

## CASE STUDY 1: VOCATIONAL TRAINING IN THE DOMINICAN REPUBLIC

Program Theory and Measuring Outcomes

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This case study is based on “The Labor Market Impacts of Youth Training in the Dominican Republic,” by Card et. al. (2011), *Journal of Labor Economics*, vol. 29:2.

J-PAL thanks the author for allowing us to use their paper as a teaching tool.

## KEY VOCABULARY

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**Hypothesis:** a proposed explanation of and for the effects of a given intervention. Hypotheses are intended to be made ex-ante, or prior to the implementation of the intervention.

**Indicators:** metrics used to quantify and measure specific short-term and long-term effects of a program

**Logical Framework:** a management tool used to facilitate the design, execution, and evaluation of an intervention. It involves identifying strategic elements (inputs, outputs, outcomes and impact) and their causal relationships, indicators, and the assumptions and risks that may influence success and failure

**Theory of Change:** describes a strategy or blueprint for achieving a given long-term goal. It identifies the preconditions, pathways and interventions necessary for an initiative's success

## INTRODUCTION

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In response to high rates of youth unemployment, policymakers throughout the world have implemented vocational training programs with the intention of helping young people find employment. Being such a popular policy option, vocational training programs have been widely studied and evaluated, but the resulting evidence is mixed and uncertain. In the United States, rigorous studies have produced conflicting evidence about the impact of youth job training programs, meanwhile in Europe a dearth of experimental studies makes it difficult to reach any conclusions. In Latin America, the existing evidence suggests that the impact of job training programs is greater than in developed countries, but only two evaluations have used experimental methods. This case study will look at a program which aimed to improve the employability of young people by providing them with in-classroom training and an internship with a private sector firm.

## YOUTH UNEMPLOYMENT AND TRAINING PROGRAMS

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One of the main explanations given for youth unemployment is that young people lack the skills necessary for getting a job in the labor market. Training programs, then, are widely considered as a viable solution to this problem. Countries have experimented with different ways to administer these programs. In the 1980s, many Latin American countries created national training institutes that were in charge of organizing training programs and dictating the contents of these courses. Throughout the 1990s, however, this model was abandoned in favor of demand-driven models in which trainees received training during internships or had a period of in-classroom training followed by an internship.

The impact of these training programs has been mixed and uncertain at best, but youth unemployment is still a serious problem throughout the world. In the Dominican Republic, the youth unemployment rate was at 34 percent in 2011, more than double the unemployment rate for adults<sup>1</sup>. This should not be surprising given that youth tend to be the “last ones in and the first ones out” of the labor market, particularly during economic downturns.

In an effort to address this historic problem, the government of the Dominican Republic put in action a jobs training program from 2001 to 2006 that offered disadvantaged youth in urban areas a combination of counseling and on-the-job training. Based on the experience of other countries with training programs, the Dominican government outsourced the provisions of the training courses to private institutions selected through a competitive bidding process. Besides proposing a curriculum for the courses, these training institutions also had to prove that there were local firms committed to offer two-month internships to participants.

### Discussion Topic 1

1. What do you think are other possible explanations to youth unemployment besides skills mismatch?
2. What are the strengths and weaknesses of this job training program implemented by the Dominican government? Do you think this program would be successful? Why or why not?
3. Looking at your list of other explanations for youth unemployment and your list of weaknesses of this program, what are some different interventions that you could try? What are other policy options for reducing youth unemployment?

## THE INTERVENTION

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The vocational training program *Juventud y Empleo* was implemented by the Ministry of Labor in conjunction with the private training institutes (Instituciones de Capacitación – ICAP). After a communications campaign that included radio advertisements, contacts with churches and community groups, and loudspeaker announcements in low-income urban areas, those interested in the program applied for the program by submitting an application through a local employment office managed by the Ministry of Labor. This office then checked that the applicants met the eligibility requirements before assigning them to a training course, though some of these requirements were difficult to verify.

Your evaluation team has been tasked with evaluating the impact that this vocational training program has on the employability of its participants. Your team should consider all the different dimensions by which training can affect a person’s employability. What are the most important outcomes to consider and how can you measure them? What data has to be collected for you to measure impact?

### Discussion Topic 2

1. What is the key hypothesis being tested in this evaluation?

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<sup>1</sup> From IADB

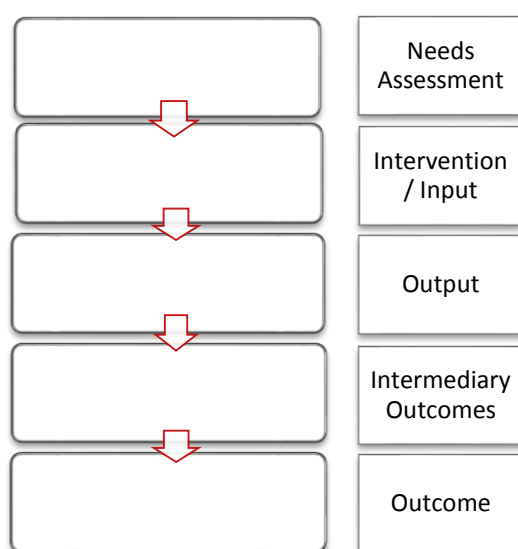
<http://www.iadb.org/Research/LatinMacroWatch/LMW.cfm?lang=en>

2. What are the intermediate goals of the training program? What are its long-term goals?

## THEORY OF CHANGE

A theory of change (ToC) identifies the causal link between the intervention and the final outcome. Figure 1 shows one way in which a ToC can be structured.

FIGURE 1: THEORY OF CHANGE



### Discussion Topic 3

1. Draw out a causal chain using the format presented in Figure 1 that connects the dissemination of the audit reports through the media to your expected intermediary and final outcomes.
2. What are the necessary conditions/assumptions underlying this ToC? What needs to occur or be present for this chain to work?

## WHAT DATA TO COLLECT? DATA COLLECTION AND MEASUREMENT.

Before deciding which data to collect, you need to be very clear on the outcome you are targeting and in what way the intervention is believed to impact this outcome. In other words, defining a main hypothesis and theory of change at

the beginning of an evaluation helps you decide what information to collect.

For each step of the theory of change, you need to identify **indicators** (what to measure) and **instruments** (how to collect the data). In addition, you also need to collect data on your assumptions to see whether or not they hold true.

### Discussion Topic 4

1. Which indicators would you measure at each step of your ToC? What are the outcome indicators? Intermediate outcome indicators? Indicators related to assumptions?
2. How would you collect data for these indicators? Do you expect any challenges during the data collection process?

## INTERPRETING THE RESULTS

Imagine that the evaluation found that the training program had no significant impact on the employment status of those young people who participated in the program, but that for those who did get a job following the training, their earnings increased by a modest 10 percent. In general, however, the researchers do not find that the training program impacts the employability of the participating trainees.

### Discussion Topic 5

1. How do you interpret these results? Based on these findings, would you discard the program entirely or how would you react as a policymaker to this?
2. Why is it important to interpret these results in the context of the program's theory of change?