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**PERFORMANCE AUDIT REPORT**

**TRINIDAD AND TOBAGO**

**YOUTH TRAINING AND EMPLOYMENT PARTNERSHIP  
PROJECT (YTEPP)**

**(LOAN 3328-TR)**

**June 12, 2000**

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## Currency Equivalents (annual averages)

*Currency Unit = Country Currency (\$\$)*

1991	US\$1.00	TT\$0.23
1998	US\$1.00	TT\$6.29

## Abbreviations and Acronyms

CCC	Civilian Conservation corps
EDSSD	Entrepreneurial Development and Support Service
IADB	Inter-American Development Bank
ICR	Implementation Completion Report
LMIS	Labor Market Information system
MOE	Ministry of Education
MOP	Ministry of Planning
MTDC	Ministry of Training and Distance Learning
MYS	Ministry of Youth and Sports
NTA	National Training Authority
NTB	National Training Board
OED	Operations Evaluation Department
SAL	Structural Adjustment Loan
SERVOL	Service Volunteer for All
YESS	Youth Enterprise Support System
YTEPP	Youth Training and Employment Partnership Program

## Fiscal Year

Government: January 1 – December 31

Director-General, Operations Evaluation	:	Mr. Robert Picciotto
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**The World Bank**  
Washington, D.C. 20433  
U.S.A.

Office of the Director-General  
Operations Evaluation

June 12, 2000

**MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT**

**SUBJECT: Performance Audit Report on Trinidad and Tobago  
The Youth Training & Employment Partnership Program (YTEPP)  
(Loan 3328 - TR)**

The Youth Training and Employment Partnership Program (YTEPP) was a temporary government program set up in 1998 to address a short-term crisis of youth unemployment and political and social unrest in the context of macro-economic and public sector restructuring. Responding to a government request, the Bank approved an emergency loan (3328-TR) for \$20.7 million in May 1991. The project was to be implemented under a new public company, YTEPP Ltd. It was to be completed by June 1996 at an estimated cost of \$31.9 million. Over-optimistic targets and a long hiatus following political upheavals, resulted in a reduction in the project's scope in 1995 and a subsequent two-year extension.

OED confirms the Bank's review at project completion as an accurate account of progress during implementation finding reasonable success and likely sustainability at project completion. At the time of audit, however, OED finds that financial sustainability is highly unlikely. This undermines the good technical and institutional viability and puts at risk the benefits anticipated from the investments.

Despite high risks, including a volatile political environment and slower than expected employment growth, the project had success on several fronts in terms of its stated objectives. It developed innovations in a demand-led approach to vocational training and support services for youth. For the first cohorts of YTEPP graduates, an impact evaluation—unusual in education projects at the time—showed that the program made a positive difference. Employment prospects were enhanced and incomes rose compared with a control group. Overall, the program graduated 57,000 youths, 60 percent of them girls, from a variety of training programs, and facilitated job-placements with employers, public and private. It developed support services for micro-entrepreneurs and work-experience projects led by communities in rural areas.

The project invested heavily in development of institutional capacity in YTEPP Ltd. This empowered the company to develop a viable and recognized model for training unemployed youth including linkages with private and public sector employers; to contribute positively to the government's development of youth training; and to improve and diversify its products and services in response to employers' demand for skills. Early in implementation, the Bank encouraged project managers to develop a sustainability plan on the grounds that youth unemployment was a persisting problem and YTEPP Ltd. submitted a strategy to government before project completion.

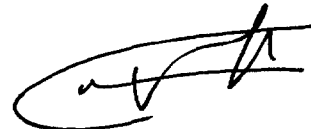
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However, OED finds that several trade-offs were made at the design stage that compromised the project's sustainability. Most significant was the packaging of the project as a temporary operation. This was done to justify the project to internal critics who raised the issue of long-term costs for a new public sector program that the government budget could not support. Also significant was the decision to include a large institutional strengthening component since YTEPP's management was weak

The project did achieve a sound level of technical sustainability, but it failed to engage the government on the critical issue of financial sustainability. A decision was needed on whether YTEPP produced a valuable public good, which YTEPP managers insisted, would require government subsidy, since unemployed youths were unable to pay full-cost fees, or whether YTEPP should attempt to develop a new business clientele with products for which employers and trainees would be willing to pay full cost. YTEPP's strategy relied on a heavy budget transfer for operations and increasing revenue from new types of business to offset some of the program costs for unemployed youths. However, a change of government just after completion, cut off the budget and the company's reserves were drawn down to pay staff. Though some funding was subsequently restored, the program is severely reduced in size and YTEPP Ltd. accounts show that it is virtually bankrupt.

The project experience provides several insights of broad applicability. Three address the issue of trade-offs in project design and long-term benefits and costs.

- The needs to balance responsiveness to borrowers' requests for loans with selectivity based on likely value-added for the country. In the YTEPP case, the investments made are unlikely to sustain a flow of benefits in the long term.
- Justification for Bank financing needs to be based on economic analysis, taking into account the economic costs and returns on the investment and the most efficient use of Bank borrowing for the country.
- The need to address the points made at internal review in substance rather than by window-dressing. In the YTEPP case, the issue of financial sustainability was not squarely addressed and left problems to be resolved during implementation—a highly risky path.
- The need for in-built evaluations to allow policy-makers to assess the case for continued support for a project, based on empirical findings about achievements and shortcomings relative to a control group.



Attachment

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<p>This report was prepared by Linda A. Dove (Task Manager). William Hurlburt edited the report and Marie Daramy provided administrative support.</p>
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## Principal Ratings

	<i>ICR</i>	<i>Audit</i>
Outcome	Satisfactory	Satisfactory
Sustainability	Likely	Unlikely
Institutional Development	Partial	Modest
Borrower Performance	Satisfactory	Satisfactory
Bank Performance	Satisfactory	Satisfactory

## Key Staff Responsible

	<i>Task Manager</i>	<i>Division Chief</i>	<i>Country Director</i>
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## Preface

The Government of the Republic of Trinidad and Tobago implemented the Youth Training and Employment Partnership Program project (YTEPP) between October 1991 and June 20, 1998. YTEPP was originally a temporary government program to relieve youth unemployment. To support it, the Bank approved an emergency loan (3328-TR) for \$20.7 million in May 1991. The project was estimated to cost \$31.9 million and was to be completed by June 1996. After the midterm review, the project scope and the government's financing share were reduced, categories of expenditure were reallocated, and the implementation period was extended two years. Subsequently, unspent funds (\$1.5 million) were redirected to the National Training Authority (NTA) but, remaining idle, were cancelled at loan closing in 1998. Total loan disbursements were \$15.5 million, net of \$3.7 million of reimbursements for overpayments.

OED selected the project for audit because it:

- Pioneered a demand-led approach to vocational training including linkages with public and private sector partners
- Provided the forum for a Bank-borrower partnership in education and training sector—a turnaround for the Bank in the country
- Included an impact evaluation component—a forerunner of improved evaluation practice elsewhere
- Reveals the complexity of decisions required at the project design stage in balancing responsiveness to the borrower, high quality at entry, feasibility of implementation and development effectiveness
- Provides inputs for an ongoing analysis of the youth sector in Trinidad in which the Bank is participating
- Raises issues of sustainability and policy that require urgent attention today.

OED's findings draw on project documents, evaluation studies, the Implementation Completion Reports (ICRs) by the MOE and the YTEPP project managers, and the Bank's ICR (Report no. 18751, December 28, 1998). The review is also supported by extensive interviews with Bank staff involved in the project and in sector and country sector strategy; and with YTEPP's Board and managers, senior personnel in government—the Ministry of Training and Distance Learning (MTDL), the NTA, the Ministry of Education (MOE), and a senior private sector executive familiar with YTEPP. It does not cover the current perspectives of trainees, instructors, and YTEPP employers, which will be covered by an evaluation planned for 2001.

Following standard OED procedures, copies of the draft PAR were sent to the relevant government officials and agencies for their review and comments. Comments were received from the Region but none were received from the Government.

## 1. Introduction

1.1 The experience of the Youth Training and Employment Partnership Program (YTEPP) project in Trinidad and Tobago yields insights on the importance of sound project justification and design. This review traces the factors that persuaded the Bank to go ahead with a project that was conceptually flawed; but that strengthened the partnership between the Bank, the project executing agency and the government in solving implementation problems. It also reviews the factors that led to reasonably positive results, but which are unlikely to be sustained. At identification, the Bank justified the project by its relevance and timeliness in responding to the government's request for Bank financing. But, the project as designed, was probably not the most efficient use of loan and budgetary resources because the likelihood of a continued flow of benefits is slim and reduces the value of the investment.

### A "Crisis" of Youth Unemployment

1.2 YTEPP began under committed leadership in 1988, three years before the Bank loan to support it became effective. The government looked to the program to stem a rising tide of youth unemployment and anti-social activity. Unemployment affected over 100,000 people, nearly a quarter of the labor force, most of them young. About half the unemployed youth were from underprivileged communities and poor-quality schools and had left school prematurely. They entered the labor market without functional literacy and numeracy or workforce preparation. They faced strong competition in a market dominated by the public sector and oil. Laws restricted the working age to 18 years. Young people earned income in the informal sector at below the minimum wage, or turned to crime. Their prospects for becoming productive citizens were poor. The cost to society and economy was high<sup>1</sup> and the government viewed the situation as a crisis with huge political and social risks.

### Relevance to the Bank's Country Assistance Strategy

1.3 The Bank had several operations underway to support the country's economic restructuring (Annex A). A Structural Adjustment Loan (SAL) encouraged economic growth, competitiveness, and efficiency and a Business Expansion Project was being prepared. A Technical Assistance Loan was to strengthen government institutions, including a new social sector unit in the Ministry of Planning (MOP). This was to build a labor market information system (LMIS) and help identify beneficiaries for social programs such as YTEPP.

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1. Orville John McDiarmid. *Unskilled Labor for Development: its economic cost*. A World Bank Research Publication. John Hopkins University Press. Baltimore, 1977.

### **Bank-Borrower Interest in Improving the Prospects of Unemployed Youth**

1.4 Three previous training projects in the 1970s had led to misunderstandings with the Bank because of implementation problems and the borrower eventually abandoned the third project. But by the late-1980s, the serious budget deficit put social sector programs at high risk and prompted the government to seek a Bank loan for YTEPP. At the time, the Inter-American Development Bank (IADB) had underway a study of vocational training in schools and colleges, but other grants solicited from bilateral donors did not come through.

1.5 Bank education sector staff identified YTEPP as highly appropriate for assistance in the context of Bank support for economic growth, diversification, and poverty reduction. The program was highly relevant to objectives of human capital development, labor productivity, and income generation for the unemployed and underprivileged, including women and girls. Since 1973, after a Bank review, Bank economists had recognized that youth unemployment was a chronic and intractable problem in the country stemming from structural problems in an economy dominated by the public sector and poor educational and training systems. The project, however, placed more emphasis on signs that some of the unemployment was frictional, a temporary problem that would decline when economic adjustment and the planned growth of private sector was complete. Staff framed the project as an emergency operation to contain a temporary youth crisis, possibly buying into the government's view in order to demonstrate responsiveness. This decision was to have far-reaching consequences for YTEPP's effectiveness and sustainability.

### **Early Performance Uneven but Promising**

1.6 YTEPP developed its core business in vocational training for early school-leavers over a 9-month (later 6-month) cycle. The training was open to all unemployed young men and women aged 18–25, but expansion was slower than the government planned. In 1988 and 1999, the program had recruited about 50 percent of its annual target of 20,000. In 1988, 9,000 recruits completed the training, 65 percent of them women and girls. In 1989, 20 percent of the graduates found work in the subsequent three months, and 50 percent reentered school or college. Several factors accounted for this lower-than-expected performance: the slow growth of entry-level job opportunities in a sluggish economy; school-leavers' poor basic skills and work habits; inflated expectations of skill levels among employers; and the program's need for improved administration. Bank staff considered that these negative factors would be counterbalanced by strong political and budgetary support, including the advocacy of the MOP and a powerful private employer for public-private partnerships in youth training, job-placement and financial aid; a subvention under the budget of the Ministry of Youth and Sports; and the strong committed of YTEPP's leadership.

## Other Youth Service Agencies and Programs

1.7 Though YTEPP was fairly well positioned for take-off, it was only one among several public and private youth service agencies (Box 1). Some of these were also being mobilized to address the immediate crisis.

1.8 Despite the mobilization effort, most of these providers were being forced to cut back because of severe funding constraints. The NTB was expected to launch institutional reforms to rationalize and reduce fragmentation of the agencies' services and to develop new policies and rules. The Bank welcomed this initiative, but it was clearly proving difficult to launch and was an agenda for the long term.

1.9 During project preparation, the Bank won the government's agreement that YTEPP should be led and managed as a public company, registered as YTEPP Ltd. It was to be governed by a board representing government and private sector stakeholders. The board chairman would report directly to the prime minister. The cabinet would approve senior managers. Managers would appoint staff. The company would be responsible for YTEPP policies, operations, staffing, and project expenditures.

### Box 1. Youth Training and Employment Agencies

- The *Ministry of Education* (MOE) provided 14 vocational career tracks in secondary schools for about 6,000 students a year. But instructional quality was poor and the examination pass rate was a low 18 percent.
- The *Ministry of Youth and Sports* (MYS) managed national youth camps for disadvantaged out-of-school adolescents. But these short-term, residential training programs were ineffective and costly. Intake had declined to only 1,000 a year.
- The MYS also managed Youth Development Apprenticeship Centers that offered skills training to a considerable number of youth.
- The MOE's *National Training Board* (NTB) had had to curtail its post-secondary level apprenticeships and on-the-job programs. Only 2,000 youths were benefiting by 1989.
- In 1990, NTB launched *Apprenticeship for Industrial Mobilization*, a work-experience program to place youths in private and public sectors for four months, especially small enterprises.
- The *Small Business Development Company*, a recently formed public company providing technical assistance and loan guarantees, was to coordinate a *Youth Enterprise Support System*. YESS was to link financial institutions willing to provide loans to entrepreneurs.
- *Service Volunteered for All* was a Catholic foundation and the largest non-governmental provider. Demand for SERVOL's services was strong. Each year it served over 3,000 of the poorest and most disadvantaged youth. It offered a large motivational program and a small occupational skills program, plus job placement and micro-entrepreneurial services in community programs.<sup>a</sup> It had grown rapidly with government subsidy and overseas grants.

a. Diana Mahabir. *SERVOL pre-school and adolescent training programmes in Trinidad and Tobago*. International Institute for Educational Planning: UNESCO. Paris, 1993.

### **A Controversial Project for the Bank**

1.10 The YTEPP project proved to be controversial among Bank managers and economists and Board presentation was delayed while the design was elaborated. One internal reviewer raised fundamental questions about the project's justification, design, cost, and financing structure. A special meeting of the Regional Loan Committee reiterated these issues and raised others. Box 2 summarizes the issues raised and shows how staff justified the project and proposed to adapt the design to accommodate the criticisms raised.

<b>Box 2. Issues in Project Design</b>		
<b>Regional Loan Committee: Queries</b>	<b>Underlying Concerns and Issues</b>	<b>Bank Staff Responses</b>
<i>Did not employment prospects depend more on economic growth than on training?</i>	Economists had doubts about the government's optimistic growth rate projections on which the project's estimation of youth employment training needs relied; and the project design was one-sided because it focused on the supply of skills. The demand-side was a strong feature of the Bank's sector new policy. <sup>a</sup>	The project assumed a modest rise in youth unemployment in the immediate, post-adjustment period, but stronger demand for entry-level skills when economic growth accelerated.
<i>Was YTEPP the best candidate for Bank assistance given that SERVOL had a good, long track record of serving the poor?</i>	Bank support for YTEPP as a new public sector agency was at odds with government downsizing and involvement in the economy, and the encouragement of grassroots participation.	SERVOL's religious affiliation rendered it an unsuitable lead agency in a pluralistic society. It was already overwhelmed by demand for its services relative to its funds. In contrast, YTEPP enjoyed support from government, especially the MOP and the private sector.
<i>Were not estimated unit costs (\$538) too high, given that capital costs would be negligible and trainee numbers would be set at only 10,000 a year?</i>	The project would triple YTEPP's operating costs and overheads, expending 64 percent of project funds on salaries, administration and supervision.	Government had reviewed the feasibility of imposing fees on trainees and employers to reduce the budgetary burden but had concluded that the policy would be politically sensitive and ineffective. Fees would cover only a small proportion of costs and would alienate small employers and the poorest youth.
<i>YTEPP was unorganized and performing modestly.</i>	The project failed to show how it would improve things except by "throwing money at" the YTEPP agency.	The government had already made YTEPP a public company. This arrangement freed the program from bureaucratic constraints; allowed managers to attract good staff with good pay and better compensation; and encouraged market responsiveness.
<i>Was the share of Bank financing for program operations not too high?</i>	Sustainability would be difficult once the Bank loan was expended and the budget bore the full cost.	As an immediate crisis, youth unemployment required urgent attention to which the project responded. Sustainability was not an issue because once the crisis passed the YTEPP company and program would be wound up. The project addressed the need for new approaches to education and training and did not address long-term unemployment and social safety net issues.
<i>Were not key training components under-designed?</i>	The project lacked a base of research grounded in the country's experience. Improving curriculum, instruction and management were critical to providing trainees with marketable skills but the mechanisms by which the project would meet the quality objective were not spelled out.	The project would need to learn from experience. It included a large evaluation component to assess YTEPP's relevance, effectiveness and efficiency.
<i>Youth would be more employable with sound basic education and problem-solving skills, rather than narrow vocational skills</i>	According to the lead education economist, the project's focus on vocational training was misplaced because rates of return to basic education were higher and employers preferred educated recruits trainable on the job.	The project's aim was limited to equipping trainees with the skills needed for the workplace at an entry-level given the defective quality of school education for the disadvantaged. The skills provided would be adapted to employers' needs.
a. World Bank. <i>Vocational and Technical Education and Training</i> . A World Bank Policy Paper. Washington DC, 1991.		

1.11 The overriding consideration for the committee in recommending the project to the regional vice-president as a candidate for Board presentation was the high priority the Bank placed on demonstrating its responsiveness to the borrower's request for financing. It nevertheless recommended that the project should include safeguards to manage some of the main risks. YTEPP should be accountable for producing output of high quality, and employers should share costs. Nine-months later, after design changes (Box 3), the project won Board approval.

**Box 3. Project Objectives and Components**

The project as redesigned included four components, including more emphasis on basic skills and demand-focused training and employment to address some of the issues raised at review.

1. *Education and Training.* To improve the quality and relevance of the program's education and vocational training program through curriculum development, instructor training, and the upgrading of materials and facilities for basic education, life-skills training and small business development. A Career Enhancement course was to promote literacy, numeracy, and preparation for the workplace.
2. *Post-training Assistance.* To increase the opportunities offered to youth to acquire work experience in private enterprises or public agencies that would facilitate their first entry into the labor market.
3. *Self-employment.* To promote self-employment initiatives through small business training and a network of credit institutions providing business loans.
4. *Program Management.* To strengthen the YTEPP company management to provide effective training and to program, monitor operations, and evaluate program impact on youth employment.

1.12 The capacity-building component included three elements.

- *YTEPP company organization and management.* Funds for key management and staff positions—an executive director in planning and executing programs—a director of administration, three national training coordinators and eight full-time local area coordinators.
- *Monitoring and Evaluation.* A YTEPP research and evaluation function with three staff positions, technical consultants, and computers. The unit would monitor trainees' progress, and complete four tracer studies to evaluate the impact on graduate employment and earnings.
- *Labor Market Information System.* The services of the MOP Social Unit's LMIS for employment data and labor market analysis.

1.13 Concern about whether it was the appropriate mechanism to solve the problem underlay the increased emphasis on monitoring and evaluation and the characterization of the project as "experimental." This concept, however, implied adequate time and institutional capacity for learning from experience and was to create difficulties during implementation with the project's main thrust as a rapid response measure to resolve a crisis.



### **Arrangements to Encourage Ownership and Accountability**

1.14 The relative costs estimated for administration compared with training programs reflected the Bank's concerns about management competency and operational efficiency. Total base cost was estimated at \$27.7 million, 70 percent for the youth programs and fully 30 percent for administration and institution-building. Across all four project components, 50 percent of expenditures were allocated to salaries; 14 percent to administration; and 36 percent to materials and supplies; instructors and training supervisors; and technical assistance for curriculum development and evaluation studies.

1.15 The loan agreement mandated a ceiling on loan expenditures for salaries, reflecting the Bank's concern about recurrent cost financing. The Bank share of the total salary bill was capped at 50 percent with an annual ceiling of \$7.7 million.

1.16 The appraisal document referred to \$1.6 million to be provided by employers for stipends and training costs, reflecting the recommended emphasis on employers' involvement. However, these amounts were not included in the loan agreement (or the cost-table of the completed project), suggesting that staff were reluctant to raise a compliance issue if employers' involvement proved difficult.

1.17 A subsidiary legal agreement between the borrower and YTEPP Ltd. mandated that the government would transfer Bank loan disbursements from the government account to the company in the form of grants. This reflected concern to ensure that counterpart funds would be made available to the implementing agency despite the government's budget constraints.

### **Partnership Agreements to Contain Costs and Strengthen Commitment**

1.18 The project was relocated under the MOE's administrative authority. This was to ensure cost-containment and the MOE's support for YTEPP training, which it viewed as competitive. YTEPP was to use MOE facilities as part-time training venues, hire MOE teachers as instructors, and use MOE curricula in return for providing and maintaining training equipment. Subsidiary legal agreements for NTB services were contracted with the MOE and the MOP for its statistical services. A legal agreement with the SBDC was to facilitate a flow of small business loans to YTEPP graduates from credit institutions affiliated with YESS. The National Gas Company had already agreed to provide SBDC with funds earmarked for small business startups owned by YTEPP graduates.

### **Legal Conditions to Encourage Rapid Implementation and Focus on Results**

1.19 Detailed annual output indicators for YTEPP programs set performance standards and precise targets for employment and earnings set standards for effectiveness. The number of employed or self-employed YTEPP graduates was to be at least 1.5 times that of a sample of non-YTEPP graduates in the control group as identified in the tracer studies. And YTEPP graduates were to receive earnings at least 20 percent greater than the control group. If these targets were not met, the Bank reserved the right to suspend loan disbursements or terminate the project under the Bank's General Conditions. YTEPP

Ltd. and the program were to be disbanded at project completion in a little over four years when the youth unemployment crisis would be over and Bank assistance would no longer be needed.

## 2. Implementation

2.1 Despite the additional preparations to ensure readiness for implementation, the government's anticipation that the project would lead to a speedy resolution of the unemployment crisis proved misplaced. Implementation was slow until the last three years after a delayed midterm review one year before the original completion date and in the two-year extension period. The Bank's ICR describes the unpredictable external factors that affected project implementation, but it neglected to point out the extent to which the project design ignored predictable risks (Box 4).

### Tradeoffs Between Quality at Entry and Implementation Performance

2.2 Two findings from OED's review of project implementation and supervision experience stand out.

- The transaction costs for the project and the Bank stemmed from risks identified at the design stage that were not adequately addressed and required extensive problem-solving.

#### Box 4. Disruptive Political and Economic Factors Affecting Implementation

The project designers could not easily have anticipated the political disruptions that hindered implementation, especially since the ruling party had held office for nearly 30 years in a stable democracy at the time the project was launched.

- In 1991, political crisis, subsequent elections, reorganization of the government, turnover of officials and managers, and cessation of budgetary flows to the project shut down operations, delayed implementation for a year, and made planning difficult.
- In 1994, more national elections, this time with a slender victory for the opposition party, and a further government reorganization caused further disruptions for project implementation and planning.
- In 1997, as the project neared its completion date, the run-up to a third democratic election accentuated the uncertainties of the business environment for the project and reduced opportunities for forward planning (Chapter 4).

The project designers could, however, have anticipated some of the economic factors that impeded project implementation.

- The economy, and employment opportunities in turn, were growing only in line with the Bank's low- growth projections and continued to do so until the mid-1990s.
- The adjustment process included downsizing public sector employment and laying off experienced employees. This had the effect of increasing the competition for scarce but desirable public sector jobs among new and inexperienced entrants to the labor force.
- The adjustment process included encouragement to the private sector but growth in demand for local workers was rising only slowly. Though labor market information was deficient, it was already known that the new economy required new types of skills which YTEPP participants would not possess.

- The packaging of the project as a temporary measure resulted in insufficient attention to the cost implications.

2.3 While the political and economic factors were undoubtedly challenging for the project, the decision to regard the youth unemployment “crisis” as temporary and to frame the project as an emergency operation, unduly reinforced unrealistic expectations for speedy and dramatic results. It also reinforced the predictable tension between the Bank’s insistence that the project was a once-off package of assistance, the need for more time to achieve lasting benefits, and the inevitable emergence of a desire for institutional survival on the part of YTEPP Ltd.

### **Compromises in Project Design Affected Implementation Progress**

2.4 The constraints built into the project design created similar tensions and affected implementation progress directly.

### ***Legal Covenants and Conditions***

2.5 As noted, the legal conditions built into the project were intended to reinforce the drive for results. They were exceptionally strong—if the project did not meet the quantitative performance targets each year, the borrower faced the withdrawal of Bank assistance. In the early years, the pressure to meet quantitative targets precluded much needed attention to improving the quality of the program and the responsiveness of the skills imparted to graduates to the needs of employers. Thus, the Bank’s good intentions misfired insofar as the conditions became incentives for managers to meet operating targets rather than to create value.

### ***Capacity-building***

2.6 The brief implementation period built into the project exacerbated the tensions between rapid implementation and rapid results. The implementation plan responded to the need for the government to be seen to act to contain the “crisis.” The project design correctly anticipated that institutional strengthening would be needed for program management and project execution. To its credit, YTEPP Ltd. successfully established company structures, staff and operating procedures, payroll and accounting systems, and monitoring procedures to track activities and outputs in scattered training locations. In addition, the evaluation unit manager focused heavily on the implementation arrangements for the covenanted tracer studies which would measure the project’s impact. But these early institutional efforts arguably absorbed project energies that, in hindsight, should also have been directed towards qualitative activities such as curriculum development. In the event, the gains in management efficiency and effectiveness flowed through rather too late for an emergency response to crisis. The irony is that costly investment in creating long-term institutional value was built into a temporary operation. In this context, the inclusion of so large and costly a component is difficult to justify.

## *Partnerships*

2.7 After the Bank internal review, the institutional partnerships were built into the project design because they were considered critical to success. They were also considered risky because of the fragile commitment and capacity of some of the agencies. Most of them were included in the project scope after the internal review under the subsidiary legal agreements and side-contracts which placed obligations upon them. However, the project included only weak incentives to improve commitment and little investment in institutional strengthening and thus made failures highly predictable. From the perspective of the Bank and the borrower, new institutional components designed to strengthen the partnerships would have added to the project's scope, complexity, and size, and further delayed a rapid response to the crisis. As an alternative, the project relied on the legal agreements, which proved inadequate—a shortcoming with legal arrangements that the Bank has more recently tried to avoid.

2.8 Furthermore, the project design inadvertently included disincentives to partnership (Box 5). The decision to designate YTEPP Ltd. as project implementing agency in control of expenditures from the Bank loan and the counterpart budget was sensible on many grounds. However, it reduced the sense of accountability and ownership among other partners. The arrangement also left YTEPP Ltd. vulnerable to the view that it intended to operate as a monopoly, despite its perseverance in attempting to resolve partnership problems. When it took over some of the partners' responsibilities for service delivery in an effort to build goodwill among employers and the public, these views, however undeserved, became tools in the arsenal of rivals in business and in politics.

### **Box 5. Partnership Experience**

Partnership failures left gaps in the project including placement arrangements for work experience and apprenticeships. The incentives for private sector participation in the SBDC and YESS partnership were not adequately designed. It is widely known that private sector lenders worldwide are reluctant to make loans to inexperienced entrepreneurs without collateral. Since loans were crucial for YTEPP's youthful microentrepreneurs and the company was not in the loan business, the project should have made stronger efforts to learn from global experience.

The partnership with the MOE, though difficult at times, benefited from careful preparation, close monitoring, and creative problem-solving. The partnership was intended to achieve economies through the shared use of schools for the part-time YTEPP training centers, the use of MOE curriculum materials and its teachers as instructors. In exchange, the project maintained facilities, provided specialized workshop equipment, and trained MOE staff, and paid for their project services. Also, the teacher-instructors were ill equipped to cope effectively with the challenge of remedial training for school dropouts. After the project decided to provide additional training and instructional materials, the quality of instruction improved though not yet to the high standard YTEPP managers expect. The sharing of facilities at local levels did not deliver the cost-efficiencies expected and proved a continuing source of jurisdictional friction. The project has recently shifted away from a center-based model of training towards training venues at employers' own sites. The problems arising from sharing educational institutions were fairly common and well-researched in education projects and the project design should have paid more attention to the complexities of twinning between different professional institutions with different norms and practices. The project placed YTEPP within an emerging training policy and labor market framework that would be developed by the NTB and the MOP's social unit. They were new institutions, vulnerable to shifts in political patronage and budget constraints. The Bank was aware of the risks but failed to point out the consequences should the framework not develop as planned. The demise of these critical agencies was not entirely unexpected, but they left a policy vacuum for the project which the ICR correctly notes was unfortunate.

## Bank Supervision

2.9 The implementation issues stemming from the project's design had repercussions on Bank supervision as well as borrower institutions. After the early hiatus in implementation, supervision staff made strenuous efforts to rise to the challenges (Box 6). In addition to a regular annual mission, staff were aided by easy access to the project by telephone, fax, and email. This helped reduce supervision costs to 40 percent of the Bank average. The ICR notes that staff time spent on supervision exceeded the regional average by 23 percent. However, the cost of tracer studies, \$236,031 (of which \$108,815 was the cost of the Bank resources) raised the level of overall supervision costs considerably.

### Box 6. Borrower Views: Bank Supervision a "Tremendous" Help

The project staff appreciated the "tremendous" support of Bank staff during supervision. They commented that supervision teams made frequent visits and included relevant experts, especially in evaluation. The government welcomed the continuity provided by the original task manager who saw the project through the Board and then stayed with it until the midterm review. Until the political disruption, this regular contact with senior government officials and industry leaders brought together a coalition of stakeholder support for YTEPP and the Bank's firm stance on procedures helped project management steer through the difficult time. After 1994, the two later task managers provided just-in-time support and took a practical problem-solving approach. YTEPP Ltd. says that accounting efficiency benefited greatly from the advice of specialists undertaking a regional initiative in 1995 to improve the quality of financial auditing of Bank projects. As a result, new external auditors were selected who helped the company improve its capacity for financial management. In the last year, this support relied heavily on one or two Bank staff just at the time when key YTEPP staff were facing an uncertain future. Bank staff remained proactive, however, in recommending that \$1.5 million of unspent project funds should be redirected to help the National Training Authority develop training policy. YTEPP's managers appreciated the sound advice of Bank staff on procurement of much delayed upgrading for the company's central computer system and accounting software has solidified management capacity at the central level. Acknowledging that the annual output targets were too ambitious, they delayed the midterm review a year to enable the project to fulfil the legal requirement for project continuation. In 1995, they supported the borrower in recommending the reduction in the project's scope and a reallocation of loan funds. Then, in 1996, staff supported the borrower in recommending a loan extension to allow loan funds to be spent down. This gained two more years for solid progress, as the ICRs describe.<sup>a</sup>

a. *Proposal for the Youth Training and Employment Partnership Program: to Continue and Utilise "Unused Funds" from 1996 to 1998.* The government asked for a one-year extension, but the Bank approved two years on the basis that youth unemployment remained high.

2.10 Supervision reports neglected to point out that, one year before the original closing date, the project had not succeeded in meeting the "urgent" needs of 1991 for which it was intended. Rather, they focused on the continuing youth problems resulting from slow economic and employment growth and, hence, the need for the project to continue. In fact, the original justification for an emergency project to meet a crisis appears to have been downplayed by both parties. In fact, Bank staff and the project managers began to discuss preparations to ensure sustainability as early as a 1993 mission, well before substantial benefits worth sustaining began to show. In the last two years, confident that YTEPP Ltd. was well equipped to manage the program efficiently, and making a professional judgment that the program's development outcomes would be significant with more time, Bank supervision staff helped YTEPP Ltd. make a case with the government for the program's continued existence once the Bank loan closed (Box 7).

### Box 7. Beyond 1998: Positioning for Sustainability

In 1996, YTEPP Ltd. seized the opportunity of a request from government for its input into training policy development to forestall risks to its survival and the program's benefits. Its position paper, *Beyond 1998*, posed three questions. What constitutes sustainability from YTEPP's perspective? Should the program continue and in what form? In the absence of Bank funding, how would it survive financially? In this context, YTEPP managers made several important proposals to position itself for the future.

- Reduce the level and scale of operations
- Continue the core training programs
- Ensure the quality of output continues to improve
- Recover program costs and make a profit through fee-based training and services
- Supplement the government subsidy by using revenues to help defray operational costs.

The most critical issue, *Beyond 1998* argued, was the youth groups to target. YTEPP's training and services produced value for disadvantaged youth and as well as for the economy and society. YTEPP Ltd. had a niche market among underprivileged youths who were unemployed and underserved. The company argued that deficiencies in the education system, and the need for a bridging institution between school and work, were very real social concerns that the government must address.<sup>a</sup> The company recommended that the program should continue to target the underprivileged as its *primary* activity. Unequivocally, however, most of the funds would have to come from government because it would not be feasible in this market to raise much revenue from fees. In addition, the company strategy was to expand its full-fee services to government and industry, but as a *secondary* activity. *Beyond 1998* placed the program firmly within the framework of the NTA which was to rationalize and coordinate youth training provision; analyze labor markets; oversee curriculum standards and program accreditation; and facilitate job placements and apprenticeships. YTEPP, the paper stated, had unique experience and institutional capacity worth maintaining. It would be a strong member of the training provider network.

a. MOE data showed that the number of youths leaving school annually would remain stable, though they would decline in the long term with the birthrate. About 20 percent of the population aged 15 years and above remained functionally illiterate.

2.11 The option of a follow-up Bank project was not explored—at least in official records—and the ICR does not discuss the reasons for this. Staff interviewed indicated that other lending in the region took priority. But this raises the issue of why the Bank would walk away from unfinished business. Several hypotheses have been offered to explain the Bank's departure:

- The Bank's confidence in strong support from government was waning in the changing political environment.
- Competition from other training agencies in public and private sectors was growing, threatening YTEPP's market share and the justification for its survival.
- The Bank removed itself from the project because of the country's severe budgetary constraints.
- Recognizing that the essential public subsidy would decline, they nevertheless had as yet little basis in the sector strategy from which to offer policy guidance.

2.12 The critical issue for sustainability was YTEPP's high level of dependence on the Bank loan for local currency expenditures, including routine operational and personnel costs—an issue during review before loan presentation that the subsequent loan

agreement did little to address. The ICR shows that the cost structure and financing shares established at the design stage were adhered to.<sup>2</sup> Local costs of \$21.9 million equivalent amounted to a high 88 percent of total project costs and the loan share amounted to 57 percent (\$12.4 million).<sup>3</sup> But the costs of salaries (\$13.3 million) and administration (\$3.0 million) alone amounted to over 74 percent of the local costs, and the loan financed 50 percent as agreed. It also financed an equal share of other program expenditures, but those for program inputs such as materials and supplies and training and supervision amounted to only \$5.7 million in total. The question of how far the government would be able to meet the needed levels of expenditure (Annex B, Table 5) was an issue that faced the project immediately after loan closure (Chapter 4).

### **Focus on Results and Investment in Evaluation Capacity Development**

2.13 A strong point of the project design was the inclusion of an impact evaluation. The results of the initial phases of the study provided the government with credible evidence of YTEPP's emerging effectiveness when requesting a loan extension (Chapter 3). The four covenanted tracer studies were intended to inform YTEPP board, managers, government officials, and the Bank about the absorption of program graduates into productive work. Since the project had made no explicit provision for financing under the management component were not provided, it was fortunate that the Bank team arranged for them to be subsidized from a Bank research grant supporting a multi-country study on the impact of Bank-financed social sector projects. The two evaluation specialists developing this were thus financed as members of project supervision team. They collaborated with the company's director of evaluation who managed the operational aspects of the surveys and data collection. The Bank took responsibility for data analysis and reported the findings fully to the project with the director as co-author. The director said that, without the Bank's inputs, the design and analysis of the pilot (first) and the second study would not have provided the high-quality statistical analysis needed to support the bid for a loan extension. Nevertheless, project staff experienced enormous pressure to produce robust results by the midterm review, as did Bank staff with respect to the country input to the broader Bank study. After the midterm review, dwindling Bank resources slowed the momentum and the plan to follow through with a well-crafted report worthy of dissemination was not carried through. While the draft report of the tracer study evaluation acknowledges the Bank and project authors, the list of project studies in the Bank's ICR omits mention of it (ICR, Table 7, p.23) because, technically, the ownership rested with the Bank.

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2. Actual costs were about 80 percent of appraisal estimates and the Bank share was 64 percent (Annex A). Values are affected by a large exchange rate appreciation, high local inflation, and the conversion of the Bank loan to a single currency.

3. Data in the ICR, project accounts, and the external auditor's statement on costs and financing are not entirely consistent. The data in the ICR, Tables 8a and b do not reveal actual financing shares for local and foreign exchange expenditures. OED agrees with project staff that some of the inconsistencies may be derive from accounting year and exchange rate changes, rounding of totals, and the bundling of expenditure categories under different accounting formats. The external auditor's comment in 1998, however, on the internal control structure may be intended to imply that accounting weaknesses remained at the end of the project.

2.14 As was common in the early 1990s, the project omitted to target resources for evaluation capacity building. The lack of a detailed implementation plan for the evaluation component may have been because it was one of the late additions to the project. If the project had remained a temporary intervention, this omission would have been less serious. But because the program was also justified as “experimental,” it would have been reasonable to allocate resources to build staff skills in self-evaluation. Bank staff were primarily interested in the tracer studies as inputs for the broader impact evaluation. They relied on the evaluation director’s commitment and skill to administer and supervise field work and data collection by the local consultants and paid less attention to other evaluation studies commissioned by project managers. Though they built appreciation for evaluation and transferred some technical skills during supervision, this was not their main priority. The project suffered a loss when the Bank specialists ran out of resources, did not publish the second tracer study, and moved onto other tasks. It suffered another loss when the evaluation director left the project during the uncertain period before loan closure. The evaluation unit did its best to continue with analysis for a third tracer study and to launch some other initiatives. While the reports are much more attractively produced for non-technical readers than the earlier studies, project staff candidly acknowledge that the quality of data and analysis does not meet the technical standards to which they had been exposed by the Bank (Annex C).

### **3. Achievements and Outcomes**

#### **YTEPP—a Positive Difference in the Lives of Trainees**

3.1 Despite the design flaws and implementation challenges, YTEPP succeeded in improving—albeit modestly—the employability of its graduates through its training models. It helped many secure work and incomes, or entry to more advanced formal education and training. The evaluations indicate that outcomes for skill-levels, employment and earnings improved even during the most troubled economic and political periods. An oft-repeated mantra of experienced staff is that the program definitely enhances the quality of life of YTEPP participants, especially after the Career Enhancement training was revamped. No question arises that benefits increased after the midterm review when the labor market began to revive and performance improved. Unfortunately, the benefits flowing from the project’s improved performance in later years are not yet fully analysed.

#### ***Trainee participation and graduation rates no mean achievement***

3.2 From 1991 to March 2000, YTEPP has attracted applications from over 103,000 youths (Annex B, Table B4b). It has recruited nearly 89,000 and graduated nearly 57,000. Before the restructuring, the “emergency” project met its recruitment targets but graduated less than 60 percent of the 50,000 YTEPP participants. After the 50 percent reduction in scope, the project met recruitment targets and graduated nearly 21,000 of the participants (75 percent). Over the six years of the project, the program graduated an annual average of more than 9,000 unemployed youths aged 15–30. Relative to the



outflow of about 10,000 students a year from the schools, the program had a significant impact. It channeled young people into employment training who would otherwise have remained idle. This is no mean achievement in a challenging endeavor.

### ***Work and life skills improved***

3.3 The graduates acquired better literacy skills and new skills for specific occupations and crafts or small business management. The Second Tracer Study of Cycle IV graduates (1991–92) reported favorable feedback about the program’s impact on their confidence and self-discipline. (Annex C para.1) <sup>4</sup> Graduates perceived themselves as much improved in reading, writing, and speaking skills, though not in numeracy. Feedback from more recent cohorts repeated this pattern. YTEPP had by then upgraded the entry reading age from 8 years to 10 years and added a special version of the core Career Enhancement training for participants with the weakest skills. The training is now a course requirement for all participants.

#### **Box 8. Career Enhancement through Basic Skills Training**

The company commissioned a pre- and post-test of graduates of Cycles VIII—XII (C2). Nearly 36 percent of the special program participants improved their reading ages compared with 22.3 percent of the core program participants. On the comprehension test the improvements were 28 percent and 18.6 percent. In the core program, literacy levels improved by 4.1 percentage points and reading ages (12 years on average) improved by 5 months. In the special program, the most positive change was in word recognition, which improved by 6.9 percentage points. This translated into a reading age improvement of 9.3 to 9.9 years. Of the 1,476 special program participants with a reading age of 10 years or lower, 20 percent improved to above the 10-year level, while 45 percent of the 573 core program participants did so. In numeracy, the pattern was also positive but with lower progression. The special program yielded improvements for 30 percent of participants and the core program for 15 percent.

### ***Employment and earning outcomes modest but significant***

3.4 According the Second Tracer Study, the more sophisticated of the evaluation studies, the program had modest but significant benefits (C3 and 4). For Cycle IV beneficiaries (1991–92), the program produced modest improvements in employment and earnings overall but much better benefits for the least-educated youths in lower income groups (Box 9). The results were significant in two key respects. The program persuaded graduates to work who would not otherwise have done so and raised the earnings of employed graduates from lower socioeconomic groups above the earnings of those who did not receive YTEPP training. While it did not affect the very poorest or the most privileged, women among the less privileged benefited the most.

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4. Annex C. provides notes on the studies.

**Box 9. Tracer Study Findings**

- YTEPP increased graduate incomes by about 6.2 percent. For graduates at the 65th percentile of income distribution, YTEPP's impact on their earnings was positive and strongly significant, but for graduates at higher percentile levels, the program did not make a difference to earnings.
- The program had a modestly positive effect on graduates' employment rates. Statistically corrected data showed that about 12.4 percent more of the program graduates were working than would have been had they not enrolled in the program (C5).
- The percentage of YTEPP graduates who were working or studying one year after graduation increased. Nearly 42 percent were working compared with 18 percent before the program. The employment rate for the control group was similar. But comparatively, the YTEPP graduates did better given somewhat lower educational qualifications.
- For women and girls, employment rates increased by nearly 47 percentage points (control group 13.9 percentage points).
- For men and boys, employment rates increased by 52 percentage points (control group 31.5 percentage points).
- An additional 19 percent of YTEPP graduates returned to education or training.
- YTEPP graduates found wage-employment in a wide variety of fields: nearly 50 percent in clerical positions; metal and machine industries; personal services (notably food services); and wholesale and retail sales. About 75 percent of the employed graduates found work in the private sector and 23 percent had worked in the same field prior to YTEPP training.
- Eleven percent of YTEPP graduates entered self-employment contrasted with 4 percent in the control group.
- Interest in entrepreneurship was evident among core program graduates and 20 percent of wage-employees were saving to launch microenterprises.

***A revisit of Cycle IV graduates found them still productive***

3.5 Two years later, the follow-up evaluation revisited 1,000 (16 percent) of the Cycle IV YTEPP graduates and the control group (C5). The YTEPP evaluation team concluded that, three years on, YTEPP graduates were at least as competitive in the job market as the control group, even though they had started out with lower educational attainments (Table 1).

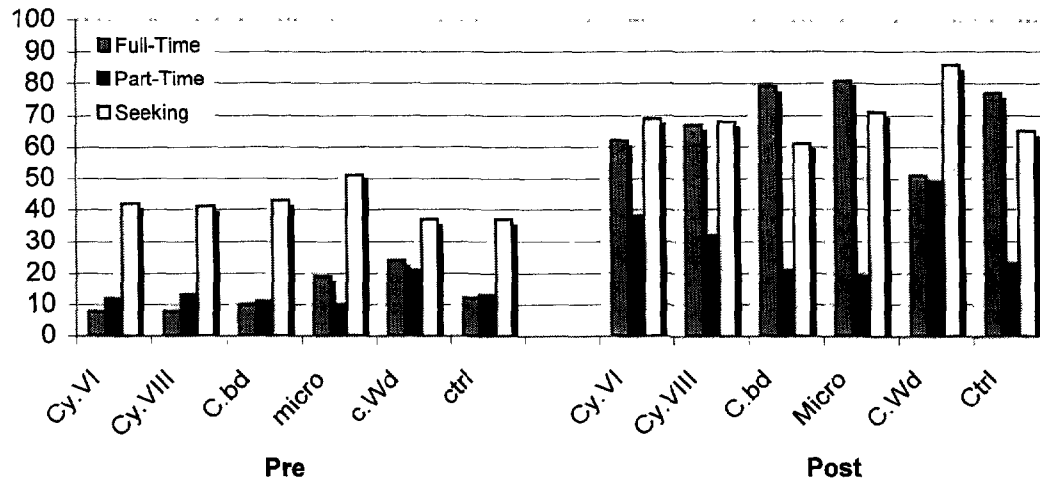
**Table 1. Employment Rates (1993 and 1996)**

<i>Group</i>	<i>Cycle IV (1993)</i>	<i>Cycle IV Revisits (1996)</i>	<i>Percentage Point Increase</i>
YTEPP	41.7%	71.4%	30%
Control	35.3%	62.9%	28%

Source: YTEPP ICR Annex 1998 and Information Technology & Research Unit

3.6 Age-related patterns occurred in employment rates. They had risen more for youth aged 20–29 than for those aged 15–19 in both the treatment and the control groups (Annex B, Table 1). This was a shift from the situation in 1993 and may have reflected employers' demand for more mature workers. Women continued to be disproportionately successful in finding employment (B2).

3.7 YTEPP participants also improved their level and type of participation in productive work after graduation, according to the Third Tracer Study (C6). This reviewed the performance of 3,200 program participants and applicants (and 800 matched non-participants).

**Figure 1. YTEPP Participants' Employment Status Pre- and Post-Training**

Source: Third Tracer Study, 1998.

### ***Wage Employment more popular in some occupations than in others***

3.8 Through 1995, wage employment absorbed about 75 percent of YTEPP graduates from Cycles IV, VI, and VIII. Even microentrepreneur- and community-trained graduates entered wage-employment at high rates (71 and 63 percent). A similar pattern occurred in the control group, possibly linked to traditional preferences for wage jobs. The distribution of wage-employed graduates across occupational fields remained varied and fairly stable over the various cycles. Sales, clerks, craft, and “elementary work” predominated in popularity over technical and plant operation. Agricultural and fishery crafts attracted very few graduates. These findings call for more analysis to determine whether the skills acquired, wage rates, local availability of jobs, or some other factors are most influential in occupational choices and to help strategic planning.

### ***Self-employment a more modest success***

3.9 The data on self-employment training and business start-ups are inconsistent and largely absent for the later years (C7). Certainly, YTEPP’s self-employment training struggled to be as attractive and successful as wage-employment training. The courses improved in quality, community-focus, and reputation after 1995 but challenges remain in attracting recruits, raising graduation rates, and helping would-be entrepreneurs to find and stay in business. In 1991–93, more than 2,000 youths applied for and were accepted into the courses but none were graduated because of curriculum and partnership shortcomings and the political disruptions. During this period of slow economic growth and excess labor supply, self-employment training remained a last resort for youths who judged that they had slim prospects for wage jobs and were unable to enter the other YTEPP courses. Apparently, however, twice as many women as men continue to graduate from training for self-employment. The various sources show that over the entire

six years, the YTEPP microentrepreneurship course involved a maximum of 8,500 trainees, (13 percent of YTEPP recruits), possibly over 4,000, or a minimum over 2,000. Graduates may have numbered about 2,700. Self-employed graduates entered fields of economic activity that mirrored their YTEPP training; crafts and sales predominated as occupations. For mid-project cycles, the proportion of graduates still self-employed a year later appears to have declined compared with the early Cycle IV graduates revisited. Only 7 percent of Cycle VI and VIII graduates remained self-employed two years after graduation compared with 14 percent of Cycle IV graduates. The representation of the control groups in self-employment at 6 percent was even lower than for YTEPP graduates. The reasons for this are not self-evident but may relate to earlier switching into wage-jobs.

3.10 Access to credit was a key determinant in whether graduates began their own businesses in the early days. Until 1995, 90 percent of YTEPP microentrepreneurship graduates applied for commercial loans (100 percent of graduates in the community projects). The number of institutions participating and the rate of success in loan applications was very low, however (B4a). In 1999, a handful of financial institutions agreed to participate in a revived program and about 500 trainees have recently completed business plan proposals. The fact that nearly 80 percent of the graduates were able to find their own capital to start businesses may be linked to the rise in the socioeconomic status of YTEPP participants over the years. According to YTEPP staff, the problems of the education system are reflected in the rising socioeconomic status of YTEPP recruits who have been pushed out from school. They say that recruits still come from relatively disadvantaged backgrounds but are not the poorest or most marginalized youths such as those served by SERVOL. Possibly in line with the country's changing attitude to private sector initiatives, YTEPP participants, staff say, have begun to view small business ownership and management as a path of opportunity, and self-employment is gradually shedding the image of illegal or dead-end work in the informal economy and gaining respectability.

### **Intermediate products**

3.11 The fact that YTEPP's intermediate products began to command a price in the market, signals that their quality and relevance improved. With career enhancement training now integrated into vocational skills training, YTEPP has developed a distinctive training model with brand-recognition. The NTA is negotiating to use the curriculum that YTEPP Ltd. has patented. The range of skill courses offered has become more responsive to employers' needs and a few large employers pay for tailor-made courses (Box 10). The major advance into the private sector came with a contract to supply welders and fabricators to Carillon Ltd. at its full-time centers. YTEPP partners the Kellogg-Pan-American Corporation for this training. The quality of output has proven sufficiently acceptable for the contract to be extended. Notwithstanding these improvements, the company is keenly aware that continued product development is required for products and services to remain competitive with several other training providers, including government agencies and industry. In particular, the National Energy Skills Center has emerged as a competitor that is proving itself responsive to government and industry

clients and has recently attracted a large share of training funds. Construction and related industry training at pre-craft and craft levels have remained a fairly secure source of demand for YTEPP. But economic diversification is increasing demand for higher level skills including technology. The problem for YTEPP Ltd. is that labor market analysis in the country is still not available for planning purposes as anticipated.

**Box 10. Program Diversification and the Changing Market**

By project completion project managers had diversified the program to better meet employers' demand for skills.

- Slimmer part-time courses offer pre-craft skills in 13 different occupational fields at an introductory level (Level I of 5), plus the career enhancement preparation. Courses vary according to local demand and are centered and managed in the five regions.
- YTEPP has won recognition by the National Examinations Council as a key provider of pre-craft level training. Beginning in Cycle XIII, 1998, NEC awards Certificates of Acquired Competencies for success in reaching the competency levels required. The recognition has placed YTEPP among the elite technical and vocational training providers in the country.
- Level II training for certified welders and fabricators is now run at 10 industrial venues. These include three trade centers, a technical institute, and the Industrial Gases Company. Welders are tested and certified by an independent inspection body using the same standards as professional bodies in Canada, England, and the United States. The certification places YTEPP on the path to international recognition.
- YTEPP Ltd. launched revamped community-based projects in remote areas after 1995. The initiative is funded through the Community Development Fund.<sup>5</sup> The seven-week program aims to equip participants with the knowledge, skills, and values essential for producing goods and services through self-employment, partnerships, and cooperatives. The skills taught depend on the resources and facilities available locally but are held to the same standards as the center-based courses. Experience had shown that the community support groups foster commitment and accountability among trainees. The program requires better monitoring if YTEPP's planned evaluation study is to be of high quality and credibility.

## 4. Sustainability

4.1 Contrary to the ICRs' optimistic expectations at loan closing, the program's financial sustainability became highly unlikely by December 1999. YTEPP Ltd. cannot cover program expenses from its revenues, and would be bankrupt without government transfers.

### Funding and Management Disruptions after Loan Closure

4.2 The many months of uncertainty at the transition exacerbated the difficulties of maintaining operations and identifying new sources of income. When the opposition party won the national elections shortly after the Bank's departure, YTEPP's board chairman moved on to become the chief executive officer of the NTA, other board members departed and, after six months, the YTEPP CEO stepped down (Table 2). The new government began to overhaul the public sector. It withdrew the approved budget for YTEPP for the remainder of the fiscal year, delayed the disbursement of the FY99 budget, and introduced new appointment procedures for company management. A broad search for candidates and an iterative internal review process was to culminate in the appointment of the CEO and other senior executives directly by the prime minister. This

5. IADB funds the CDF for \$3.1 million.

change was part of a broader initiative to increase financial controls, cost-efficiencies, managerial effectiveness, and divestiture in public companies. The company, however, viewed the new processes with some concern. On the positive side, they raised prospects for identifying highly qualified managers. On the negative side, they raised risks of political interference and threatened the very autonomy and flexibility that had differentiated YTEPP from other public sector youth programs. The CEO recruitment and selection process was protracted and was still proceeding in December 1999.

**Table 2. YTEPP staffing during the transition (1997–99)**

<i>End of Year</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
<i>Permanent Headquarters Staff</i>			
Managers	3	1	1
Senior Staff	10	11	11
Junior Staff & Operators	75	81	83
<i>Non-regular Staff</i>			
Supervisors	123	116	68
Part-time Tutors	586	510	294
Casual	48	52	50
Trainees	-	24	20

Source: YTEPP Ltd.

4.3 Once YTEPP Ltd. had downsized its part-time teaching staff and depleted its financial reserves, regular employees worked for five months without pay to maintain minimal operations. From June 1998 until September 1999, nevertheless, programs and services remained virtually at a standstill and by December 1999, the company's financial health had severely declined. Fully 90 percent of operating expenses are expected to be covered by the government grant. Meanwhile, the company runs the program with a deficit. Net assets have declined and are much too low relative to liabilities. Though the accounting value of fixed assets has risen due to the addition of machinery, equipment, and vehicles, these have little economic value. The company has made efforts to survive this serious situation. By December 1999, the deficit of revenues over expenses was only two-thirds of the previous year's level and non-government grants and fees almost covered the residual 10 percent of the operating deficit, including "other receipts" (unspecified). Without public subsidy, however, YTEPP Ltd. would be bankrupt.

### **Recent Performance**

4.4 In the transitional period, the uncertainty of future government support and the funding gap forced the company to scale down the program and recruitment (Table 3). In 1998, the program had shrunk to only 66 percent of the size of the 1995 restructured project and less than 40 percent of the size of the original project. In 1998, the program attracted only one third of its projected applicants. Of the 10,000 applicants, just over 8,000 were recruited. This represents a 43 percent reduction of intake. In 1999, the number of applicants fell to 5,000 and recruitment fell by 50 percent.

**Table 3. Recruitment, Graduation and Dropout, 1998–99**

<i>Cycle</i>	<i>XIII, 1998</i>	<i>XIV, 1998</i>	<i>XV, 1999</i>	<i>XVI, 1999</i>
Enrollments	4,371	3,795	1,909	2065
Graduations	3,198	3,025	1,371	n/a
Dropout	27%	20%	28 %	n/a

Source: Major Achievements: 1998-1999 and Significant Programmes: 1999-2000. Youth Training and Employment Partnership Programme (YTEPP Ltd.). December 16, 1999.

4.5 Graduation rates, in contrast, have improved to over 70 percent. YTEPP staff attribute this positive development to the earlier investment in program quality and lower class sizes while acknowledging that the boost may be temporary because of the increased output of trainees held back by the disruptions.

### **Institutional Factors Favoring YTEPP's Sustainability**

4.6 On the positive side, the authorizing environment for YTEPP Ltd. has improved, its leadership is well positioned to market the company's services, and products and investment in management infrastructure is in place at central level.

- In 1999, YTEPP's was relocated under the new Ministry for Training and Distance Education (MTDL). The company reports to the permanent secretary who has excellent credentials and experience in the youth training field. She looks to YTEPP to provide best practice models for rapid development of a coordinated training provider network.
- Likewise, the new NTA chairman has a powerful vision for the NTA's role in policy, regulation, and professional standards and wants YTEPP to have a strong presence in the training provider network. He is also well qualified as a leader with international experience in business and industry training and has strong ties with private sector stakeholders and an insider's knowledge of YTEPP.
- The new YTEPP board chairman is well placed to lead the company as an influential advocate of underprivileged youth. He assumed duties in April 1999 after long experience with industry and labor relations.
- A well-qualified and long-standing member of the senior management team has acted strategically and resourcefully as CEO since the departure of the other two senior managers. Among his earlier responsibilities, he developed the company's administrative and accounting practices. He has held the central staff together through a tough period, emphasizing teamwork and responsiveness to government and industry stakeholders.
- Most current senior operational and program staff are seasoned company employees. The accounting department has retained its personnel most of whom benefited from project training. The company recently welcomed a former Minister of Education to develop the post-training assistance for

YTEPP graduates. The evaluation unit is now managed by an energetic former member of the monitoring evaluation, and research team. Her goal is to strengthen the company's statistical and program evaluation capabilities and the contribution of evaluation findings to YTEPP strategy and dissemination activities. The funding problem, however, has set back all but bare-bones monitoring activities and plans for future studies rely on external demand and funding.

- The project investment in technology in 1998 has increased internal efficiency, according to senior executives. The accounting and payroll systems are upgraded, head-office systems are Y2K compliant, and the introduction of networked communications is intended to foster teamwork. Establishment of limited Internet access is beginning to expose employees to the latest professional knowledge. The next set of investments, if funds allowed, would benefit the regional offices. These investments, of course, also have funding implications for staff training and hardware and software maintenance.

4.7 However, given the company's lack of financial maneuverability, new business opportunities were critical for survival.

#### **YTEPP Ltd. Pursues New Business Initiatives in Public and Private Sectors**

4.8 In anticipation of uncertain prospects, the company continued to develop its services and products through the transitional period in order to raise revenue in public and private markets (Box 11) The Information, Technology, and Research Department (ITR) launched a labor market survey in late 1998 to underpin its planning of skill training courses and work placements. For 2001, it plans an impact evaluation funded by a donor grant tied to the community-based programs.

4.9 These initiatives are examples of the company's resourcefulness in building on investments already made. They represent just-in-time responses to employers' needs that are broadly within the strategy of *Beyond 1998*. As the YTEPP ICR acknowledges, recent economic growth has increased demand for trained workers. But most of the company's new business is small in scale and not always replicable. Though the financials are a serious pressure to grasp any income opportunity, management tries to keep to its long-term business strategy by developing products of high quality to build a reliable market base.

#### **The Civilian Conservation Corps**

4.10 In mid-1999, the government provided an important injection of funds by transferring to the company the budget and responsibility for a Civilian Conservation Corps program from the Defense Department. YTEPP was to integrate the CCC into its own training model. Using ex-military personnel as instructors, the program was



**Box 11. Business Initiatives**

- YTEPP's revamped the Entrepreneurial Development and Support Service promotes the development of micro-businesses by providing young entrepreneurs with technical assistance, counseling, and networking, as well as training. EDSSD recently contracted for Business Management Training Workshops with the Ministry of Social and Community Development. It trained 150 people in five communities in three-day courses. Additional workshops for other government clients are planned.
- In early 1998, the company contracted with Pernod Ricard (Trinidad Ltd.) to train workers under six-month apprenticeships in agricultural occupations. The second cycle concluded in May 1999. Though training only 16 people, 8 subsequently became Pernod Ricard employees. A further contract for 2,000 was planned whereby the firm would invest in a catering facility and YTEPP's food preparation trainees would supply the labor.
- The department collaborated with the ministry's Distance Learning Secretariat to deliver a radio program on entrepreneurship. It also provided the curriculum and tutors for the entrepreneurship component of a pilot distance-learning program, the Host-Home operator program.
- From August 1999, two mobile units provided computer training to over 100 persons in communities and organizations. Based on high demand and revenue prospects, a third unit was added to provide training for disadvantaged youth without fees subsidized by the commercially profitable units.
- In late-1999, 15 trainees participated in the Tobago Plantations Project and 7 in the Tobago Hilton Hotel Construction Project. Plans are underway to have each day of construction training shared equally between practical and classroom training, and to work with the Tobago Assembly on construction initiatives.
- YTEPP has submitted a proposal to contract with the Postal Service to manufacture new mailboxes.
- Similarly, the Employment Bureau is seeking employment placements for 3000 YTEPP graduates for a special project with the Central Statistical Office.

designed to provide work discipline and environmental awareness for ex-soldiers and others through clean-up projects. As part of social protection efforts, the government provided participants with support and stipends rather like a food-for-work program. The three-week program was implemented in September 1999 for 50 ex-soldiers and 700 YTEPP trainees. The experience proved challenging: the CCC participants differed in needs from regular YTEPP recruits. The focus on temporary work tied to a stipend was antithetic to the company philosophy of investing in skills training for future employment; and transaction costs were high, especially in gaining accommodation from the military personnel which supplied operational inputs for YTEPP's management and accounting standards. Nevertheless, the government is keen for YTEPP to succeed and the injection of funds will help reduce the funding gap (though to what extent is unclear). The experience also provided YTEPP Ltd. an opportunity to manage an exercise similar to a corporate merger and gave the company more presence in shaping social policies.

**The Cost of Capital and Future Value**

4.11 Despite these positive developments, the company and the program are at high risk of spiraling downward. Though the investments under the project have already been made, the value expected to flow from them has not yet been realized—despite the persisting training needs of employers and youth. In addition, because of the inability to inject funds into new investments and operations, the company's goal for the program as the industry benchmark for excellence will be a tremendous challenge in the more competitive economic environment. If nothing changes, the real economic and social cost

of the program's demise will be much higher than the financial costs of borrowing from the Bank. On grounds of cost to the country alone, resolution of the dilemma identified in *Beyond 1998* is critical. YTEPP decision-makers have two stark options and both are risky. If the program is to fulfil its original purpose, political parties in power and in opposition must be convinced that YTEPP's services to unemployed youth are a public good that deserves full support from public funds. This would be essential whether or not the YTEPP company survived. If the decision makers opt to subsidize its non-fee paying services to the unemployed by raising revenues, experience shows that the challenge is enormous, and not entirely within the company's control. YTEPP would need to gain a much larger market share of new business from employers, public, and private. But enough of them must be willing and able to pay full-cost fees. If successful, the company and the program would survive but would probably lose its focus on unemployed youth through increased reliance on the bottom line. Adding to the difficulties of gaining market share are the lack of up-to-date labor market information and the depletion of capital resources for product development.

## **5. Issues, Findings, and Lessons**

5.1 The main issue arising from examination of the project experience relates to the difficulty of ensuring that the quality of project design is technically high when strategic considerations of political feasibility and Bank-borrower relationships are viewed as critical.

### **Justification and Rationale for the YTEPP project**

5.2 The issue of whether the Bank was right to finance the YTEPP project is complex and cannot be conclusively decided in retrospect. Identification went ahead on the justification that the project was a response to government concern about the social risks of economic adjustment and the Bank's concern with poverty reduction and human capital development. The assumption that youth unemployment was a crisis was not critically appraised. Staff say that analysis was not done because the crisis emanated as much from risks to political stability as slow economic growth.

5.3 Given that the Bank had decided to respond positively to the government's request for help with youth unemployment, the choice of the YTEPP as main beneficiary becomes the issue. Why would the Bank support a new and untested program rather than an established agency or program that would be more likely to deliver results rapidly? Staff probably did not explore alternatives in depth because of their conviction that the strong political support enjoyed by YTEPP through the MOP and the commitment of YTEPP's leadership would be sufficient. Change of mind at a late stage when informal understandings had emerged between Bank staff and government officials might also have done more harm than good. On this basis, senior managers appear to have been persuaded that YTEPP was the only feasible target of Bank support and judged that the only other alternative was *not* to respond to the government's request for finance—an alternative that was unacceptable on grounds of country relations.

5.4 Given the decision to go ahead with the YTEPP project, the issue becomes the packaging of the project as an emergency operation that would reduce youth unemployment and put itself out of business. The notion that, in a mere 4–5 years, a training project could resolve chronic social and labor market problems—of which youth idleness was both a cause and an effect—was fundamentally flawed. Since the Bank recognized this weakness, other underlying reasons for the project to go ahead appear to have been influential. Indications are that the project promised a fresh start for the Bank in the education and training sector and an entry point for dialogue on sector policy and strategy, while the loan promised a modest contribution to maintaining social sector spending where public transfers had a legitimate place. And since, according to stakeholders, YTEPP would most likely have continued as a government agency without Bank financing, the fungibility factor may have been a consideration because the loan released public funds for other uses. Whatever the reasons, despite the issue being raised in internal review, the assumption that the project was the most effective use of Bank resources was never thoroughly appraised.

5.5 Whether a long-term approach would have been a better alternative is an issue that cannot be resolved conclusively in retrospect. As the ICR says, staff appreciated that the absence of a policy and institutional framework was an obstacle to sustainable progress in the youth training sector. But they judged that dialogue on this would not be productive in the climate of immediate crisis and threat to social order. Moreover, they recognized that, even if government officials were ready to invest in a policy framework, the Bank's range of lending instruments to assist in help with this was limited. Programmatic lending might have accommodated both immediate crisis and long-term needs but was not yet a mainstream instrument.

5.6 In summary, the factors behind the justification and rationale for the project turn out to be extremely complex. Understood from the Bank and government perspectives at the time, the weaknesses appear to stem from the very real concern of the Bank to be responsive to the borrower. Understood from the perspective of current Bank norms of transparency, the justification, rationale, and packaging of the project would hopefully have been scrutinized much more critically by the Bank's new internal review processes, particularly the Human Development Network and the Quality Assurance Group (QAG). Moreover, new standards for economic, institutional, and risk analysis would have required more preparation.

### **Internal Contradictions in Project Design**

5.7 Internal contradictions in the project design are less easily put down to less stringent Bank standards a decade ago.

5.8 The project mandated spending on a new public sector agency at the same time as country and sector assistance strategy mandated downsizing of the public sector.

5.9 This contradiction was addressed by packaging the project as an emergency intervention that would not incur a heavy budgetary burden in the long term. In light of the extraordinarily high share of the loan allocated to its administrative, personnel, and

other operational costs, the argument used was that the need for the additional recurrent budget would be temporary—an assumption that should have been questioned if only because projects and project agencies have a natural survival instinct. The presumption that Bank staff were not serious about the temporary status is supported by the fact that sustainability became a mutually understood goal as early as two years into implementation.

5.10 The management of YTEPP was weak and would require considerable up-front investment while at the same time performing effectively and efficiently to produce rapid results.

5.11 This contradiction was partially resolved by the intense efforts of YTEPP and Bank supervision staff. As the ICRs testify, the success in building management capacity and establishing the company was substantial. Indeed, if the management strengthening objectives rather than results had been the main measure of progress, the Bank might not have viewed the project as problematic at midterm. However, the characterization of the program and the company as temporary appears to have been an artificial device to square the creation of a new publicly funded agency with privatization policies. It should have been obvious that the temporary status was inconsistent with the need for YTEPP managers to develop a human resource policy that would attract high-quality employees, maintain their commitment and motivation, and build credibility for the program as a reliable service provider among employers and partners. The Bank had insisted on a corporate management structure on grounds of autonomy, flexibility, and effectiveness. But this strong element of project design was diminished by the insistence that the new institution would be disbanded within five years, on the assumption, known to be extremely risky, that its mission would be accomplished. After 1994, the energies of project managers were absorbed in developing program quality and producing results and the Bank's credibility in urging attention to sustainability may well have been low given its unwillingness to consider another project. The serious promotion of *Beyond 1998* in the new political order came too late to avoid the funding hiatus after the Bank's departure. In light of the situation in the project's final year, the ICR's assessment of sustainability as likely appears to have relied excessively on the strides made in strengthening YTEPP as an institution without realistic scrutiny of the political and financial risks to its future.

5.12 The Bank perceived the project as a pilot but was unwilling to consider continued assistance when it began to show potential.

5.13 OED's question about why the Bank took a fixed position that it would not consider a follow-on loan has not received a definitive answer. The decision to offer a stand-alone loan appears to contradict the presentation of the project at the Board as "experimental." The Bank's stance on the loan undermined the goal of developing a model for training the underprivileged and unemployed. The project succeeded in proving that this could be done in a technically sound and reasonably effective manner that is, in principle, replicable. The result was that the Bank helped create a public good with broad application to the country's needs but was unwilling to support it beyond the start-up phase.

## **OED Findings**

### ***Do project benefits exceed costs?***

5.14 The YTEPP project undoubtedly benefited individuals and their families by enhancing their prospects in life. Just as important as the private benefits, it added public value by developing a best practice model of youth training and employment assistance and meeting some of the needs of employers for skilled workers. The project also enhanced the institutional capabilities in youth training by pioneering a blend of public and private management practices in the YTEPP company. The key issue of whether the future value to the country and individuals will be worth the economic cost cannot be fully assessed because of failure to build in capabilities in economic analysis. Support for the proposition that the project was justified is bolstered by recent evidence from forthcoming Bank reports demonstrating the continued relevance of providers such as YTEPP to the needs of youth, and good rates of return to the country from a variety of investments in youth development if guided by a sound youth

### ***How far has the project had impact on institutions?***

5.15 The project developed the YTEPP agency into a modern company. Its culture has been infused with private sector discipline while its mission in assisting the underprivileged has been sharpened. As a result, its business procedures and strategic planning capacities have developed strongly. The project has also had a positive, though modest, impact on partner institutions and employers by raising awareness of effective practices in youth training and employment. In addition, though the project did not contribute financially to the NTA's mandate to develop an institutional framework for employment training, it had a positive influence on the technical aspects of policy development. The NTA has become a pivotal government agency that promises powerful support for training providers if can strike the appropriate balance between standardization, regulation, and empowerment.

### ***How far have responsible country stakeholders met their commitments?***

5.16 The performance of the project's leaders, managers, and staff was professional and resourceful in highly demanding circumstances. Without their commitment and perseverance, the problems stemming from weaknesses in the project design would probably have undermined the project's prospects of success and the YTEPP training model would not have developed its niche among training providers nor begun to emerge as a competitor in new markets. This performance was not, however, matched by all parties to the project, as the partnership experience reveals. Government performance was uneven. To their credit, successive administrations honored the legal agreement with the Bank to provide the level of counterpart funding agreed despite the difficulties. However, three times in the six-year implementation, governments neglected to ensure that political changes would not stall the project and delay results. At loan closure, the assurance of a previous administration of an adequate budget was removed and a

protracted period of uncertainty was allowed to damage the program and put at risk the investment paid for by the people of the country.

***How successful was the Bank in advancing development objectives?***

5.17 The Bank financed a project that was relevant to the social problems caused by youth unemployment and was highly responsive to government concerns and Bank sector strategy. Though the design weaknesses were fundamental, they were the product of good faith efforts to combine responsiveness, feasibility, and technical quality. The decision to proceed with the short-term emergency operation had costly and long-lasting consequences. The packaging of the project was crafted well to enable it to meet with Board approval, but it increased the challenges and risks during implementation. The Bank's supervision and advice was sound, though it could not overcome all the problems stemming from design weaknesses. At the completion stage, the Bank's technical advice on sustainability strategy was solid but too late to establish broad commitment to sustainability across the political scene.

***How sustainable are the project's benefits?***

5.18 On technical grounds sustainability is clearly possible. On political grounds, it is feasible but uncertain because the support of key officials could change with political reversals and the support of employers and trainees could decline if the quality and results of training deteriorate. The need for a sound policy and financing plan for the operation overwhelms the more positive indicators and renders sustainability highly unlikely in the circumstances. YTEPP's continued heavy reliance on government transfers does nothing to reduce the risks. Without a policy and realistic financing plan, sustainability is highly unlikely. If stakeholders judge that the program is not worthwhile, then it should be dissolved to avoid a continued waste of public funds. If they judge that the future value of the country's investment in the project are worth capturing, then the government and employers must find the will and the means to support the program.

**Lessons of Broad Applicability**

5.19 This review should help dispel the myth prevalent among non-specialists that education and training projects are simple to justify, design, and supervise for the Bank, and simple to prepare and implement for the borrower. It strengthens the case for evaluation of these projects from the multiple perspectives: skills developed, labor market needs met, social protection afforded, and institutional capacities strengthened.

The project experience provides many insights of broad applicability for the Bank.

- Responsiveness to borrowers requests for loans needs to be balanced with selectivity based on criteria of relevance, feasibility, and value-added for the country.

- Justifications need to be based on economic analysis, taking into account the economic costs and returns on the investment and the most efficient use of Bank borrowing for the country.
- Disclosure to expose problems at the design stage so that teamwork can be applied to solving problems during quality assurance reviews.
- The need to address the issues raised at internal review in substance rather than by window-dressing. Leaving problems to be resolved during implementation is a highly risky path.
- Attention to institutional analysis that encompasses the network of participating partner institutions as well as the project management agency.
- The usefulness of investment in capacity building for monitoring and evaluation to allow policy-makers to assess the case for continued support for a project, based on empirical findings about achievements and shortcomings relative to a control group.
- We reviewed the performance audit report for the above project and we agree with its main conclusions.
- We particularly endorse the comments regarding the issue of sustainability. The country department is persisting on the importance of continuing to finance YTEPP. A specific recommendation for the consolidation and financing of existing youth training programs, including YTEPP, is included in the upcoming Economic and Sector Work “Youth and Social Development: An Integrated Approach for Social Inclusion” due to be presented to the Board in June 2000.





## Key Project Data

(Amounts in US\$ million)

### TRINIDAD & TOBAGO YOUTH TRAINING AND EMPLOYMENT PARTNERSHIP PROJECT (LOAN 3328-TR)

	<i>Appraisal estimate</i>	<i>Actual or Current estimate</i>	<i>Actual as % of Appraisal estimate</i>
Total Project Costs	31.9	25.0 <sup>a</sup>	78.3
Loan Amount	20.7	15.5 <sup>b</sup>	74.8
Government Budget	11.2	9.5	84.8

### Cumulative Estimated and Actual Loan Disbursements

	<i>FY91</i>	<i>FY92</i>	<i>FY93</i>	<i>FY94</i>	<i>FY95</i>	<i>FY96</i>	<i>FY97</i>	<i>FY98</i>
Appraisal estimate	2.1	5.4	9.6	13.8	18.0	20.7	N/A	N/A
Actual (US\$M)	0	4.8	9.1	9.8	11.7	15.5	17.3	19.2 <sup>c</sup>
Actual as % of appraisal	0	88.9	94.8	71.0	65.0	74.8	N/A	N/A
Date of Final Disbursement: 8/19/98								

### Project Dates

	<i>Original</i>	<i>Actual</i>
Identification (Exec. Project Summary)	11/4/89	2/12/90
Preparation		5/1/90
Appraisal		10/22/90
Negotiations		3/15/91
Board Presentation		5/21/91
Signing		8/29/91
Effectiveness		10/18/91
Midterm Review		9/10/94
Extension and reallocation of loan		12/31/95
Closing date	6/30/96	6/30/98

### Staff Inputs (staff weeks)

	<i>Actual Weeks</i>	<i>Actual US\$000<sup>d</sup></i>
Pre Board	148.5	N/A
Supervision	74.2	25.5
Completion	51.1	N/A
Total	273.8	25.5

a. Exchange rates: 1990 US\$1=TT\$0.23; 1998 US\$1= TT\$6.3.

b. Source Borrower's ICR: US\$16.5 million and US\$25.8 million (37% and 66%). OED Estimate: Loan financed approximately US\$12.4 million (55%) of local currency expenditures.

c. US\$1 million cancelled; approximately US\$2.2 million reimbursed for overpayments.

d. Figures in parenthesis show Bank-wide averages (Supervision Regional average). Source: ICR para. 19.

**Mission Data**

	<u>Date</u>	<u>Staff days in field</u>	<u>Specialization represented</u>	<u>Performance rating<sup>a</sup></u>		<u>Types of Problems</u>
				<u>Implementation Status</u>	<u>Development Objectives</u>	
Through Appraisal Identification/ Preparation	11/89	10	Economist Sr. Training Spec. Consultant			
Appraisal through Board Approval	10/90	8	Sr. Country Officer Technical Edu. Analyst Sr. Training Spec. Social Sector Consultant			
Negotiations	3/90					
Board Approval through Effectiveness	5/91					
Supervision 1	9/91	10	Technical Specialist Management Training Disbursement officer Instit. Dev. Spec. Bus. Trn. Ent. Dev. Human Resource Spec	2	1	Project Launch workshop carried out
Supervision 2	9/92	N/A	N/A/	2	1	Change of government raised concerns about commitment to the project.
Supervision 3	11/92	5	Technical Specialist Financial Specialist Human Resource Spec.	2	1	Preparation of 1993 workplan to focus on quality, supply and management issues
Supervision 4	11/93	5	Technical specialist Human Resource spec.	2	1	Concern about quality, preparation of materials, curriculum development financing of self-employment program
Supervision 5	9/94	10	Mission leader (Consultant) Human Resource Spec. (Task Manager) Microenterprise Spec. Training Specialist Evaluation Specialist	S	HS	Extension of closing date recommended to allow for disbursement of \$12.3 million of unspent funds and a sustainability plan.
Supervision 6	5/96	10	Mission Leader Impact Evaluation Tech./Voc. Ed. Spec. Consultant	S	S	Review of Status of the reorganized project.
Supervision 7	1/97	5	Mission Leader Impact Evaluation Tech./Voc. Ed. Spec. Financial Analyst Consultant	S	S	Review of 1996 operations which were satisfactory.
Supervision 8	6/97	5	Mission Leader Financial Mgmt. Spec.	S	S	Focus on project's financial management and readiness for closing
Supervision 9	1/98	5	Mission Leader Financial Analyst Sr. Economist	S	S	Preparation for implementation completion evaluation; sustainability plan preparation discussed.
ICR Mission	6/98	--	Consultant Operations Officer	-	-	

**Related Bank Loans**

	<u><i>Title</i></u>	<u><i>Year of Approval</i></u>	<u><i>Status</i></u>
Loan 0564	Secondary Education I	1968	
Loan 0862	Education II	1973	
Loan 1722-TR	Education III	1979	Closed
Loan 3152-TR	SAL	1990	Closed
Loan 3153-TR	Technical Assistance Loan	1990	Closed
<b><i>Following Operations</i></b>			
<b><i>Credit No.</i></b>	Business Expansion	1991	In Operation
<b><i>Preceding Operations</i></b>	Water Sector Institutional	1994	In Operation
	Strengthening		
Loan 3956-TR	Basic Education Project	1995	In Operation



## Supplemental Tables

**Table B1. Rates of Wage Employment by Age-group and Gender 1993 and 1996**

Year	Categories	AGE							
		15-19		20-24		25-29		Over 30	
		Male	Female	Male	Female	Male	Female	Male	Female
1993	YTEPP	15.3	35.5	5.1	20.4	6.8	15.3	0.0	1.7
	CONTROL	13.4	13.0	26.8	13.4	6.7	27.0	0.0	0.0
1996	YTEPP	1.4	0.6	34	31	13.8	13.3	.12	4.6
	CONTROL	0.8	0.0	34	31	10.1	12.6	3.1	8.6

Source: Third Tracer Study, 1998

**Table B2. Rates of Self-Employment by Age-group and Gender 1993 and 1996**

Year	Categories	AGE							
		15-19		20-24		25-29		Over 30	
		Male	Female	Male	Female	Male	Female	Male	Female
1993	YTEPP	20.3	24.3	18.6	22.7	3.8	9.1	0.6	0.9
	CONTROL	23.1	17.4	21.8	25.0	4.8	7.9	0.0	0.0
1996	YTEPP	1.4	0.6	24	28	20	20	2	4
	CONTROL	0.0	0.0	28	29	0.0	0.0	14.0	29.0

Source: Third Tracer Study, 1998

**Table B3. Profile of Applicants: Cycles IX, X, XI and XII**

	Cycle IX		Cycle X		Cycle XI		Cycle XII	
Age	15-18	51%	15-19	67%	15-19	64%	15-19	66%
Gender	Female	63.4%	Female	56%	Female	51%	Female	49%
Marital Status	Single	87%	Single	88%	Single	86%	Single	82%
No. of Children	None	92%	None	92%	None	93%	None	94%
Level of Education	Primary	90.06%	Primary	92%	Primary	89%	Primary	85%
	No Secondary Passes	79.48%	No Secondary Passes	81.05%	No Secondary Passes	76.62%	No Secondary Passes	85.69%
Educational Attainment	1-3 Passes	14.16%	103 Passes	11.98%	1-3 Passes	13.24%	1-3 Passes	8.88%
	4-6 Passes	5.86%	4-6 Passes	6.3%	4-6 Passes	6.58%	4-6 Passes	4.92%
	7 and more Passes	0.5%	7 and More passes	0.66%	7 and More Passes	0.54%	7 and More Passes	0.51%
N.E.C.	Attempted	7.99%	Attempted	8.5%	Attempted	8.5%	Attempted	8.13%
Work Experience	Yes	44.46%?	No	49.49%	Yes	46%	None	47%

Source: Information Technology & Research Unit



Table B4a. Key Indicators and Outputs 1991-99

<i>Components and Indicators</i>	<i>1991-95 Cycles IV-VIII</i>		<i>1996-97 Cycles IX-XII</i>		<i>1998(XIII-XIV)</i>	<i>1999(April-Aug.) Cycle XV</i>	<i>Oct. 1999-Mar. 2000 Cycle XVI</i>	<i>Total Output</i>
	<i>Projections</i>	<i>Actual</i>	<i>Revised Projections</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	
<b>GENERAL – ALL PROGRAMS</b>								
Total No. of applicants	61,000	58,529	30,920	29,666	10,005	2,312	2,516	103,028
Total No. of new trainees	50,000	49,138	26,660	27,444	8,166	1,909	2,065	88,722
Total No. of Graduates	44,000	28,353	20,123	20,642	6,226	1,524		56,745
<b>SKILLS TRAINING</b>								
(a) Career Enhancement Training								
No. of Counselors hired and trained	1,000	387	N/A				8	410
No. of applicants given diagnostic tests	4,700	28,831	22,000	16,768	8,166	1,909	2,065	
No. of trainees completing:								
- Career enhancement	48,000	22,232	13,112	12,062		1,037		35,331
- special tutoring in literacy and numeracy	5,000	2,844	1,818	3,722		331		6,897
No. of tutors hired and trained	2,400	1,832	1,120	522		88		3608
No. of graduates career enhancement	18,000	22,581	15,150	12,865	3,346			38,792
(b) Job Skills Training								
<i>Center-based Training</i>								
No. of tutors hired and trained	2,320	1,239	1,332	633		122	135	2,129
No. of new curriculum guides and job sheets	605	955	N/A			85		1,040
No. of centers provided equipment	172	126	N/A					126
No. of trainees certified	30,000	16,033		9,290	2,612	787		28,722

Table B4a. Key Indicators and Outputs 1991-99 (Cont.)

<u>Components and Indicators</u>	<u>1991-95 Cycles IV-VIII</u>		<u>1996-97 Cycles IX-XII</u>		<u>1998-99 Cycles XIII-XVI</u>		<u>1991-99 IV-XVI</u>
	<u>Projections</u>	<u>Actual</u>	<u>Revised</u>	<u>Actual</u>	<u>Projections</u>	<u>Actual</u>	<u>Total Outputs</u>
No. of graduates vocational skills training	N/A	25,492	15,150	15,574	7,772	7,750	48,816
<i>Community Based Training</i>							
No. of trainees	4,825	4,041	N/A	3,768	2,000	1,700	9,509
No. of projects	655	270	284	178		102	533
No. of tutors	655	419	780	284			
No. of graduates	3,650	2,179	2,981	4,023		378	6,580
<b>POST-TRAINING SUPPORT: WORK EXPERIENCE</b>							
No. of work experience placements	7,500	1,047	1,000	341			1,388
No. of work experience placements via YTEPP Support Services	N/A	78	295	610		523	1,211
<b>POST-TRAINING SUPPORT FOR SELF-EMPLOYMENT</b>							
No. of trainees	12,000	4,441	1,332	1,539	1,300	1,365	
No. of tutors hired and trained	260	295	120	104		40	439
No. of trainees completing course with self-employed proposals	8,700	2,811	1,912	1,632			
No. of financial institutions providing credit for youth entrepreneurs	25	2	N/A	N/A		8	10
No of trainees successfully using business incubators			260	13		1	13

Source: Information Technology &amp; Research Unit



**Table B4b. Key Indicators and Outputs 1991-99**

<u>Components and Indicators</u>	<u>1991-95 Cycles IV-VIII</u>		<u>1996-97 Cycles IX-XII</u>		<u>1998-99 Cycles XIII-XVI</u>		1991-99 IV-XVI
	<u>Projections</u>	<u>Actual</u>	<u>Revised Projections</u>	<u>Actual</u>	<u>Projections</u>	<u>Actual</u>	<u>Total Outputs</u>
<b>MANAGEMENT STRENGTHENING</b>							
Full-time managers		2		4			6
Project officers				2			2
Field supervisors		1					1
Manager, Information Technology				1		8	8
<b>MONITORING AND EVALUATION</b>							
Tracer studies	18	4	1	1		1	6
Special evaluation studies completed	5	29	8	2		8	39
LMIS reports	10	3	2			5	8
<b>Curriculum Improvement</b>							
Tutor Manual:						14	266
VST		84	4	168			4
CE		2	1	2			2
MEP			1	1		1	2
Safety Manuals – General			7	2			
Operation Work Sheets (VST)			1,680	0			
Diagnostic Tests:							
VST		14	14	13			
CE		2					
Occupational Information – VST		13	42	77			
Audio Visuals		2	56	0			
Trainee Personal Record:							
VST		84	154	0			
CE			4	0			
MEP			2	0			
Resources Guides (per course)		33	42	154			
Performance Tests (per modular unit)		1	25	12			

Source: Information Technology and Research Unit



## Methodological Notes On Tracer Studies And Other Project Evaluations (Chapter 3)

1. The project planned several evaluations on YTEPP beneficiaries. The later studies are more limited in scope and sophistication but remain the best available evidence on results.
2. The Schonell test measures word recognition and the Cloze test measures reading comprehension. A numeracy test was specially designed but little information is reported (YTEPP ICR, Annex, Part Two: Overview of Project Results).
3. In 1991, a First Tracer Study of Cycle II graduates (1989–90) examined graduates of the pre-Bank program. It was used as a pilot by the evaluators to improve the follow-up, Second Study. This covered Cycle IV (1991–92) participants a year after graduation. The Third Tracer Study, completed a few months after project completion in 1998, included a revisit of the second study graduates in 1996 and several other studies. A backlog of data awaiting analysis meant that a fourth study was not done and information about the later years is less comprehensive.
4. The Second Tracer Study compared YTEPP's performance with a control group and youth in the national economy. It produced statistically robust findings on the two key aspects of employment and earnings (YTEPP ICR, Annex). The report explains the sophisticated econometric model used; the treatment and control groups; the use of probit analysis to correct for selection bias; and the estimations of the earnings equation used to correct for censoring issues. It reports on techniques that checked for the robustness of the findings on earnings. It also explains the study's limitations. The original proposal to use a randomized and matched sample of YTEPP applicants who were not accepted into the program did not prove feasible since it continued to accept all applicants. This was because it did not have to ration places in view of lower than expected demand. The next best solution was used. The control group was drawn from the general population based on a sample frame used by the Central Statistical Office. However, as the report explained, the control group members who chose *not* to apply to YTEPP probably had some different characteristics from those who applied, and this may have affected the results. The treatment group eventually comprised 1,257 graduates of the 1992 graduates aged 15–25 years. The control group comprised 701 youths.
5. Findings on employment rates were revised to correct for differences between the treatment and control groups. Before entering the program, participants had an 18 percent employment rate compared with 31 percent of the control group. One year after graduation, YTEPP graduates had the same employment rate (43 percent) as the control group. The original uncorrected data showed that the employment rate of YTEPP graduates increased by 139 percent compared to 33 percent for the control group. These uncorrected results exaggerated the project's impact but found their way into the sign-off report to regional management at project completion.

6. The Third Tracer Study was a meta-evaluation aggregating the findings of various project evaluations, and the best YTEPP Ltd. could do under budget and staff constraints. A severe limitation is its lack of randomization or representativeness. The “samples” were drawn from 3,200 YTEPP applicants over 1993–96 to cycles VI, VIII, the cycle IV revisits, and courses for certified welders and entrepreneurship. The non-YTEPP subjects numbered 800 comprising 500 applicants to cycle VIII who had not enrolled, and 300 of the control group for the revisits. The study presents useful descriptive data on the pre- and post- experience of the program but cannot repeat the powerful statistical manipulations used in the second study to reveal cause-effect relationships. This means that the efficacy of YTEPP relative to other factors that influence employment and earnings, such as economic factors, could not be determined. The few findings based on experimental data lack validity because of weaknesses in randomization and composition of the samples and the matching of the control group.

7. Information on self-employment training and graduates in self-employment can be indicative only since the data gaps are severe and sources conflict. The ICRs are incomplete especially for the community-based self-employment training. The YTEPP report, *An Assessment of the Micro-entrepreneurship Programme, 1999*, acknowledges that the study does not cover the universe of participants nor base its findings on a representative sample due data collection problems in dispersed localities. It covers, YTEPP graduates who had said in 1993 that they were either working, saving to launch their own microenterprises, or attending classes, but it did not those who were idle. The control group comprised 300 individuals from an earlier study’s control group of 701.