

Evaluation Report

2015-4

**Ex-post Evaluation on the Creation of Capabilities in
Vocational Training Centers Project**

The Export-Import Bank of Korea

(Government Agency for EDCF)

EDCF Evaluation Team

(Evaluated by Korea Institute for International Economic Policy)

This evaluation was entrusted to Korea Institute for International Economic Policy by EDCF for the purpose of independent evaluation research. The opinion, findings and conclusion or recommendations expressed in this report are those of the external evaluator and do not necessarily reflect the view of EDCF.

I. Project Overview

1. Project Details

- Name of Project: The Creation of Capabilities in Vocational Training Centers Project
- Name of Borrower: Ministry of Finance and Public Credit, Nicaragua
- Project Executing Agency: INATEC, Nicaragua
- Requested Loan Amount: USD 12.6 million
- Condition of Loan: Annual interest rate of 1.5% and repayment period of 30 years (including a 10-year grace period)

2. Project Purpose

- The goal of the project was to enhance the training capacity of six vocational training centers which INATEC had been running and ultimately contribute to the employment and productivity improvement in Nicaragua. By doing so, the project would provide a foundation for sustainable growth and poverty alleviation.
 - Despite the political will of the Government of Nicaragua for poverty reduction and sustained economic growth, Nicaragua had been suffering from a weak industrial base and insufficient human resources.
 - Vocational training in Nicaragua focused mainly on teaching theories rather than offering practice due to the deterioration of equipment at the vocational training centers. Hence, training for nurturing skilled

labor force was in great need to meet the demands of foreign investors and needs of the current industrial environment.

3. Project Scope

- The project area covers six vocational centers located in Managua (2), northern inland area (1), central inland area (1), RAAN (1) and RAAS (1). INATEC was in charge of selecting the centers in each area.
- Managua and neighboring areas were selected due to their large population and high demand for vocational training. RAAS and RAAN were selected in consideration of balanced regional distribution.

<List of Project Vocational Training Centers>

Region	Bluefields	Boaco	Managua	Matagalpa	Puerto Cabezas
Training Center	IPCC	IPB	CECNA, CEFNIH-SB	IPADEN	IPBC

<Project Scope>

Category	Plans
Provision of Educational Equipments	- Equipment for 9 curricula - Equipment for computer labs
Invitational Training	- Training for teachers (3 months) - Training for managers at INATEC and 6 vocational centers (1 month)
Dispatch of Experts	- Dispatching experts for 8 courses/curricula (a total of 16 experts, 2 experts per course/curricula, 3 months)
Curriculum Development	- Curriculum and textbook development
Construction/Renovation of Buildings	- Renovation of 6 vocational training centers

II. Summary of Evaluation

1. Purpose of Evaluation

- This ex-post evaluation aims to assess the performance of the Creation of Capabilities in Vocational Training Centers Project and to draw lessons learned and recommendations for future projects.

2. Methods of Evaluation

- The performance of the project was evaluated using the OECD DAC's five evaluation criteria. The ex-post evaluation team established the project evaluation matrix.
 - A literature review, stakeholder interviews, surveys, and statistical data analysis were conducted.
- An aide memoire was signed during the first mission and a dissemination workshop was held to jointly review the mid-term results of the evaluation with the partner country and to collaborate on improving the quality and usefulness of the evaluation.

3. Results of Evaluation

- The project has been assessed as "successful (3.4)."

<Evaluation Result>

Evaluation Criteria	Weight	Evaluation Rating	Evaluation Value
Relevance	20%	Relevant	3.67
Efficiency	20%	Efficient	2.67
Effectiveness	20%	Effective	3.50

Impact	20%	Influential	3.67
Sustainability	20%	Sustainable	3.50
Overall Rating		Successful	3.40

- (Relevance) The project is rated as relevant (3.67/4.0) based on its goal's alignment with the national development plan of Nicaragua and EDCF strategy.
 - Improving vocational training took high priority in Nicaragua's national development plan since vocational training had not been compatible with the job market due to the deterioration of training equipment and lack of materials. The project provided much needed training equipment and other outputs vital to ensuring effective vocational training.

- (Efficiency) The project is deemed efficient (2.67/4.0). The project experienced a slight delay in schedule and cost increase; both, however, were unavoidable to accommodate the partner country's demand.
 - The increased expense was paid by Nicaragua. The project was implemented within the loan limit.
 - The project was expected to be completed within 24 months after the effective date of the loan agreement (Feb. 2009), but faced 17 months of delay, thus extending the total project period to 41 months. Delay was caused by the revisions of the project scope and contract in order to better accommodate Nicaragua's needs.
 - INATEC formed a Project Management Unit for the better management of the project. Furthermore, INATEC hired Korea Polytechnics as the

consulting agency.

(Effectiveness) This project is assessed as effective (3.50/4.0) since the project provided the 6 vocational training centers with the capacity to train 1,661 trainees per year.

○ The project provided training equipment, training for the trainers, technical assistance by dispatching experts, and curriculum development. About 96% of the training equipment provided through the project were still in full use at the time of evaluation.

○ The respondents' satisfaction of the training program appeared to be high; 69% of trainees answered highly satisfied, and 23% of trainees responded positively in the vocational training program satisfaction survey.

○ The completion rate differed in each training center. For instance, the trainees' completion rate of IPBC was about 40% while that of CEFNIH-SB was 61% in 2014. The relatively low completion rate was caused by various reasons; the trainees were employed before the completion of the training program in order to earn a living while some dropped out of the program for marriage.

(Impact) The project is assessed as influential (3.67/4.0), considering the changes in employment opportunities, socio-economic impact, and technology transfer through the project.

○ Employment opportunities in textile and sewing sectors have been rising in the past 10 years since the CAFTA agreement, which allows tax exemption by TPL within the limit of USD 100 million. However, in the case of the textile sector, the employment rate of

the students stands around 20~30%, requiring further efforts to create job opportunities.

- In a survey of whether vocational training helps in terms of finding a job, 75.5% strongly agreed, and an additional 19.9% answered "Agree."

(Sustainability) Based on human resources, institutional, technical, and financial capacity of the executing agency, the project is assessed as sustainable (3.50/4.0).

- According to the result of the satisfaction survey, more than 95% of trainees showed high levels of satisfaction about the center's program operation and management capabilities (57.1% strongly agree, 35.7% agree).

- The vocational training centers financed most of their training programs with the vocational training tax collected from employers (2% of profits).

(Cross-cutting Issues) The project had no or little environmental impact. However, there was room for improvement in gender and minority mainstreaming.

- (Environment) The construction of vocational training centers assumed to have little or no impact on the environment.

- (Gender and Minority) The vocational training centers mostly appeared to pay little attention to issues such as gender and minority.

III. Lesson Learned and Recommendation

1. Lessons Learned

1.1 Success factors

- As the first EDCF project to support vocational training in Central and South America, the project successfully transferred Korea's experience of developing human resources suitable for industrial needs and reinforced training programs tailored to each regional training center.
- The project achieved greater effectiveness by matching vocational training programs with the needs of the areas where the centers were located.
- INATEC was a well-experienced project implementor with the capacity to carry out the tasks crucial for the success of the project.

1.2 Limitations

- Procuring necessary parts for the equipment was a challenge since they were often not available in the local market.
- Drop-out rates appeared to be on the rise. Trainees dropped out of the training program due to various reasons including the pressure from income shortage.

2. Recommendations

- Better training programs should be developed to improve the quality of

vocational training. One way of doing so may be effectively responding to local demands by utilizing Korea's experience in vocational training. It is recommended that vocational training opportunities be expanded by improving the curriculum, textbooks, and training courses.

- Trainee recruitment and support should be improved. The drop-out rates were increased even though the Nicaraguan government had strong will to enhance vocational training and had a competent executing agency.
- In order to increase the employment of the graduates, it is necessary to strengthen public-private partnerships in response to labor market demands. This can be achieved by using an employment-linked training agreement and internship programs.
- Result-based management should be improved. The result-based management system was found not effective even though INATEC monitored the project results with indicators such as enrollment rates and completion rates. For a better and effective management, monitoring should include indicators such as graduate employment rates. By doing so, INATEC would be able to more effectively respond to the changes in the job market, which enhances the impact of the project.