>Total project budget</b>	<b>US\$11,553,807</b>	100%

**Execution and disbursement period:** 36 months for execution and 42 months for disbursements.

**Special contractual conditions:** The following will be conditions precedent to the first disbursement: (i) Operating Regulations for the operation, with the no objection of the MIF, in place; (ii) governance agreement for the NEO-DR and EDUCA partnership, with the no objection of the MIF; (iii) annual work plan (AWP) approved by the MIF; and (iv) an NEO-DR coordinator contracted, with the no objection of the MIF.

**Environmental and social impact review:** This operation has been pre-evaluated and classified according to the requirements of the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703). Given that the impacts and risks are limited, it is proposed that NEO-DR be classified as a category "C" operation.

**Unit responsible for disbursements:** NEO-DR will be supervised by the IDB's Country Office in the Dominican Republic, with technical support from the regional NEO team.

## I. BACKGROUND AND RATIONALE

### A. Diagnostic assessment of the problem to be addressed by the project

- 1.1 Some 2,626,390 young people between the ages of 15 and 29 live in the Dominican Republic, representing 28% of the total population. This segment is therefore one of the most important demographic groups in the country. According to the Economic Commission for Latin America and the Caribbean (ECLAC), the Dominican Republic is in a state of major transition and is experiencing a demographic dividend, given that its prime-age population is larger than its inactive population. Nevertheless, the circumstances that this age group is currently experiencing are concerning.
- 1.2 One out of two young people in the Dominican Republic does not complete his or her secondary education, and one out of every five neither studies nor works, making them part of the so-called *NiNi* generation. The unemployment rate among the 15-29 age group is 29.4%, more than twice the national average, while the rate of labor informality for this age group is 78.4%, ten percentage points above the rate for adults.<sup>1</sup> The situation is even worse for those who are both young and female: 58% of unemployed youth and 60% of *NiNis* in the Dominican Republic are women. Compounding this situation is the fact that 34% of women have at least one child by the age of 19. In terms of social vulnerability, 30% of youth between the ages of 15 and 18 who are enrolled in school are from homes in which the parents are either illiterate or functionally illiterate. Thirty-eight percent of the relatives of these students live on incomes of less than US\$256 per month, half the cost of the basic family shopping basket, according to the parameters defined by the Central Bank of the Dominican Republic.
- 1.3 This scenario of poverty and precarious existence draws young people away from studies and from the chance of acquiring the core competencies needed to enter the formal labor market. This leads, in turn, to their having more unoccupied time, thus increasing the likelihood that they will fall into high-risk situations or behaviors, such as membership in gangs, drug use, or criminal activity. Between 2001 and 2009, the number of people under the age of 18 processed by the justice system increased by 287%, while arrests for illegal possession of firearms increased by 191%. By 2006, 71% of the total number of people jailed for illegal narcotics possession and trafficking were between the ages of 18 and 35; and while there are no updated statistics available, based on information garnered from interviews, these figures have remained at least as high, and have probably risen. Moreover, young people are also victims of violence. Of the total number of homicides committed in 2009, 67% of the victims were between 12 and 35 years old. Indeed, homicide is the leading cause of death within this age group (48.9% of deaths), followed by traffic accidents (29%) and suicides (6.1%).

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<sup>1</sup> Age ranges: 15-24 and 25-64, respectively. Source: ENFT 2010. Abstract for technical cooperation operation DR-T1113.

- 1.4 In light of these problems, protecting young people is a paramount goal in the country's National Development Strategy for 2010-2030. Specifically, the plan aims to keep young people in school, promote sex education, and develop technical training institutes to prepare young people to enter the labor market.
- 1.5 As mentioned above, the quality and coverage of secondary education is low. In the Dominican Republic, the secondary education system for youth from 14 to 18 years of age consists of a four-year cycle. There is a "general" and a "vocational/technical" track; the latter also called "technical secondary" or "technical baccalaureate," and is provided by technical institutes. Vocational/technical education, which is shorter and more flexible, is governed by the National Institute of Technical Vocational Training (INFOTEP), which has training facilities known as *Centros Operativos del Sistema* [System Operational Centers] (COSs), for which completion of primary or secondary education is not necessarily a prerequisite.
- 1.6 Despite the significant progress in coverage at the primary-education level, where net coverage is 92.3%, the corresponding rate for secondary education is only 45.7%. The highest average year-on-year drop-out rate is found at the secondary level, affecting 3.8% of students.<sup>2</sup>
- 1.7 Civil society and the private sector have first-hand knowledge of the shortcomings of secondary education, and of the generally low level of human capital among young people. Many firms have ongoing programs to train their employees to make up for the shortfalls in secondary and higher education and claim that the country's educational institutions are unable to provide students with the necessary competencies, in terms of the attitudes, knowledge, abilities, and skills required by the each sector. In other words, the shortcomings do not only relate to technical or theoretical considerations, but also to the core and socioemotional competencies, which have to do with values and attitudes toward work (responsibility, initiative, self-efficacy, etc.). At the same time, Dominican society recently witnessed one of the most extensive and successful citizen movements in recent history, with popular demands for compliance with General Law on Education 66-97, which establishes that 4% of GDP is to be allocated in the national budget to investment in education. Compliance with this law is taking place for the first time in 2013.
- 1.8 In the Dominican Republic, the Ministry of Labor's recently created National Employment Service (SENAE) provides low service coverage at the national level. It has, however, succeeded creating an institutional framework for labor intermediation services. Between 2007 and 2013, SENAE built a network of 16 Regional Employment Offices (OTEs), along with an Electronic Employment

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<sup>2</sup> Technical cooperation operation abstract, "Strengthening the Human Capital Accumulation among Youths in the PROSOLI Program" (operation DR-T1113), drawing on data from the Social Protection Assessment Survey (EPPS), 2010.

Exchange (BET), which, in 2010, served a population equivalent to 6.2% of the average annual number of unemployed persons.

- 1.9 Four of the network's OTEs are administered by INFOTEP—an innovative experiment in the region, since it allows for close collaboration between a national technical training institution and a national employment service. The network of OTEs planned for the end of 2013 will form a solid structure for providing on-site services. Despite these advances, SENAE still has several limitations: (i) it only provides labor intermediation services, while there is no systematic structure for providing training services for job placement; (ii) there is no instrument to provide information on the labor vulnerability of those seeking work, which could help in more effectively allocating the types of services needed; and (iii) the system lacks connections with the offering of private intermediation services.
- 1.10 In terms of the legal and regulatory framework, the country has a Labor Code, a Code on the Protection of Minors, and laws protecting against the exploitation of child labor. Moreover, talks are currently being held on a National Employment Plan, and a National Pact for Quality Education for All has just been launched (see paragraph 2.5). However, there are no regulatory, institutional, or legal frameworks that focus on the employability of young people, nor are there legal frameworks to provide a structure for public-private partnerships that could facilitate collaboration and delivery of services as a supplement to public initiatives designed to address youth employability.
- 1.11 Given the foregoing, and despite efforts by the government, businesses, and civil society, there is a disconnect between available educational offerings and labor demand. There is also a general lack of knowledge among the population regarding the benefits of these programs, thus restricting access to them by young people. The causes of this disconnect include the lack of a common vision, given that different groups and sectors have differing mandates, few incentives and mechanisms for coordination, and a lack of awareness of existing initiatives.
- 1.12 The NEO proposal in the Dominican Republic has been the result of bringing together the most important stakeholders from the youth sectors, the labor market and education, all of whom share an interest in improving the training and job prospects of young people, to develop and implement a youth employability plan through which objectives, programs, results, and resources can be aligned. The initiative emerged out of a strategic partnership designed for the long term, made up of 13 public, private, and civil society entities. The members of the NEO-DR Partnership include: the Ministry of Labor, the Ministry of Education (MINERD), the Ministry of Youth, the National Institute of Technical Vocational Training (INFOTEP), the Office of the Presidency's Bureau of Special Programs (DIGEPEP), the company Implementos y Maquinarias CxA (IMCA, a Caterpillar

dealer), the Entrepreneurial Initiative for Technical Education<sup>3</sup> (IEET), the foundations Fundación Sur Futuro<sup>4</sup> and Fundación Inicia,<sup>5</sup> ENTRENA,<sup>6</sup> EDUCA,<sup>7</sup> and two youth organizations, Generación IONIC<sup>8</sup> and Juntas Provinciales y Municipales de Juventud [Provincial and Municipal Youth Boards].<sup>9</sup> The initiative seeks to avoid duplicating efforts, increase the initiative's effectiveness and ensure its impact.

## **B. Beneficiaries of the project**

- 1.13 NEO-DR will directly benefit 32,000 low-income young people between the ages of 15 and 29, at least 50% of whom will be women, living in urban areas of 13 of the country's provinces.<sup>10</sup> For the short technical training courses, priority will be given to young heads of household who are neither in school nor working, and to women who are pregnant or have children.<sup>11</sup> The instructors and staff of 21 technical baccalaureate institutions will also benefit from improved capacities, while 21 COSs, 21 Labor Intermediation and Internship Offices (OILPs), and 12 Regional Employment Offices (OTEs) will be strengthened or established, for the purpose of disseminating new teaching methodologies and curricula aligned with the needs of the labor market, including core competencies and vocational guidance and labor intermediation services.

## **C. Contribution to the MIF mandate, access framework, and IDB strategy**

- 1.14 Poverty reduction. The NEO-DR initiative will contribute to the objective of reducing poverty by developing the capacities of low-income youth. It will also benefit the private sector, since the young people will be better prepared to be

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<sup>3</sup> Business group comprising 10 large Dominican firms, with the mission of raising the quality of graduates of Dominican Vocational Technical Schools.

<sup>4</sup> Private non-profit organization whose mission is to further economic, social and human development of the country's poor communities, as well as promoting sustainable environmental management. The organization also served as executing agency for the entra21 project and for the country's "A Ganar" program.

<sup>5</sup> Social Investment Fund created by the shareholders of Grupo Vicini – one of the country's largest business consortiums, which includes 250 firms – to strengthen the Dominican Republic's education system.

<sup>6</sup> Dominican firm that serves as coordinator for the USAID's Youth Alert program to promote opportunities for at-risk Dominican youth. It was also the coordinating entity for the country's "A Ganar" program.

<sup>7</sup> See section on executing entity.

<sup>8</sup> A group of 2012-2013 graduates of Colegio Saint Michael's who have stood out for their social commitment, earning the express recognition of the President of the Republic.

<sup>9</sup> Their representatives are democratically elected at the 2013 National Forum on Public Policies for Youth.

<sup>10</sup> The following was taken into account when selecting the provinces: (1) the technical institutes' interest in taking part in the IEET; (2) interest among enterprises willing to invest in the institutes; and (3) the influence of actions by other NEO-DR partners such as Fundación Sur Futuro and ENTRENA/Alerta Joven.

<sup>11</sup> There will be four criteria for prioritization: socioeconomic situation, employment status (NiNis), gender, and family composition.

- productive when employed in businesses, thus reducing the costs of selection, turnover, and training of new staff.
- 1.15 Economic empowerment of women. NEO-DR will contribute to the MIF's Women's Economic Empowerment Initiative by: (i) incorporating gender considerations into its design and execution; and (ii) promoting and facilitating equitable access by women and men to basic services and capacities. In addition, it will provide sex education classes to offer guidance to young people (both male and female) and will provide information on child care and health services to help young mothers and fathers to continue their education.
  - 1.16 Connection with the Agenda. NEO-DR will contribute to the MIF Youth Agenda for Action by generating results and knowledge on how to scale-up activities and work in public-private partnerships. Specifically, NEO-DR will help to better understand how to incorporate the best youth training and employability programs in educational systems and public technical training programs, within a public-private partnership framework. Another contribution to the Agenda will be to help determine how to impact the quality of technical training and its linkage to both businesses and labor intermediation services, as well as the work required to promote the public policy dialogue.
  - 1.17 Link with the New Employment Opportunities for Youth (NEO) program (operation RG-M1210): NEO-DR is one of the first national-level initiatives launched under the NEO regional program, which was approved by the MIF Donors Committee on 12 April 2012 (document MIF/AT-1175). NEO seeks to promote youth employment by training 500,000 low-income young people in 10 of the region's countries by 2017. The initiative is being led by the MIF, LMK, and the International Youth Foundation (IYF), along with five enterprises: Arcos Dorados, Caterpillar, CEMEX, Microsoft, and Walmart.
  - 1.18 Complementarity with Bank strategy. The operation is consistent with the Bank's Country Strategy with the Dominican Republic, under the strategic objective "To improve the positioning in the labor market of young people in low-income areas." Since LMK, the MIF, and IYF are jointly leading implementation of the regional NEO, work has been coordinated with the LMK team to complement the Program to Support the National Employment System (DR-L1036), currently in execution. The objective of this program is to increase the likelihood of the most vulnerable population in the labor market, especially at-risk youth, finding quality employment in less time. Specifically, the NEO-DR program seeks to expand the coverage of SENAE's existing services, systems, and employment exchanges through the Regional Employment Offices located in the initiative's areas of influence, by increasing collaboration and linkages with new Labor Intermediation and Internship Offices functioning within the technical institutes. The recently approved technical cooperation operation "Strengthening the Human Capital Accumulation among Youths in the PROSOLI Program" is being co-led by LMK and the IDB's Social Protection and Health Division. Its objective is to strengthen the Progressing with Solidarity program (PROSOLI, DR-L1059) by

developing content to increase school retention, promote educational advancement, and improve employability of those who have completed secondary education.

## **II. PROGRAM OBJECTIVES AND COMPONENTS**

### **A. Objectives**

- 2.1 In terms of impact, NEO-DR is designed to increase opportunities for low-income young people aged 15 to 29, living in urban areas of 13 provinces in the Dominican Republic, to find jobs. In terms of outcomes, the program aims to improve the scope and quality of technical training programs and of policies and programs aimed at promoting the job placement for Dominican youth.

### **B. Description of the model/solution/intervention**

- 2.2 NEO-DR promotes coordination and strengthening of technical baccalaureate, job training and youth employability programs developed by public and private stakeholders within the NEO-DR partnership, as a means of enhancing synergies and replicating good practices. The initiative aims to increase coordination, optimize resources, and formulate a common agenda to promote youth employability, accompanied by greater professionalization of the services offered, as well as increasing access to, and the impact of, these services. NEO-DR will serve to refine and scale up three models previously proven to be effective in the country: the technical baccalaureate model of the Entrepreneurial Initiative for Technical Education (IEET), developed with the company Implementos y Maquinarias CxA (IMCA); the model of Labor Intermediation and Internship Offices developed by Fundación Sur Futuro and implemented through the entra21 program, of the MIF and IYF (ATN/MH-10303-RG); and lastly, the standardization of a curriculum of core competencies, based on experiences with the IDB's Youth and Employment program and entra21. In terms of the first model, the firm IMCA developed the initiative for a technical career path at the Loyola Institute, with the following results: placement of 100% of the program's young people in the labor market; shortening of the learning curve of young enrollees from 18 months to 3 months; and reduction in student repair errors, to values approaching one out of 1,000. This pilot program is credited with having helped increase IMCA's profits by around US\$10 million. Through NEO, the model is expanding to 21 additional technical institutes within the *Fe y Alegría* network, drawing on public and private resources, primarily from Fundación Inicia and MINERD, and the potential commitment of a group of 10 large corporations concerned about the quality of technical training. In the case of the OILPs, Fundación Sur Futuro established two offices at technical institutes in San Cristóbal and Azua, while NEO-DR is proposing to scale the service to additional technical institutes. With respect to the core competencies, the country has significant experience, which has been evaluated and proven successful, including initiatives carried out through the IDB's Youth and Employment program and

entra21, yet much remains to be done. NEO is seeking to standardize the services and ensure that the technical institutes and COSs adopt the methodologies. The COSs serve more vulnerable populations; thus, it would provide significant value added to include them in NEO.

**C. Components:**

- 2.3 NEO-DR includes four components: (i) strengthening technical education offerings; (ii) improving vocational guidance, job placement, and social integration services for young people; (iii) reviewing the legal frameworks for youth employment; and (iv) generating knowledge, promoting strategic communication, and strengthening the partnership.

**Component I: Strengthening technical education offerings (MIF: US\$790,903; Counterpart: US\$6,956,634).**

- 2.4 The objective of this component is to increase the relevance of training for the needs of the labor market, placing special attention on the needs of local employers within the area of influence of each technical institute. For this purpose, IMCA's experience with IEET will be scaled to 21 technical institutes, expanding and improving the quality of technical and vocational training offerings. IMCA's experience underscores the importance of employers maintaining an ongoing dialogue with training institutions, supporting curriculum design, and providing them with the necessary equipment and laboratories. The hope is that many more firms will become actively involved in providing information on the content and technical career paths at technical institutes.<sup>12</sup> In addition, support will be provided to these institutes so that, after the end of the regular school day, their facilities can be used as COSs, offering short courses and thus expanding educational offerings to a larger number of people in the community. Of the 21 technical institutes involved, 6 already operate as COSs, and the other 15 are expected to seek accreditation as COSs.
- 2.5 This component's activities consist of: (i) strengthening curricula and teaching methodologies, and aligning the offerings of the technical educational system with employer demands, using productive needs assessments; (ii) training instructors; (iii) developing activities to prevent drop-outs and promote returning to school, incorporating core-competency modules, including of sex education; and (iv) strengthening educational providers under NEO quality standards. These

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<sup>12</sup> In the 13 provinces where this component will be undertaken, there are more than 11,277 companies with more than 10 employees. Source: National Directory of Enterprises and Establishments of the National Statistics Office, 2011.

strengthening services will be provided directly by IYF, as stipulated in paragraph 3.19 of the Regional NEO Donors Memorandum (document MIF/AT-1175).<sup>13</sup>

- 2.6 The main outputs of this component will be: (i) 21 technical institutes subject to intervention and 619 instructors trained; (ii) 15 COSs incorporated in the technical institutes; (iii) 21 centers implementing NEO quality standards guidelines; (iv) 21 COSs increasing the number of hours of training in life skills and using improved methodologies; (v) 21 technical institutes offering retention services secondary-level technical programs; (vi) 12,000 young graduates with technical baccalaureates from participating technical institutes; and (vii) 10,000 young graduates in short vocational training courses.<sup>14</sup>

**Component II: Vocational guidance, job placement, and social integration services for young people (MIF: US\$157,670; Counterpart: US\$2,156,698).**

- 2.7 The objective of this component is to strengthen Regional Employment Offices (OTEs) and expand the coverage of the Labor Intermediation and Internship Offices (OILPs), by establishing 19 new OILPs. The OTEs are part of the National Employment Service and are located at various points throughout the country, with 12 offices located in the area covered by NEO. Two OILPs were established through the Dominican entra21 project.<sup>15</sup> These OILPs have become sustainable, and their staff is part of the technical institutes. In addition to providing guidance to young people on educational and job opportunities and on labor rights, they will also provide information on the various assistance services available, such as those provided by community centers, child care centers, health care facilities, etc. One main function of the OILPs is to identify and coordinate with employers, in order to establish internships and job opportunities. The OILPs will operate in coordination with the OTEs, promoting the use of OTE services in the various technical institutes. The primary role of the OILPs will be to serve as a venue for referring technical institute graduates to job opportunities. To this end, direct links connecting these offices will be put in place. The OILPs will also provide links with other job exchanges used by human resource managers.

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<sup>13</sup> These services involve training in life skills, vocational guidance, and labor intermediation. The good practices are the result of experience with entra21, an MIF and IYF program that served more than 137,000 young people in 22 Latin American and Caribbean countries. In order to facilitate the application of these good practices, a tool has been developed with Regional NEO to allow the entities to conduct an evaluation and determine which aspects of their employability services they wish to improve, thus providing a basis for planned improvements.

<sup>14</sup> In the Dominican Republic, technical training is divided into: (1) technical secondary, which consists of training in various trades, provided by technical institutes, with graduates receiving a technical baccalaureate; and (2) technical vocational training, which has more flexible educational requirements, and for which prior primary or secondary education is not necessarily a prerequisite.

<sup>15</sup> The MIF and IYF program entra21 (ATN/MH-13213-RG) was successfully executed between 2001 and 2011, and one of its subprojects was executed by Fundación Sur Futuro—an organization that also received support from the World Bank and INFOTEP and that operated the IDB's Youth and Employment program.

2.8 The main activities of this component consist of: (i) establishing OILPs at the technical institutes participating in NEO-DR; (ii) strengthening the OTEs and OILPs; (iii) training OILP and OTE technical staff; (iv) providing training in social and labor facilitation, i.e., how to perform in an interview, locate job openings, presentation, etc.; and (v) creating an information system making all of the public and private educational, employment, and social assistance services available to young people.

2.9 This component's outputs will be: (i) 19 OILPs established; (ii) 12 OTEs and 2 OILPs strengthened; (iii) 100 technical personnel trained to work at OILPs and OTEs, including 20 trained as instructors; (iv) 10,000 young people referred to job openings, internships, and educational offerings through the job information platform; and (v) at least 300 firms linked to the system.

**Component III: Review of the legal frameworks for youth employment (MIF: US\$102,600; Counterpart: US\$0).**

2.10 This component's objective is to promote public policy dialogue through the discussion of regulatory frameworks related to youth employment in the country.

2.11 This component's activities include: (i) conducting a comprehensive diagnostic assessment to review all of the legal frameworks, decrees, regulations, labor agreements, tripartite ministry issues, and union- and tax-related matters, as well as establishing sector-specific and international goods practices; and (ii) developing roundtables to discuss the results of the diagnostic assessment.

2.12 This component's main output will be a diagnostic study on labor legislation for young people and good practices.

**Component IV: Generating knowledge, promoting strategic communication, and strengthening the partnership (MIF: US\$373,596; Counterpart: US\$282,971).**

2.13 This component's objective is to manage knowledge, strategic communication, and strengthening of the partnership, in order to help make it sustainable and achieve the systemic objectives of the NEO-DR initiative. More specifically, the communication activities will be directed at both enterprises and young people, as well as their families and the educational community, in order to raise awareness of the initiatives available to young people, effect changes in the public consciousness regarding young people as active members of society, and technical education as an attractive option for study and job opportunities.

2.14 NEO-DR will work to increase the knowledge and effectiveness of contextual teaching methodologies<sup>16</sup> for the participating technical institutes, while highlighting the importance of developing specific activities to promote school retention. At the same time, critical services for employability will be instituted,

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<sup>16</sup> Contextual teaching strategies include: (1) relating to students' life experiences; (2) experimentation, exploration, discovery, and innovation; (3) application of knowledge; (4) cooperation; and (5) transfer.

such as vocational guidance, labor intermediation, and comprehensive information on educational, social, and labor offerings and services. A standardized model for soft skills will also be implemented for INFOTEP's COSs. All of these services are still in an incipient stage in the Dominican Republic (and the region); thus, the documentation and learning generated will be of great importance. NEO-DR will also contribute to the public policy dialogue by promoting roundtable discussions for the analysis of the country's regulatory framework relating to youth employability.

- 2.15 The planned activities under this component are: (i) designing and implementing a multimedia campaign designed to promote rights and obligations, upgrade technical education and labor intermediation services, and promote youth as valuable stakeholders in society; (ii) designing events targeting decision-makers and enterprises; (iii) developing case studies; (iv) preparing methodological guides; (v) conducting a comparative study of youth entrepreneurship experiences in the Dominican Republic; (vi) establishing an information system for exchanging knowledge and managing the partnership; and (vii) reviewing the NEO-DR strategic plan and the partnership's governance plan.
- 2.16 The outputs of this component will be: (i) a multimedia campaign; (ii) 13 events to promote and increase awareness of the initiative among decision-makers and enterprises; (iii) three case studies documenting experiences with public-private partnerships, the inclusion of core-competencies training at vocational training centers, and efforts to increase school retention in the technical and technical vocational system; (iv) three methodological guides concerning OILP services and linkages with other OTEs; the IEET model for technical institutes; and the social and labor facilitation module; (v) thematic analysis of youth entrepreneurship experiences; (vi) four retreats on strengthening the partnership; (vii) a comprehensive information system for managing the partnership; and (viii) a NEO-DR sustainability plan.

#### **D. Project governance and execution mechanism**

- 2.17 Building the NEO-DR partnership has been framed within a participatory, open, and transparent process.<sup>17</sup> This has helped strengthen the partnership and ensure active participation by all of its members. NEO-DR is a consortium made up of public, private, and civil society institutions that acts and influences programs and strategies aimed at expanding and improving the integration of young people in Dominican society. The partnership developed under the auspices of the regional NEO program, which includes a component aimed at building public-private partnerships in the countries. After identifying the members who would participate in the partnership, EDUCA was nominated to coordinate and execute the NEO-DR initiative, and supported unanimously by the partnership's members. The partnership and EDUCA have developed a governance agreement or

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<sup>17</sup> Comprised of the Ministry of the Presidency, DIGEPEP, MINERD, Ministry of Labor, Ministry of Youth, INFOTEP, IEET, Fundación Sur Futuro, IMCA, ENTRENA, and Fundación Inicia.

regulations defining its rules of operation, roles, and decision-making process, the entry and exit of members, and dispute resolution, as well as the relationship between EDUCA and the partnership, its duties and responsibilities (document available in the technical files as Annex XIII). Approval of this governance agreement will be a condition precedent to the first disbursement. In addition, the MIF may take part in the NEO-DR partnership meetings as an observer without the right to vote.

- 2.18 EDUCA will therefore be responsible for ensuring proper execution and fulfillment of the NEO-DR objectives, and will sign a legal agreement with the MIF. EDUCA will also report to the partnership on project performance.

#### **E. Sustainability**

- 2.19 The sustainability of actions carried out will be achieved in two main ways: first, through the work carried out by the partnership itself, which will serve to strengthen the stakeholders involved in youth to comprehensively address youth unemployment and underemployment by establishing new coordination and financing mechanisms; and second, by providing installed capacity at the institutions offering training, guidance, and intermediation services for young people, and by systematizing and disseminating the principal tools, methodologies, and information systems developed. The diagnostic assessment on the legal frameworks related to youth employability is also expected to encourage a public policy dialogue with key stakeholders.
- 2.20 Building the NEO-DR partnership has been framed within a participatory, open, and transparent process. This has helped strengthen the partnership and ensure active participation by all of its members. As part of the sustainability of NEO in the Dominican Republic, a sustainability plan will be developed to identify the services to be created and supported by NEO. These services will require ongoing financing after completion of the operation. The plan will also include the expansion of NEO to other municipios and regions in the country. NEO's benefits will be disseminated to attract funding and support from other key institutions interested in taking part in an initiative of this scope and relevance in the Dominican Republic.
- 2.21 It should be noted that NEO's arrival in the Dominican Republic is particularly timely, as it coincides with the recent presentation of the National Pact for Quality Education for All by the President of the Republic. The Pact's founding document includes a section dedicated to technical vocational training, which it identifies as one of the most effective tools for improving the competitiveness of the productive sectors and for strengthening the labor market. It proposes to expand the coverage of technical vocational programs, enhance the quality and relevance of these educational activities, and improve their interaction with other subsectors of the educational system and with the productive sectors. Alignment of the NEO with this government-sponsored Pact is auspicious, not only for NEO's success in the Dominican Republic, but especially for its future sustainability.

## **F. Lessons learned from the MIF and other institutions**

2.22 The MIF, along with LMK and IYF, have developed training, employment, and entrepreneurship programs in the Dominican Republic and throughout the region. Many of these experiences have been evaluated and/or studied, yielding important lessons learned.<sup>18</sup>

2.23 Following is a summary of the main lessons that have informed the design of this operation:

- *Achieving an effective transition from school to work requires that the education be linked with work.* This is especially important in technical education, which is intended to prepare students to pursue a trade, so that once they graduate they can enter the labor market. To ensure a smooth transition, the courses need to be relevant to the demand, with constant feedback between the two.
- *Young people need information and guidance on occupations and what each has to offer.* When it comes to selecting a field of study, students and their families lack information on the different opportunities, profiles, and expected wages of various occupations. Having information and guidance on these basic questions will improve the decision-making process and minimize over-supply of labor in certain occupations.
- *Employers value life skills.* Life skills such as communication, teamwork, motivation, and responsibility are key to enhancing young people's employability, and are highly valued by employers.
- *Job placement and counseling services are vital in linking training, the completion of internships, and entry into the labor market.* In order to convince employers to offer internships to young people, the value proposition must be clear and formal agreements must be established regarding expectations and responsibilities.
- *Youth entrepreneurship programs are still in their early stages of development and have not yet demonstrated their effectiveness.* While various youth entrepreneurship and self-employment programs have been identified in the country as an alternative to entering the productive world, more extensive study is required and good practices must be compiled before considering the scaling of such efforts.
- *Shared vision for achieving success.* When civil society organizations partner with public entities to address the issue of youth unemployment and underemployment, trust and a shared vision of the core principles for solutions and proposed models are essential for a successful partnership.

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<sup>18</sup> The following studies were consulted: Labor Sector Framework Document; Youth and Employment Evaluation by Laura Ripani et al.; the MIF Youth Agenda for Action; CAJIR Evaluation; Sur Futuro Evaluation; and *Sistematización de la Transferencia de Conocimiento del CID a Casa Abierta*.

## **G. Additionality of the MIF**

- 2.24 Nonfinancial additionality. The presence of the MIF, LMK, and IYF, as well as other regional NEO partners, acts as a catalyst for attracting and mobilizing major stakeholders from the public and private sectors and from civil society working to establish more and better programs for education, technical training, and jobs for vulnerable young people. In this respect, the MIF serves as a key “broker,” facilitating the negotiation process in designing an operation with this broad network of partners, defining its components and results indicators, and transmitting technical knowledge accumulated not only by the MIF, but also by IYF and the IDB. The partnership, being regional in nature, will promote the adoption of best practices and effective models and tools by stakeholders in the youth employment system, to create high-impact services that meet the needs of both employers and young people.
- 2.25 Financial additionality. The MIF’s financial contribution is fundamental for creating the incentive to form the partnership and leveraging public and private resources. Each MIF dollar attracts five counterpart dollars. While the MIF is a minority investor, its presence lends confidence to current partnership members and acts as both a magnet and a guarantee for attracting other institutions and resources.

## **H. Project outcomes**

- 2.26 The NEO-DR initiative seeks to expand the scope and enhance the quality of technical training and job placement programs and policies. To accomplish this, it will increase access to training and labor intermediation centers in 13 of the country’s provinces, through a network of 21 technical institutes and COSs. As a result, 32,000 young people will have access to training, vocational counseling, and information on educational, social, and labor supply and demand. In addition, the initiative expects to create a multisector partnership between the public and private sectors, and to have 300 employers offering internships and jobs to young people in the program.

## **I. Project impact**

- 2.27 The desired impact of this initiative is to increase the employability of 32,000 young people. The expectation is that, out of the young people receiving technical baccalaureates or graduating from technical training courses, 50% will find jobs, and at least 20% of those graduating will continue their studies and/or reenter the formal education system. Of the young graduates who find jobs in the labor market, 50% are expected to do so in the formal employment sector. Moreover, of the young people who were employed at the start, 20% are expected to increase their incomes.

## **J. Systemic impact**

- 2.28 NEO-DR will contribute to systemic change by promoting: (i) construction of a public-private partnership aimed at aligning previously unconnected efforts and

ensuring their scalability and sustainability; (ii) young people's access to higher-quality training that is better aligned to the needs of employers, as well as to relevant and timely information for entering a productive adult life; (iii) expansion of existing methodologies for technical and technical-vocational training; (iv) strengthening technical and technical-vocational training centers, as well as labor intermediation centers; and (v) influencing the legal frameworks for youth employment in the Dominican Republic.

### **III. MONITORING AND EVALUATION STRATEGY**

- 3.1 Baseline. Part of Component IV will involve developing an information system to facilitate the monitoring of young people's educational and work trajectories. For this purpose, an entry or registration form will be developed, with a unique number for each participant, to be used as a baseline for the operation.
- 3.2 Monitoring. The information system, in addition to monitoring the performance of young people, will also collect management indicators for NEO-DR, to aid in the partnership's decision-making. A person is expected to be contracted, as part of the executing unit, to monitor the system and ensure data quality. In addition, NEO-DR will be aligned with the regional NEO monitoring and evaluation system.
- 3.3 Evaluation. The initiative plans to carry out a midterm and a final evaluation, in order to identify NEO-DR's beneficiaries, the effect of the intervention on the job placement of these young people, and to identify lessons learned.
- 3.4 There will be an effort to measure the initiative's impact on the ultimate beneficiaries' job placement and/or return to studies, differentiating between more vulnerable youth who go to the COSs and low-income youth who attend the technical institutes. Another area to evaluate will be linkage formed between technical and vocational education offerings and labor-market demand, and its impact on the quality of the courses and on firms' recruiting practices through intermediation platforms. Lastly, one of the questions to be answered will be whether the partnership succeeded in positioning, adopting, and continuing to replicate best practices and high-impact programs for vulnerable young people, whether it achieved greater cohesion and coordination between programs, and its impact on policy.

### **IV. COST AND FINANCING**

- 4.1 The total cost of NEO-DR will be US\$11,553,807, of which US\$2,073,304 (17%) will be contributed by the MIF, while US\$9,480,503 (83%) will be provided through counterpart funding. Of the counterpart funding, the partnership's private entities are contributing US\$4.8 million, most of which will come from IEET and Fundación Inicia with US\$3 million, followed by EDUCA with US\$285,980, Fundación Sur Futuro with US\$128,074, and ENTRENA with US\$58,050. The

partnership's public entities are contributing US\$4.6 million, with the largest contributor being MINERD with US\$2 million, followed by DIGEPEP with US\$1.2 million, INFOTEP with US\$1.1 million, and the Ministry of Labor with US\$58,050 (see the breakdown in Annex IV Budget by Entity). With the support of the NEO-DR partnership, EDUCA will be responsible for the remaining cofinancing resources, which amount to US\$1.3 million, for which interested enterprises have already been identified. The execution period will be 36 months, and the disbursement period will be 42 months.

Components	MIF	Counterpart	Total
Component 1: Strengthening technical education offerings	US\$790,903	US\$6,956,634	US\$7,747,537
Component 2: Vocational guidance, job placement, and social integration services for young people	US\$157,670	US\$2,156,698	US\$2,314,368
Component 3: Review of legal frameworks for youth employment	US\$102,600	-	US\$102,600
Component 4: Generating knowledge, promoting strategic communication, and strengthening the partnership	US\$373,596	US\$282,972	US\$656,568
Executing agency/Administrative	US\$336,030	US\$84,200	US\$420,230
Baseline, monitoring, and evaluation	US\$71,500	-	US\$71,500
Ex post reviews	US\$10,000	-	US\$10,000
Contingencies (1% of subtotal)	US\$113,228	-	US\$113,228
<b>Subtotal</b>	<b>US\$1,955,528</b>	<b>US\$9,480,503</b>	<b>US\$11,436,030</b>
<b>% of financing</b>	17%	83%	100%
Impact Evaluation Account (5%)	US\$97,777	-	US\$97,777
Agenda Account	US\$20,000	-	US\$20,000
<b>Grand Total</b>	<b>US\$2,073,304</b>	<b>US\$9,480,503</b>	<b>US\$11,553,807</b>

## V. EXECUTING AGENCY

### A. Executing agency

- 5.1 The nongovernmental organization Acción Empresarial por la Educación (EDUCA) will serve as executing agency for the NEO-DR initiative, and will sign the agreement with the Bank. EDUCA is the dean of civil society entrepreneurial institutions working to promote education. Legally established in 1989 and located in Santo Domingo, EDUCA is made up of recognized Dominican civil-society entrepreneurs. In its more than 24 years of uninterrupted operation, it has played a leading role in the achievement of many of the country's milestones: it was a driving force in the first Ten-Year Education Plan (1992), a pioneering achievement in Latin America; it led civil society's effort to establish the General

- Law on Education 66-97; it executed various projects valued at more than US\$10 million with funds from the United States Department of Labor, designed to reduce child labor and assist at-risk youth; and it was a member of the organizations that formed *Coalición Digna por una Educación de Calidad* (Coalition for Dignity in Quality Education), which secured a national budget allocation equivalent to 4% of GDP for the Ministry of Education.
- 5.2 In 2012, EDUCA redefined its mission, targeting its actions on promoting public-private participatory structures to bring about needed changes in the country's education system. This new direction aimed to achieve levels of excellence in learning for young people, in order to effectively meet the nation's requirements in a context of global competition.
- 5.3 EDUCA has been taking a recognized leadership role in the national educational agenda, promoting debate, designing technical proposals, and strengthening its capacity for providing monitoring the quality of national investments in education. One of its strategic areas of focus is technical and technological education, based on the belief that this is a still developing area of the Dominican education system, and that it holds enormous potential for providing youth with attractive opportunities to engage in productive activities, while also improving the quality of human resources. The goal is to ensure that young people arrive at their first jobs with at least the minimum skills required by firms seeking to compete in a global environment.
- 5.4 EDUCA will establish an executing unit made up of a coordinator, an administrative/financial officer, a monitoring and evaluation specialist, and four regional coordinators to execute NEO-DR activities and manage its resources. It will also assume responsibility for submitting progress reports on the initiative's implementation. The details of the executing unit's structure and the requirements for the progress reports are set forth in Annex VII, which can be found in the operation's technical files.

## VI. PROJECT RISKS

- 6.1 *Risks associated with project sustainability.* Due to the fact that public-private partnership is an essential part of NEO-DR, there is a risk that the interest and participation of members will wane over time, or that conflicts will arise. To mitigate this, the partnership has developed a set of regulations describing the responsibilities of the members and formalizing their participation. In addition, commitment letters are being prepared for the partnership's members, establishing their ongoing commitment to the initiative. Moreover, Component IV envisages strengthening the partnership through specialized workshops on teamwork, conflict resolution, and standardization of processes to mitigate the risks of the partnership breaking up.
- 6.2 *Risks associated with the relationship between the executing agency and the partnership.* The executing agency's governance agreement with the partnership

establishes that the agency will serve as the partnership's executing arm for implementing the NEO initiative. Thus, it has a leadership role, but one that is shared with all the partnership's members. In order to maintain the balance and ensure good relations between the members, an essential role will be played by the new NEO-DR coordinator to be contracted. This person must have the support and approval of all of the members, as well as the no objection of the MIF. In addition, close coordination is expected with the MIF during the first year, in order to establish flexible participatory management procedures to provide a strong foundation for the effective functioning of the operation.

- 6.3 *Sector risks.* A further risk concerns the difficulty of enlisting a significant number of firms to offer internships or job positions. To mitigate this risk, the partnership, whose private sector members are drawn from a wide range of national firms, along with the MIF, will make use of their network of contacts to reach and motivate the business sector. Specifically, Component IV provides for meetings with businesses to further this objective. Another means of enlisting firms will be through the planned communication campaign.

## **VII. ENVIRONMENTAL AND SOCIAL IMPACTS**

- 7.1 NEO-DR is not expected to have any adverse environmental or social impacts. On the contrary, it will facilitate the social integration of low-income young people—both men and women—through technical instruction and training in life skills for their entry into the formal labor market or to pursue further studies.
- 7.2 According to the Environmental and Social Review (ESR), this project has been classified as a category “C” operation.

## **VIII. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS**

- 8.1 Results-based disbursements and fiduciary arrangements. The executing agency will commit to the standard MIF arrangements regarding results-based disbursements, procurement, and financial management, as specified in Annex VII.

## **IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY**

- 9.1 Intellectual property. The IDB will retain the intellectual property related to any work produced or results obtained in the framework of NEO-DR. The Bank, at its discretion, may grant a free, nonexclusive license for noncommercial use, for purposes of dissemination, reproduction, and publication, in any medium, of such works that are the exclusive property of the Bank. The executing agency will ensure that all contracts signed with consultants under this operation include an express assignment, to the Bank, of all rights to copyright, patent, and any other intellectual property rights.