

Document of
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Report No: PAD622-AR

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$425 MILLION
TO THE

ARGENTINE REPUBLIC

FOR A

YOUTH EMPLOYMENT SUPPORT PROJECT

December 10, 2014

Social Protection and Labor Global Practice
Argentina, Paraguay and Uruguay Country Management Unit
Latin America and the Caribbean Regional Office

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CURRENCY EQUIVALENTS
(Exchange Rate Effective as of November 26, 2014)

Currency Unit= Argentina Peso

AR\$ 8.518= US\$ 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AGN	National Auditing Agency (<i>Auditoría General de la Nación</i>)
AUH	Universal Child Allowance (<i>Asignación Universal por Hijo</i>)
BNA	Argentine National Bank (<i>Banco de la Nación Argentina</i>)
CISA	Certified Information System Auditor
CPI	National Counsel of Indigenous People (<i>Consejo de Pueblos Indígenas</i>)
CPS	Country Partnership Strategy
CQS	Selection Based on Consultant Qualification
DA	Designated Account
DCVA	Design of Curricular Alignment
EPH	Permanent Household Survey (<i>Encuesta Permanente de Hogares</i>)
EW	Employability Workshops
GDP	Gross Domestic Product
GoA	Government of Argentina
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IFPs	Professional Training Institutes (<i>Instituciones de Formación Profesional</i>)
IFRs	Interim Unaudited Financial Reports
INAI	National Institute of Indigenous Affairs (<i>Instituto Nacional de Asuntos Indígenas</i>)
INDEC	National Institute of Statistics and Censuses (<i>Instituto Nacional de Estadística y Censos</i>)
IRAM	Argentine Institute for Normalization and Certification (<i>Instituto Argentino de Normalización y Certificación</i>)
IP	Indigenous Plan
IRR	Internal Rate of Return
IT	Information Technology
JMyMT	Youth with More and Better Employment (<i>Jóvenes con Más y Mejor Trabajo</i>)
LAC	Latin America and the Caribbean
LCCN	Labor Competency Certification Norms
LO	Labor Orientation
MIS	Management Information System
MTESS	Ministry of Labor, Employment and Social Security
NCB	National Competitive Bidding
NGOs	Non-governmental Organizations
NIPP	National Indigenous Peoples Plan

OE	Employment Office (<i>Oficina de Empleo</i>)
OECD	Organization for Economic Co-operation and Development
OM	Operational Manual
PDO	Project Development Objectives
PROGRESAR	Support to Argentina's Students Program (<i>Programa de Respaldo a Estudiantes de Argentina</i>)
PSM	Propensity Score Matching
PT	Professional Training Courses
QCBS	Quality Cost Based Selection
REGICE	Registry of Training and Employment Institutions (<i>Registro de Instituciones de Capacitación y Empleo</i>)
RUFO	Rights upon Future Offers
SBD	Standard Bidding Documents
SEDLAC	Socio-Economic Database for Latin America and the Caribbean
SEPA	Procurement Plans Administration System
SIPA	Database for Social Security Contributions (<i>Sistema Integrado Previsional Argentino</i>)
SOE	Statement of Expenditure
TCU	Technical Coordination Unit
UEPEX	Argentina Budget Execution Software for Multi-lateral Lending Operations
WBG	World Bank Group

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ARGENTINA
Youth Employment Support Project
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PAD DATA SHEET

Argentina

Argentina Youth Employment Support Project (P133129)

PROJECT APPRAISAL DOCUMENT

LATIN AMERICA AND CARIBBEAN

GSPDR

Report No.: PAD622-AR

Basic Information			
Project ID P133129	EA Category C - Not Required	Team Leader Rafael P. Rofman	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 01-Mar-2015	Project Implementation End Date 28-Feb-2018		
Expected Effectiveness Date 01-Mar-2015	Expected Closing Date 31-May-2018		
Joint IFC No			
Practice Manager Margaret Ellen Grosh	Senior GP Director Arup Banerji	Country Director Jesko S. Hentschel	Regional Vice President Jorge Familiar
Borrower: Argentine Republic			
Responsible Agency: Ministry of Labor, Employment and Social Security			
Contact: Telephone No.: (54-11) 4310-5618	Title: Secretary of Employment Email: mbarroetavena@trabajo.gob.ar		
Project Financing Data(in USD Million)			
[X] Loan	[] IDA Grant	[] Guarantee	
[] Credit	[] Grant	[] Other	
Total Project Cost:	767.00	Total Bank Financing:	425.00
Financing Gap:	0.00		

Financing Source		Amount		
Borrower		342.00		
International Bank for Reconstruction and Development		425.00		
Total		767.00		
Expected Disbursements (in USD Million)				
Fiscal Year	2015	2016	2017	2018
Annual	142.13	112.26	111.76	58.85
Cumulative	142.13	254.39	366.15	425.00
Institutional Data				
Practice Area / Cross Cutting Solution Area				
Social Protection & Labor				
Cross Cutting Areas				
<input type="checkbox"/> Climate Change <input type="checkbox"/> Fragile, Conflict & Violence <input type="checkbox"/> Gender <input checked="" type="checkbox"/> Jobs <input type="checkbox"/> Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	Public administration-Other social services	50		
Education	Vocational training	25		
Health and other social services	Other social services	25		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		

Social protection and risk management	Improving labor markets	33
Social dev/gender/inclusion	Social Inclusion	33
Human development	Education for the knowledge economy	17
Human development	Education for all	17
Total		100
Proposed Development Objective(s)		
The development objective of the proposed Project is to improve access of vulnerable youth population to labor markets, increasing their employability by supporting the expansion and strengthening of Government employment programs.		
Components		
Component Name	Cost (USD)	
Improvement and Provision of Orientation and Training Services Offered to JMyMT Program Participants	169,010,000	
Coverage Consolidation of the JMyMT program	169,927,500	
Strengthening and Improving the Performance of the Network of Employment Offices	85,000,000	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
Does the project require any waivers of Bank policies?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
Have these been approved by Bank management?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
Is approval for any policy waiver sought from the Board?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
Does the project meet the Regional criteria for readiness for implementation?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]
Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		X
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10	X	

Involuntary Resettlement OP/BP 4.12			X
Safety of Dams OP/BP 4.37			X
Projects on International Waterways OP/BP 7.50			X
Projects in Disputed Areas OP/BP 7.60			X
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Section I.A.1.(b). of Schedule 2 of Loan Agreement: Concurrent Audits	X		SemiAnnual
Description of Covenant			
For purposes of disbursements for Outputs under Parts A.2(a) and C.2 of the Project, the Borrower shall hire an independent auditor acceptable to the Bank, following terms of reference satisfactory to the Bank to carry out semi-annual verifications			
Conditions			
Source Of Fund	Name		Type
IBRD	Section IV.B.1.(b). of Schedule 2 of Loan Agreement: Output based disbursements		Disbursement
Description of Condition			
For payments made for Category (3) no withdrawal shall be made, unless MTESS has submitted evidence satisfactory to the Bank regarding the achievement of the respective Output through validation carried out by an independent auditor and compliance with the pertinent conditions/provisions set forth in the Additional Instructions.			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Ignacio Raul Apella	Consultant	Economic Analysis	GSPDR
Ana Maria Grofsmacht	Senior Procurement Specialist	Procurement	GGODR
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Marcela Ines Salvador	Social Protection Specialist	Co- Team Lead	GSPDR
Alejandro Roger Solanot	Sr Financial Management Specialist	Financial Management	GGODR
Isabel Tomadin	Consultant	Social Safeguards/Indigenous Peoples	GSURR
Rocio Mariela Malpica	Senior Counsel	Lawyer	LEG

Valera					
Victor Manuel Ordonez Conde	Senior Finance Officer	Disbursements			CTRLN
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Argentina	Buenos Aires	Provincia de Buenos Aires		X	
Argentina	Buenos Aires F.D.	Ciudad Autónoma de Buenos Aires		X	
Argentina	Catamarca	Provincia de Catamarca		X	
Argentina	Chaco	Provincia del Chaco		X	
Argentina	Chubut	Provincia del Chubut		X	
Argentina	Cordoba	Provincia de Cordoba		X	
Argentina	Corrientes	Provincia de Corrientes		X	
Argentina	Entre Rios	Provincia de Entre Rios		X	
Argentina	Formosa	Provincia de Formosa		X	
Argentina	Jujuy	Provincia de Jujuy		X	
Argentina	La Pampa	Provincia de La Pampa		X	
Argentina	La Rioja	Provincia de La Rioja		X	
Argentina	Mendoza	Provincia de Mendoza		X	
Argentina	Misiones	Provincia de Misiones		X	
Argentina	Neuquén	Provincia del Neuquén		X	
Argentina	Rio Negro	Provincia de Rio Negro		X	
Argentina	Salta	Provincia de Salta		X	
Argentina	San Juan	Provincia de San Juan		X	
Argentina	San Luis	Provincia de San Luis		X	
Argentina	Santa Cruz	Provincia de Santa Cruz		X	
Argentina	Santa Fe	Provincia de Santa Fe		X	
Argentina	Tierra del Fuego	Provincia de Tierra del Fuego, Antártida e Islas del Atlántico Sur		X	
Argentina	Tucuman	Provincia de Tucuman		X	

I. STRATEGIC CONTEXT

A. Country Context

1. Since its economic crisis of 2002, Argentina has been one of the top two performers in the Latin America and Caribbean (LAC) region in reducing poverty and sharing the gains of rising prosperity by expanding the middle class. Total poverty (measured at \$4-a-day) declined from 31.0 percent in 2004 to 10.8 percent in 2013, while extreme poverty (measured at \$2.50-a-day) fell from 17.0 percent to 4.7 percent. Income inequality, measured by the Gini coefficient, fell from 50.2 in 2004 to 42.5 in 2012. Argentina's poverty rate and Gini coefficient are among the lowest in LAC. At the same time, the middle class in Argentina grew by 68 percent between 2004 and 2012, reaching 53.7 percent of the population. Regarding non-monetary poverty, according to the *Instituto Nacional de Estadística y Censos* (INDEC) census figures, the proportion of the population with at least one unsatisfied basic need fell from 17.7 percent in 2001 to 12.5 percent in 2010¹. Still, Argentina is a large federal state, with pronounced inequalities between urban and rural areas, and where the Northern provinces face poverty rates that are two and three times the national average.

2. Unemployment rates and informality declined significantly over the last decade. Nonetheless, the recent growth slowdown is creating challenges to employment generation. Unemployment fell sharply from 20.4 percent in the first quarter of 2003 to 7.1 percent in 2013, while the proportion of the labor force employed in salaried formal jobs grew from 33.5 percent in 2003 to 47 percent in 2013. Labor market outcomes drove urban poverty reduction. However, economic growth has slowed down since 2012, with GDP growing 0.9 percent in 2012 and 1.4 percent in 2013. This adversely affected labor market outcomes. After reaching its lowest level at 6.7 percent in 2011, unemployment started to increase gradually and reached 7.5 percent in the second quarter of 2014. This increase was also compounded by a decline in labor force participation rates, resulting in an overall decline of the percentage of population employed of nearly 1.5 percentage points in the last three years².

3. Strong economic growth over the last decade was accompanied by rising macro-imbalances. Key macroeconomic challenges include inflationary pressures, deficits in fiscal and current accounts and falling international reserves. Argentina has relatively modest fiscal and current account deficits and low public sector debt to GDP that given the limited access to international markets, create pressures on the economy. These imbalances need to be resolved to avoid unwanted effects on the medium-term sustainability of the equity and development gains achieved during the last decade. In this regard, the GoA has recently implemented various public policy interventions aimed at resolving key macroeconomic imbalances. It must be noted, however, that continued and consolidated efforts are required for achieving the desired results which would support also a revitalized growth path and renewed job creation.

¹ Data from SEDLAC-Socio-Economic Database for Latin America and the Caribbean (CEDLAS and World Bank).

² According to data from the Permanent Household Survey, INDEC.

B. Sectoral and Institutional Context

4. The improvement in labor market indicators was not homogeneous. Some groups saw their situation improve less rapidly; and the access to formal, stable jobs remained out of reach for many workers. Among Argentina's youth aged 16-24 years, the unemployment rate was 20 percent in 2013, almost four times the unemployment rate of the population aged 25-64 years (5.4 percent). More than half of the youth with a salaried job were informally employed, while the same indicator was below 30 percent for the population aged 25 to 64. Youth unemployment affect particularly women, who have unemployment rates 37 percent higher than their male counterparts, while their labor force participation rate is lower than that of young men: 34 percent against 54 percent. Unemployed youth is among the most vulnerable groups of the total population. Moreover, roughly 60 percent of unemployed aged 16-24 years belong to households from the lowest part of the income distribution (33 percent in the first quintile, 27 percent in the second quintile), indicating that initial socio-economic factors (poor households, low access to education) are highly associated with youth performance in the labor market.

5. Youth employment has become a central concern for policy makers at the global and national levels, as the high unemployment and informality rates not only represent a serious social problem, but also one that can constrain economic productivity in both the short and medium term. If young workers cannot access quality jobs which provide them with a career path and benefits typical of quality jobs, their probability of making significant contributions to economic growth in the medium term will be limited. Hence, the problem of youth employment is not only about equity (that is, that those who fail to start their working lives with good jobs are likely to remain in lower quality jobs during the rest of their lifetime), but also of growth.

6. Over the last decade, and especially in the period of very high economic expansion from 2003 to 2008, economic growth in Argentina was associated with an important shift in employment generation capacity, with employment growing by 3 percent annually. Consequently, labor market outcomes improved and growth of employment was distinctively higher from the previous decade, accompanied by a strong increase in formal employment. However, employment creation for young people has not always followed this overall performance. For instance, during 2010-2014, the absolute number of jobs young people held increased by only 0.6 percent annually over the four years – young women fared worse than young men, with the young female employment declining by an average 0.4 percent annually over this time period.

7. The growth deceleration in recent years and the ongoing economic contraction in 2014 poses challenges for the employment creation in general and for youth in particular. Therefore, it will be crucial for Argentina to resume growth to create jobs for its active population. In this regard, improvements in the business environment and attracting more investment will be important.

8. The availability of jobs, however, is only one aspect and may not automatically translate into higher employment for young people. Lack of adequate skills and relevant work experience among young workers is an important constraint not only for their access to labor market, but also for their future employment status and productivity. As shown in Annex 6, workers who did not complete secondary education are exposed to significantly higher levels of informality and receive lower salaries, probably reflecting their lower productivity. Also, lack of technical and

soft skills has been shown to be a critical constraint for workers, particularly those belonging to the most vulnerable segment of the population in Latin America and across the world.

9. In this context, responding to the need of structuring pathways into work for unemployed youth, in 2008 the Government of Argentina launched an employment and skills training program called “*Jóvenes por Más y Mejor Trabajo*” (JMyMT) for the 18 to 24 year population. The JMyMT is implemented by the Ministry of Labor, Employment, and Social Security (MTESS) as part of its training and intermediation policy, to promote social inclusion and improve the quantity and quality of employment. The Program, with support from the Lifelong Learning Project³, developed an integrated approach by convening a set of interventions in labor orientation, finishing secondary school, accumulating experience and skills through internships, providing specific training, and finding productive employment either as salaried workers or through self-employment. The target population is youth (men and women) who have not completed secondary school and are unemployed. The Program provides monetary benefits, in the form of grants, as well as non-monetary benefits, through different services. The geographical coverage of the Program has expanded over time. At the end of 2008, the JMyMT Program was implemented in only seven provinces and 33 municipalities and included close to 9,500 beneficiaries. Six years later it covered all provinces and 360 municipalities, and approximately 200,000 youth had participated in one or more Program activities each year.⁴

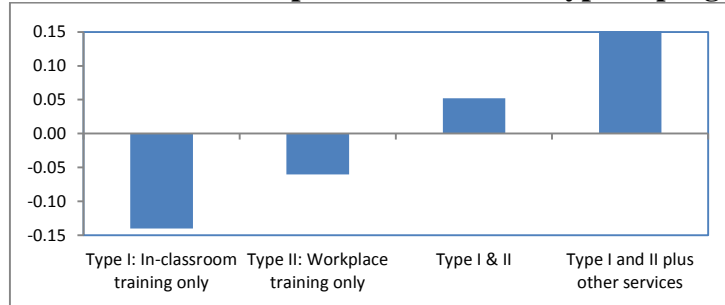
10. The Government approach to youth employment policies in Argentina follows a model that has been recognized in the literature as more effective and applied in most Anglo-Saxon OECD countries. The main characteristic of this model is that the programs must recognize the multi-dimensionality of the problem and the heterogeneity of the target population, addressing different aspects of it simultaneously. A review of 345 training programs throughout the world has shown that there is a clear link between success and multi-dimensionality in the approach⁵ (Figure 1). In this context, Argentina’s policies include the provision of different services (basic skills workshops, technical training, on-the-job training, education completion and certification, employment services) together with income transfers to participants, linked to specific activities, which act as incentives as well as to compensate possible opportunity costs.

³ This project (P095514) closed in 2013. An Implementation Completion and Results Report has been prepared and approved (Report ICR00002937-AR)

⁴ Argentina has a total of 2,164 municipalities, although approximately 85 percent of the population aged 18 to 24 resides in municipalities already covered by the Program.

⁵ Farres, Jean and Puerto, Olga (2009) Towards Comprehensive Training. SP Discussion Paper 0924, The World Bank.

**Figure 1. Results of alternative approaches to active labor market policies:
Correlation between reported success and type of program**



Source: Fares & Puerto (2009)

11. In January 2014 authorities created a new program, called “Support to Argentina’s Students” (*Programa de Respaldo a Estudiantes de Argentina* - PROGRESAR), managed by the Ministry of Economy and aimed at promoting the completion of form education by youth with a family income below the minimum wage. PROGRESAR also includes the provision of training opportunities offered by the MTESS, so the Ministry is expanding its offer of services to include these potential beneficiaries. This is a larger program than JMyMT (as its targeting criteria is wider), with a different focus. While there is some overlap between the two programs regarding target population (although not on actual beneficiaries, since the system does not allow one person to register in both programs), they are complementary in the sense that they aim to cover specific issues (employability for JMyMT, education for PROGRESAR). Authorities estimate that between 5 and 10 percent of the PROGRESAR population will apply to participate in training activities organized by MTESS.

12. Recent evaluations have shown that the JMyMT Program is an effective tool to promote the inclusion of youth in the labor market. Since the Program began in 2008, nearly 660,000 youth have participated in at least one activity. Fifty two percent of them were women, and 78 percent did not have a relevant working experience at the time of their admission. Eighty three percent of participants joined a labor orientation workshop, 75,000 found a formal job (16.3 percent), and 65 percent are finishing their secondary education while receiving training and participating in working practices in the private and public sectors. The MTESS impact evaluations show the youth served by the Program are twice more likely to hold a formal job than those in the control group one year after completing their activities. For example, in 2011-2012 the formal employment rate of former JMyMT participants was 20.8 percent, compared to 9.1 percent in the control group.

13. JMyMT is a Program focused on improving employability of participants. In this sense, the Program aims at improving the supply side of the labor market, giving young vulnerable participants a chance to obtain better jobs. However, to obtain significant outcomes (to increase the employment and quality of jobs of this population) it is critical to increase labor demand as well, which in turns depends on macroeconomic performance. While the Program does not focus on demand, some aspects of its operation recognize the role of employers, as they participate at the national level through Sector Councils that design and in some cases provide training opportunities, and at the local level through the Employment Offices (*Oficinas de Empleo* - OE). Such offices are managed in most cases by municipalities, a few of them are also managed by provinces or run by NGOs.

14. While the implementation of the Program has been effective since its creation, there are several challenges that the Government needs to confront to make the Program more effective and inclusive. First, the network of OEs needs to become more effective at engaging and registering participants in training activities. Second, the Program needs to guarantee acceptable standards of services throughout the country, including professional training and opportunities for work experience. In this context, the Government has requested WB support to improve the operation and performance of the program, with particular focus on: i) improving orientation, training and employment services offered to participants; ii) supporting the Program's consolidation throughout the country; and iii) strengthening the OEs. In order to improve the quality of existing services, the Ministry is adopting performance based agreements with the Employment Offices and proposing an output-based approach as a disbursement modality of the new operation to promote the provision of quality services to youth in the Program.

C. Higher Level Objectives to which the Project Contributes

15. The proposed Project is a key contribution to achieving results articulated in the FY2015-2018 Country Partnership Strategy (CPS) for Argentina (Report 81361-AR), discussed by the Executive Directors on September 9, 2014, which details an engagement to achieve a *“scale-up support to raise employability of young people through job-oriented skill building, training, apprenticeships, and partnerships with firms as well as the contribution and financial support from IFC to the private sector”*. In particular, the proposed Project would enhance the performance and coverage of a program directed at increasing quality employment for the most disadvantaged youth through an output-based approach, which the CPS identified as a key lesson to guide the design of new operations. It would contribute to the CPS results area “Improving employability of Argentina's youth” under the CPS thematic engagement area of “Asset Availability of Households and People.” The proposed Project would support achieving the specific CPS outcome of “doubling the relative chance of labor market insertion rate for 400,000 young people.”

16. In this context, the proposed Project is supporting the World Bank goal of “increasing shared prosperity”; as the young, unemployed workers with incomplete education are among the most vulnerable groups in the country. Helping them to join the formal labor market not only would result in better living conditions for them and their families and a reduction in inequality, but would contribute to stronger economic growth, as these young workers would be able to have more productive jobs.

17. The proposed Project will continue the long term contribution that the Bank has made to social protection policies in Argentina, in particular in the area of employment and training, since the mid-1990s. It will continue the support that the Bank provided to the training and employability programs implemented by the MTESS through the Lifelong Learning Project.

II. PROJECT DEVELOPMENT OBJECTIVE

A. PDO

18. The development objective of the proposed Project is to improve access of vulnerable youth population to labor markets, increasing their employability by supporting the expansion and strengthening of Government employment programs.

Project Beneficiaries

19. Beneficiaries are poor and vulnerable youth, with incomplete formal education, unemployed or out of the labor force that have difficulties in entering the labor market and finding quality jobs. According to 2013 estimates, nearly 22 percent of the urban (1.4 million) youth aged 18 to 24 years are neither working nor studying. Among these, 1.1 million did not complete secondary education and 62 percent are women. The proposed Project will finance activities to help approximately 540,000 youth during the three years of implementation, including 120,000 participants who are already in the JMyMT, 270,000 new participants directly enrolled in JMyMT and 150,000 PROGRESAR beneficiaries that are expected to participate in activities managed and financed by the Program.

20. Access to and length of participation in the Program is determined by the conditions described in Annex 2, which are verified through administrative records by MTESS authorities, and there are no restrictions beyond those or queuing criteria. While fiscal resources are limited, this limit has not been binding during the Program's history, indicating that actual demand is lower than the potential number of participants. This could be partly explained by the fact that not all the potentially eligible beneficiaries are among the poorest 40 percent of the population. The MTESS has implemented several communication campaigns to attract potential participants to the Program, with reasonable success.

PDO Level Results Indicators

21. Seven PDO outcome indicators are proposed for this Project (Annex 1). These include a core indicator (the number of direct project beneficiaries) and three breakdown indicators (the number of female beneficiaries, the number of beneficiaries of employment services agencies, and the number of beneficiaries of training and re-training programs). The fifth and sixth indicators are the rate of formal employment among all former participants of the Program, and the rate among former female participants. Finally, the seventh indicator will be the number of Employment Offices that are producing outputs above a certain threshold.

III. PROJECT DESCRIPTION

22. The lending instrument is an Investment Project Financing Loan for US\$425 million. To achieve its objectives, the Project will support activities through three components: i) improvement of quality of orientation and training services offered to JMyMT Program participants and other vulnerable youth aimed at increasing their employability and likelihood for job placement and job mobility; (ii) coverage consolidation of the JMyMT Program; and iii) strengthening and improving performance of the network of Employment Offices (OE).

A. Project Components

23. The Project will include three components (detailed description of the components is comprised in Annex 2):

Component 1: Improvement and Provision of Orientation and Training Services Offered to JMyMT Program Participants. (US\$190.33 million total financing; US\$169.01 million IBRD)

24. This Component will improve the quality and relevance of orientation and training services, and products offered to Program participants, by financing the provision and improvement of these services. The goal of this Component is to ensure that an integrated package of training services (basic skills and technical training) is offered to participants by providers that are independently assessed and certified, following clear curricula and objectives.

25. Accordingly, this Component will include four Subcomponents:

a) *Subcomponent 1.1: Labor orientation workshops and training courses* (US\$172.51 million total financing; US\$157.09 million IBRD). As participants join the Program, they are required to participate in a labor orientation workshop (LO), as part of their employment interview and registration process. Subsequently, a work program is developed for each participant, which may include enrollment in employability workshops (EW) or professional training courses (PT), organized in three categories: basic training, IT, and sectorial courses.

b) *Subcomponent 1.2: Expansion and strengthening of a job competency-based certification system* (US\$8.29 million total financing; US\$6.37 million IBRD). This Subcomponent will include two groups of activities. First, Subcomponent 1.2.a (US\$4.65 million total financing; US\$3.7 million IBRD) will finance: (i) the development of labor competency based standards; (ii) the design of curricular designs and their corresponding teaching materials, (iii) the training of evaluators, and (iv) the assessment on labor competencies for participants. The second set of activities, under Subcomponent 1.2.b. (US\$3.64 million total financing; US\$2.67 million IBRD) , will finance: (i) the accreditation and quality certification of Professional Training Institutions (*Instituciones de Formación Profesional --IFPs*) by an independent third party; (ii) the training of teachers of IFPs; and (iii) the strengthening of Sector Councils responsible for overseeing training programs.

c) *Subcomponent 1.3: Strengthen Capacity to Provide Training and Employment Services* (US\$2.25 million total financing; US\$2.25 million IBRD). This Subcomponent will finance the strengthening of about 150 municipalities by providing IT equipment and related furniture to be used by JMyMT program participants in activities such as orientation and job search workshops, Job Clubs, and IT courses.

d) *Subcomponent 1.4: Technical coordination* (US\$7.28 million total financing; US\$3.3 million IBRD). This Subcomponent will finance activities necessary to strengthen the technical coordination and implementation of the Project.

26. Activities included in Subcomponent 1.1 will be financed through reimbursements to MTESS for payments of training fees to providers of workshops and courses, as described in Annex 2. Activities in Subcomponent 1.2.a will be financed through an output-based model, based on unit costs. The unit costs represent the underlying costs required to implement the activities to produce the outputs, calculated by the MTESS on the basis of historical costs, as reflected in the Operational Manual and presented in Annex 3 of this PAD. The unit cost value will be reviewed and adjusted periodically, to reflect actual costs. Activities in Subcomponents 1.2.b, 1.3 and 1.4 will finance the acquisition of consultant and non-consultant services, training and goods.

Component 2: Coverage Consolidation of the JMyMT Program (US\$475.69 million total financing; US\$169.9 million IBRD)

27. The Component will aim at maintaining the Program's coverage at around 200,000 youth per year, reaching a total of 390,000 during the three years of implementation (some participants are eligible during more than one year), about 35 percent of the potential beneficiaries. The Component will finance cash transfers to eligible participants enrolled in the Program including: i) monthly stipends when participating in program activities, including labor orientation workshops, employment clubs, professional training courses, IT courses, entrepreneurship training, and basic education completion; ii) monthly stipends when participating in on-the-job training activities; and iii) incentives linked to completion of Program activities.

28. Participants aged 18-24 years qualify to receive the stipends by complying with eligibility requirements, including being currently unemployed and not having completed secondary education (a detailed list of requirements and criteria for exclusion is included in Annex 2). They can participate in activities for a maximum of 36 months, which do not have to be continuous.

29. JMyMT beneficiaries include indigenous people living in different provinces and municipalities across the country. Following the World Bank Safeguard on Indigenous Peoples (OP 4.10), their rights and interests must be adequately protected during the preparation and implementation of this Project. A National Indigenous Peoples Plan (NIPP) was prepared and implemented to ensure this.

30. As the Program is being developed and expanded, the GoA may decide to include other beneficiaries or provide new services or supplements. If eligibility conditions or stipend amounts were to change, the Bank's approval would be necessary to confirm that the new stipends will be eligible for Project financing. The Loan is expected to finance approximately 34 percent of all eligible expenditures under this Component.

Component 3: Strengthening and Improving the Performance of the Network of Employment Offices (US\$100.21 million total financing; US\$85 million IBRD)

31. This Component will aim at strengthening the capacity and performance of the employment services offered by the OEs to Program participants, by incorporating new methodologies and management practices in existing and new OEs. The MTESS will enter into an agreement with each participating municipality, province or NGO specifying the services to be delivered by the OE, including targets on performance indicators and the administrative procedures to be followed to monitor implementation. Based on these agreements, MTESS will transfer funds to OEs to support their activities.

32. Accordingly, this Component will include two Subcomponents:

a) *Subcomponent 3.1: Strengthening the Employment Services network* (US\$2 million total financing; US\$2 million IBRD). The MTESS will implement activities to strengthen the Employment Services network, such as Regional and National workshops to discuss the strategy implementation and provide technical assistance to participating EOs.

b) *Subcomponent 3.2: Output financing for eligible OEs* (US\$98.2 million total financing; US\$83 million IBRD). The Component will support the MTESS goal to introduce an output based model in its support strategy for EOs. Since the creation of the first EOs at the municipal level, the Ministry has been providing support by transferring funds and assets, financing staff

and providing technical assistance, to help setting up the OEs and ensuring their smooth operation. Under the new model, which will be implemented gradually across the country, the support will be linked to outputs that MTESS considers most critical. Hence, the Bank support of the employment services network will shift to an output based model, providing financing to Eligible OEs to strengthen their employment services performance. Subcomponent 3.2 will be financed through an output-based mechanism, on the basis of four outputs (placements in formal jobs, enrollment in/provision of services of employment clubs, placements in private sector on-the-job training projects, and enrollment in professional training courses). Unit costs are detailed in Annex 3 of this PAD and are included in the Operational Manual, which will be revised periodically as needed, with agreement of the World Bank. Eligible expenditures will be defined for each of the four outputs for each semester, up to the limits included in Table II.4 in Annex 2, and as long as the disbursement indicator targets are reached. In addition, the Component will finance the activities described in the previous paragraph to strengthen the performance of the employment services network.

B. Project Financing

33. The proposed Project's total cost is estimated at US\$767.29 million, for a period of three years. In addition, the MTESS has been implementing activities of its ongoing JMyMT program that are aligned with the design of the Project and in accordance with applicable Bank procedures. Payments made up to twelve months prior to the date of signature of the Loan Agreement, for eligible expenditures under Components 2 (stipends) and 3.2 (outputs) will be eligible for retroactive financing up to an aggregate amount not to exceed US\$85 million (20% of the loan proceeds). The Loan will finance 55 percent of the total Project costs, while the remaining US\$342.29 million will be financed from the national budget.

Table 1. Project Costs

Project Components	Project cost US\$	IBRD Financing	
		US\$	%
Component 1. Improvement and provision of orientation and training services offered to JMyMT Program participants	190,330,000	169,010,000	89%
Component 2. Coverage Consolidation of the JMyMT Program	475,690,000	169,927,500	36%
Component 3. Strengthening and Improving the Performance of the Network of Employment Offices	100,210,000	85,000,000	85%
Total Project Costs	766,230,000	423,937,500	55%
Front-End Fees	1,062,500	1,062,500	100%
Total Financing Required	767,292,500	425,000,000	55%

C. Lessons Learned and Reflected in the Project Design

34. This Project draws on the global World Bank experience in the design of social protection programs, as well as implementation experience in Argentina. The Bank has knowledge and experience in the area of labor competency-based training schemes, in particular derived from previous Bank-financed operations, as discussed in detail in Box 1. Support for Youth Employment Programs in Argentina began under the umbrella of the Lifelong Learning project and is informed by knowledge on the design of employment services and training programs in OECD countries.

35. The experience of the implementation of various programs (*Jefes de Hogar, Seguro de Capacitación y Empleo y Jóvenes con Más y Mejor Trabajo*) demonstrated the capacity of the GoA to deploy income transfer and employment programs. However, the experience of the programs also underscored the importance of transparency and accountability in the administration of the benefits, and the need for sound monitoring systems to track funds and results and ensure compliance with eligibility criteria and program regulations.

36. The history of investment lending in Argentina shows the importance of working in a genuine partnership, in sectors in which Government has defined a robust policy framework. The MTESS has successfully implemented several Bank-financed operations in close collaboration with the Bank (as discussed in Box 1). Its main area of focus in recent years has been youth unemployment and basic training services. Hence, the Project will provide support to a policy that is central to the Ministry's agenda, with very strong commitment and program ownership.

37. The main lessons learned that were applied to this Project include: (i) emphasize outcomes, rather than inputs or processes, as a way to help the counterpart focus on results; (ii) use output-based financing mechanisms whenever possible, linking disbursements to progress in outcomes and achieving indicator targets in service delivery, as this approach would provide incentives to improve the programs while avoiding cumbersome procurement processes; (iii) strengthen the program by recognizing the multi-dimensional challenges of youth employment and therefore the need to coordinate efforts across institutions and government levels; (iv) develop a strong monitoring system at the outset in order to measure outcomes against agreed standards, as it is difficult to adapt some processes to facilitate monitoring once they are operational; (v) ensure budget availability to implement activities related to the indigenous peoples' safeguard, as experience has shown that lack of funding may hamper the quality of interventions; (vi) anchor the competency-based training system in a demand-driven approach determined by the needs, interests and characteristics of employers, by involving them in the process of defining priorities and curricular designs; (vii) make service provision flexible and modular; and (viii) focus on the performance of the network of employment offices to improve the likelihood of success of employment services.

Box 1 – History of World Bank’s support to employment policies in Argentina

The Bank has supported active labor market programs in Argentina and worked closely with the Government for two decades, since the first workfare program, called *Trabajar*, was introduced. In this period, the Bank's efforts were focused on improving the design and implementation of public works programs, making them more effective, transparent and inclusive. The Social Protection I, II and III Projects (P035495, P049268, and P04969) financed *Trabajar* during 1997-2002. These projects supported improvements in the program in the areas of targeting, transparency of implementation procedures, quality, and evaluation. Since then, the Bank has collaborated with the MTESS, in capacity building and implementation of social protection programs. This collaboration was not only on design and implementation strategies, but also on other critical aspects of the programs, as their governance structure and grievance processes.

The Bank supported the Government’s crisis response in 2002 by financing the workfare component of the Heads of Household Program (P073578), promoting governance and management reforms, and helping to evaluate its impact. The *Jefes* design was based on *Trabajar*, but some aspects were changed to respond to the social crisis. *Jefes*’ coverage was 10 times larger; implementation was more decentralized; NGOs had a greater role in execution and monitoring; and the list of eligible activities was expanded. As the crisis subsided, the Government focused on shifting from the emergency model used with *Jefes* to programs looking to solve structural problems in the medium and long-term. The Heads of Household Transition Project, approved in 2006 (Loan 7369-AR), continued financing transfers for participants in temporary employment programs, but also included financing for active labor market programs and training.

In parallel, in October 2004, the Government decided on a two-pronged transition strategy for the *Jefes de Hogar*. The key underlying strategy was to distinguish two groups among the Program beneficiaries: those that had higher re-employment chances if supported in the process and those that required the protection of a longer-term safety net, linked to building human capital for children. The first group went to a new program, *Seguro de Capacitación y Empleo* (Training and Employment Insurance) and the other group to an existing conditional cash transfer program called *Familias*. The goal was to use *Seguro* as an exit strategy from the social assistance system, providing financial support (for a limited time), training and employment services. While income transfers were managed centrally by the MTESS, Employment and Social Security, services were provided at the municipal level through more than 400 employment offices across the country.

The focus of the Government on promoting more and better employment as the principal means to foster equitable and inclusive growth resulted in the development of a growing program of training and employment services. The Lifelong Learning Project, approved in 2007, supported this shift to improve labor force skills, including support for education and training provided by *Seguro*. The Project included components to expand and strengthen the professional training system and certification; school completion, and employment promotion for youths (18-24 years) through training and internships, as well as strengthening employment offices to provide job orientation interviews and support active job search by participants.

In a revision of the policy that led to a shift of many former *Jefes* beneficiaries to *Familias*, the GoA focused on the existing Family Allowances program (created in the 1940s, providing benefits to formal workers with children). In 2009 a new benefit was introduced in this program, called Universal Child Allowance (“*Asignación Universal por Hijo*” – AUH) which offers a flat monthly transfer for children under 18 years (or older, if disabled) of unemployed or informally employed workers with low income. This benefit absorbed most *Familias* beneficiaries, creating a quasi-universal social safety program. This process was supported by the Bank through the Argentina Basic Protection Project (P115183).

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

38. The MTESS is the implementing agency for the Youth Employment Support Project. Project activities will be managed within the structure of the Ministry through the Secretariat of Employment, as detailed in Annex 4. Taking advantage of Argentina's institutional and fiduciary framework, the Project will build on the existing organizational and management structures of the Ministry which are currently responsible for managing and implementing the JMyMT Program. Financing and implementation of impact evaluation and Program studies will be the responsibility of the Undersecretary of Labor Studies of MTESS in collaboration with the Secretary of Employment.

39. Support to the Youth Employment Project on administrative and financial management matters will be provided by the Technical Coordination Unit (TCU), the office in the MTESS which carried out these functions for the Lifelong Learning project.⁶ This Unit will coordinate with the relevant staff in the MTESS to facilitate the use of the Loan resources to support the eligible activities described above, and manage the day-to-day conduct of procurement and financial management activities. The TCU will be responsible for collecting the required information on outputs and financial flows from the different areas of the MTESS in charge of implementing the Program, ensuring that the necessary audit reports are prepared in time, request disbursements from the Loan as necessary and prepare reports and submit Statements of Expenses according to the procedures established in the Operational Manual. The structure of flow of funds, and responsibilities assigned to the different areas in MTESS is discussed in Annex 4 and described in detail in the Operational Manual. The Bank's team will work closely with the TCU staff (particularly in the first year after effectiveness) to ensure a smooth Project implementation.

B. Results, Monitoring and Evaluation

40. Results, monitoring and evaluation will be based on three sources of data: the management information system of the Employment Secretariat, where detailed data on activities related to the program are collected; the data base for social security contributions (*Sistema Integrado Previsional Argentino*, SIPA), managed by the Federal Tax Authority (*Administración Federal de Ingresos Públicos* – AFIP); and the information system that integrates performance data from all participating Employment Offices. All training activities in the Program are registered on REGICE (Register of Training and Employment Agencies), an information system used to analyze the Program's performance. Based on these sources, the MTESS publishes two monthly reports on the Program: the "Monthly Report on Implementation and Participants' Profile" and the "Monthly Report on Additions and Removals". These reports include the most relevant indicators regarding the Program's implementation.

41. Given that Component 3 will support the OE network through an output-based model, the monitoring system for the outputs will be critical, and its performance will be carefully monitored by the Bank's team, particularly in the first year after effectiveness. Also, the MTESS

⁶ AR Lifelong Learning and Training Project. IBRD Loan 7474-AR/P095514.

implements an impact evaluation strategy for the JMyMT since its creation. The methodology combines data from the program's registry, the SIPA database, and the Permanent Household Survey (EPH). Using these data sources, the evaluation calculates a "rate of formalization", as the percentage of former JMyMT that obtained a formal job after one year after leaving the program, and compares this with a benchmark that is obtained from the EPH, considering the rate of formalization of a population with similar socio-economic and demographic characteristics in the same period. While this analysis does not follow a standard randomized model to define treated and reference populations, the methodology can be considered sound.⁷ The Ministry has committed to continue producing these indicators during the implementation of the Project, financing this activity with regular budget resources. This will ensure a platform for evidence-based policy dialogue, another key feature of the recently discussed CPS for Argentina.

C. Sustainability

42. The Borrower is fully committed to the success of the JMyMT Program, Youth employment is one of the areas where authorities are focusing their efforts, given the labor market indicators trends in recent years. The Project will contribute 55 percent of total Program financing over the three years implementation of the Project, while the remaining resources will originate from the national budget. The role of WBG financing will be more important with regard to Component 1, where nearly 89 percent of expenditures will be financed.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk Category	Rating	Risk Category	Rating
Stakeholder Risk	Low	Project Risk	
Implementing Agency Risk		Design	Moderate
Capacity	Moderate	Social and Environmental	Low
Governance	Low	Program and Donor	Low
		Delivery Monitoring and Sustainability	Low
Overall Implementation Risk		Substantial	

B. Overall Risk Rating Explanation

43. While individual risks are low to moderate, the overall risk is substantial. A key risk relates to the potential impact that macroeconomic trends might have on the desired outcome of the proposed project, more and better jobs for young workers. There will be limited procurement activity under the proposed project, but the complex financial structure for disbursement of loan proceeds poses some risk. Disbursement mechanisms have been carefully designed; and that together with the Bank's planned strong implementation support effort for the first few months of implementation should help manage this risk. Given that there will be national elections in October 2015, there is a risk that interventions supported by the project might not be sustained. The support for youth employment policies across the political spectrum and the strong engagement of the World Bank team with policy makers across all sectors should serve as mitigating factors in this regard.

⁷ A detailed discussion of this methodology, presenting strengths, weaknesses and results can be found in Annex 3 of the Lifelong Learning and Training Project Implementation Completion and Results Report (Report ICR00002937-AR).

44. The Program has a strong governance structure at the three relevant levels to avoid manipulation regarding selection of OEs, service providers and participants. Regarding OEs, the Program is open to all municipalities, provinces or NGOs, provided that they have a minimum standard of capacity to provide services. The MTESS has had a proactive strategy to expand the network and include more OEs, by inviting municipalities to participate and providing technical assistance to enhance their performance. At the time of Project preparation, 360 OEs, distributed across all provinces, had joined the program. While they cover only 17 percent of all municipalities in Argentina, nearly 85 percent of the population aged 18-24 years resides in municipalities already in the Program. Service providers (in particular, training institutions) are in most cases either related to a production sector or part of a provincial network. In order to avoid manipulation of any type, the providers are assessed by the MTESS in terms of their capacity and receive support to strengthen their quality standard. Once this is achieved, they can obtain a quality certification from an independent agency. Also, both the curricula and teaching materials must be approved by the Sector Councils and the MTESS. Finally, the program is open to all youth that qualifies according to the rules described in Annex 2. There are no quotas or other restrictions mechanisms, and any eligible individual can join by enrolling at an OE. An effective grievance system is in place, to allow participants or other citizens to communicate directly with the MTESS if an OE does not provide adequate services, as discussed in Annex 4.

45. Political risks are contained by the long tradition of active labor market policies in Argentina. This type of program has more than 20 years of history, and has received Bank support during most of this period. Since the mid-1990s authorities of different political orientations have identified the issue of employment promotion and training as critical to improve labor market performance. During this period, the teams in charge of managing the programs have gained broad recognition for their professional proficiency, and programs' designs have improved, reducing space for political interference and increasing accountability. In this context, the risk of having a new government introduce significant changes in these programs is expected to be limited, and the Bank's involvement should contribute to reduce it.

46. In regard to the risk of failing to generate the expected outcomes due to lower than expected labor demand, it is important to acknowledge that the Project's focus is on improving employability of participants. While this is a critical step towards increasing the expansion of the formal labor force, it is important to recognize that there are other factors (such as macroeconomic trends and labor market performance) that could affect this outcome in ways that cannot be affected by the supported policies.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

47. The Project's impact in terms of economic costs and benefits is positive and significant (see detailed analysis in Annex 6). An internal rate of return (IRR) of approximately 23.1 percent was calculated. There are other potentially positive impacts that cannot be measured in financial terms, such as the increase in human capital accumulation (as part of a virtuous circle) or other less tangible but equally important impacts in terms of social cohesion, as increasing opportunities for the most vulnerable population should result in a reduction in inequality, and the risk for the population to be affected by crime and violence.

48. Given the strong externalities of these policies as well as their relevance for other social and economic development goals the provision of these services by the public sector is a reasonable. The Bank will contribute to the Project's successful implementation by financing part of the Program's activities and supporting timely implementation and protecting the Program from potential short term financing delays; by promoting the introduction of innovations in the Program's operations, particularly with regard to the relation between the MTESS and OEs (Component 3); and promoting the development of a stronger monitoring and evaluation framework, necessary to provide monitoring data but also critical to develop rigorous impact evaluation analyses.

B. Technical

49. The Project design was chosen to support the Borrower's goals to advance in strengthening the Program's operational design, building on best practices and on previous experience of the WBG in Argentina. International experience has shown that training programs are most effective when they include (i) integration of life skills and counseling; (ii) combination of on the job training and classroom components; and (iii) inclusion of private sector providers;⁸ these elements have been considered in the design of the JMyMT Program.

50. In addition, the use of different disbursement designs for each component was adopted after careful consideration by the WBG team and the Borrower, who agreed that the proposed approach will maximize incentives to increase Project effectiveness. Component 1 will be organized as a mix of training fees disbursement method (for Subcomponent 1.1), an output-based disbursement model, where the Borrower finances the production of specific outputs and then requests a reimbursement based on pre-defined unit costs (for Subcomponent 1.2) and reimbursements of procurable goods and services (for Subcomponents 1.3 and 1.4). Component 2, consisting mostly of paying stipends to Program participants, will be organized as a cash-transfer scheme, where authorities pay the stipends to eligible program's beneficiaries and request reimbursements (or advances) to the Bank. Finally, Component 3 will be designed as an output-based disbursement scheme where MTESS provides financial support to the Employment Offices and then requests disbursement from the Bank based on the outputs obtained. Components 1 and 3 will also include some activities to be financed through traditional models.

C. Financial Management

51. A Financial Management Assessment was carried out to assess the adequacy of financial management arrangements⁹ in place at the Technical Coordination Unit (TCU) of the Ministry of Labor (MTESS) and determined to be satisfactory to support project implementation.

52. Overall, Project implementation arrangements including financial management aspects build on the Ministry's extensive experience implementing previous Bank funded operations.¹⁰

⁸ World Bank, 2013, Jobs, World Development Report; World Bank, 2013, Youth Employment Programs, An Evaluation of World Bank and IFC support; Biavaschi et al., 2013, Youth Employment and Vocational Training.

⁹ The Financial Management Assessment (FMA) was conducted in accordance with OP/BP 10.00 and in line with specific Bank guidelines Manual for World Bank-Financed Investment Operations; document issued by Operations Policy and Country Services OPCFM on March 1, 2010

¹⁰ (P073578) Heads of Household; (P055483) AR and Heads of Households Transition; (P095514) Lifelong Learning and Training Project (P095514); closed on December 31, 2013.

Significant efforts have been made to smooth implementation, reduce complexity and mitigate risks associated with flow of funds, including the use of output-based disbursements under Components 1 and 3; enhanced internal controls and introduce concurrent audits to verify that those outputs (and the underlying unit costs) are reasonable and properly registered.

D. Procurement

53. Procurement for the proposed project will be carried out in accordance with the WBG's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011-Revised July 2014; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011-Revised July 2014, and the provisions stipulated in the Loan Agreement.

54. The MTESS, through the TCU, would be responsible for carrying out all procurement activities. Limited procurement activities are expected, mainly in Component 1, for the supply of the necessary equipment (IT and furniture) to install 150 classrooms training across Municipalities.

55. A Bank assessment of the TCU capacity to implement procurement actions for the Project identified the factors that may potentially affect project implementation such as: i) the risk of delays in processing procurement activities to set up 150 classroom in a timely manner (taking into account it is a key activity to achieve the PDO); and ii) lack of staff with the experience in procurement at the MTESS.

56. The procurement plan for the Project was approved by the Bank on November, 21, 2014 and includes two activities of consultant's services and three of procurement of goods subject to prior review during the first 18 months of the implementation. The Procurement Plan will be available in the SEPA System (www.iniciativasepa.org) within 30 days after Project approval. In consultation and agreement with the Bank team, the Procurement Plan will be twice a year or as required to reflect actual Project implementation needs and improvements in institutional capacity.

E. Social (including Safeguards)

57. During the Project's preparation it was determined that the Safeguard policy on Indigenous Peoples (OP 4.10) would be triggered, given that 20 out of 24 provinces in Argentina include indigenous populations (IP). The triggering of OP4.10 required the development of a National Indigenous Peoples Plan (NIPP) to ensure that the rights and interests of the IP are adequately protected. The NIPP was prepared building on the existing IPPF and IPPs implemented under previous Bank financed projects. The NIPP guides national interventions and consultations with key IPs' stakeholders, and helps to identify and address the specific barriers that IPs face in entering the formal labor market in Argentina. The NIPP was consulted and disclosed through the MTESS webpage on November 18, 2014 and the WB's webpage on November 13, 2014. A detailed discussion of the NIPP implementation is included in Annex 4.

58. The team maintained multiple exchanges with other relevant stakeholders, such as Business groups, Unions, program participants and IFPs, in the context of the preparation of the Implementation Completion and Results Report for the Lifelong Learning project (prepared in

parallel with this Project). Feedback received during those discussions was very positive, in particular regarding the competency-based approach of the Program (including making labor intermediation and training content transparent and pertinent). These inputs are discussed in detail in Annex 4 (pages 50-54) and in Annex 2 of the ICR Report of the Lifelong Learning project.

F. Environment (including Safeguards)

59. The environmental assessment category for this project is C. The nature and scope of the Project activities are not expected to generate adverse environmental impacts.

ANNEX 1: RESULTS FRAMEWORK AND MONITORING

Country: Argentina

Project Name: Argentina Youth Employment Support Project (P133129)

Results Framework

Project Development Objectives

PDO Statement

The development objective of the proposed Project is to improve access of vulnerable youth population to labor markets, increasing their employability by supporting the expansion and strengthening of Government employment programs.

These results are at Program Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values			
		YR1	YR2	YR3	End Target
Beneficiaries of Labor Market programs (number) (Number) - (Core)	660000	750000	840000	930000	930000
Beneficiaries of Labor Market programs - Employment services agencies (number) (Number - Sub-Type: Breakdown) - (Core) ¹¹	630000	740000	850000	965000	965000
Beneficiaries of Labor Market programs - Female (number) (Number - Sub-Type: Breakdown) - (Core)	347160	394500	441840	489180	489180
Beneficiaries of Labor Market programs - Training and re-training (number) (Number - Sub-Type: Breakdown) - (Core) ¹²	330000	480000	630000	780000	780000
Percentage of JMyMT program participants who have left the program and are employed in the formal market. (Percentage)	25.20	25.70	26.50	27.00	27.00

¹¹ This indicator reflects the number of individuals that receive any of the different services provided by the Employment Services agencies, including Orientation Workshops, Employment Clubs and Enrollment in Professional Training Courses. Consequently, if one participant receives more than one services, he or she will be counted more than once, and the total may be higher than the figure indicated under "Beneficiaries of Labor Market Programs"

¹² This indicator reflects the number of individuals that receive any of the different services listed in the definition. Consequently, if one participant receives more than one service, he or she will be counted more than once.

Percentage of JMyMT program participants who have left the program and are employed in the formal market - Female. (Percentage - Sub-Type: Breakdown)	16.00	17.00	18.00	20.00	22.00
Number of Employment Offices obtaining at least 150 outputs in the last 12 months (Number)	60	80	100	120	120

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values			
		YR1	YR2	YR3	End Target
Number of Program participants that have completed a level of formal education with Program support since effectiveness (Number)	0	4000	8000	12000	12000
Number of Program participants that joined a Labor Orientation Workshop since effectiveness (Number)	0	90000	180000	270000	270000
Number of Professional Training Institutions Certified (Number)	150	180	215	250	250
Number of Program participants that took a professional training course since effectiveness (Number)	0	50000	110000	170000	170000
Number of Program participants that joined an on-the-job training activity in the private sector since effectiveness (Number)	0	26000	52000	78000	78000
Number of Program participants who have been assessed in competency based standards since effectiveness (Number)	0	5000	10000	15000	15000
Number of Program participants that have completed IT training courses since effectiveness (Number)	0	40000	85000	130000	45000
Number of Program participants that have been placed in a formal job by an OE since effectiveness (Number)	0	10000	20000	30000	30000
Number of female Program participants that have been placed in a formal job by an OE since effectiveness. (Number - Sub-Type: Breakdown)	0	3000	6000	9000	12000
Number of Program participants that have been enrolled in an Employment Club by the OE since effectiveness (Number)	0	26000	52000	75000	75000
Number of participants that have been enrolled in a professional training course by the OE since effectiveness (Number)	0	30000	60000	80000	80000

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Beneficiaries of Labor Market programs (number)	This indicator measures the number of individual beneficiaries covered by passive and active labor market programs (ALMPs) – including entrepreneurship programs - supported by the Bank.	Quarterly	MTESS quarterly report	MTESS
Beneficiaries of Labor Market programs - Employment services agencies (number)	Measures the number of people enrolled in employment service agencies.	Quarterly	MTESS quarterly report	MTESS
Beneficiaries of Labor Market programs - Female (number)	This indicator measures females' participation in ALMPs. It has the same definition as "Beneficiaries of Labor Market programs" but applies only to women.	Quarterly	MTESS quarterly report	MTESS
Beneficiaries of Labor Market programs - Training and re-training (number)	Includes vocational and life skills training, re-training for workers, internships and apprenticeships.	Quarterly	MTESS quarterly report	MTESS
Percentage of JMyMT program participants who have left the program and are employed in the formal market.	This indicator measures the percentage of participants that have left the program at least one year before and joined the formal labor market since then.	Quarterly	MTESS quarterly report	MTESS
Percentage of JMyMT program participants who have left the program and are employed in the formal market - Female.	This indicator measures the percentage of female participants that have left the program at least one year before and joined the formal labor market since then.	Quarterly	MTESS quarterly report	MTESS
Number of OEs obtaining at least 150 outputs in the last 12 months	This indicator measures the number of OEs that have produced at least 150 outputs in the last 12 months.	Quarterly	MTESS quarterly report	MTESS

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Number of program participants that have completed a level of formal education with program support since effectiveness	The number of participants that have completed their formal education as part of their activities in the last 12 months.	Quarterly	MTESS quarterly report	MTESS
Number of participants that joined a Labor Orientation Workshop since effectiveness	The total number of participants that joined a Labor Orientation Workshop since effectiveness.	Quarterly	MTESS quarterly report	MTESS
Number of Professional Training Institutions Certified	The total number of PTI that have been through the quality certification process and are providing services to the program.	Quarterly	MTESS quarterly report	MTESS
Number of participants that took a professional training course since effectiveness	Number of participants that took a professional training course since effectiveness.	Quarterly	MTESS quarterly report	MTESS
Number of participants that joined an on-the-job training activity in the private sector since effectiveness	Number of participants that joined an on-the-job training activity in the private sector since effectiveness.	Quarterly	MTESS quarterly report	MTESS
Number of program participants who have been assessed in competency based standards since effectiveness	Accumulated number since Project effectiveness.	Quarterly	MTESS quarterly report	MTESS
Number of participants that have completed IT training courses since effectiveness	Number of participants that have completed IT training courses since effectiveness.	Quarterly	MTESS quarterly report	MTESS
Number of participants that have been placed in a formal job by an OE since effectiveness	Number of participants that have been placed in a formal job by an OE since effectiveness.	Quarterly	MTESS quarterly report	MTESS
Number of female participants that have been placed in a formal job by an OE since effectiveness.	Number of female participants that have been placed in a formal job by an OE since effectiveness.	Quarterly	MTESS quarterly report	MTESS
Number of participants that have been	Number of participants that have been	Quarterly	MTESS	MTESS

enrolled in an Employment Club by the OE since effectiveness	enrolled in an Employment Club by the OE since effectiveness.		quarterly report	
Number of participants that have been enrolled in a professional training course by the OE since effectiveness	Number of participants that have been enrolled in a professional training course by the OE since effectiveness.	Quarterly	MTESS quarterly report	MTESS

ANNEX 2: DETAILED PROJECT DESCRIPTION

ARGENTINA: Youth Employment Support Project

1. The development objective of the Project is to improve access of vulnerable youth population to labor markets, increasing their employability by supporting the expansion and strengthening of Government employment programs.

2. In order to achieve this objective, the Project will include three components:

Component 1: Improvement and Provision of Orientation and Training Services Offered to JMyMT Program Participants. (US\$190.33 million total financing, US\$169.01 million Bank financing)

3. The activities to be supported under this Component are expected to contribute to the MTESS' efforts to increase employability and employment opportunities of JMyMT participants, as well as other youth who are unemployed or inactive and have a family income below the minimum wage, by improving the knowledge, skills and behavior that will serve individuals as they transition to the labor market. This Component focuses on the provision of quality training services, by financing the provision and improvement of these services, including the design and implementation of workshops and courses, development of competency standards, training of evaluators, improvement and certification of training institutions, curricular design, and teacher training.

4. Accordingly, this Component will include four Subcomponents:

- a) *Subcomponent 1.1: Labor orientation workshops and training courses.* As participants join the program, they are required to participate in a Labor Orientation workshop (LO), as part of their employment interview and registration process. Through this mandatory workshop (130 hours), the program helps the youth to identify their job interests and remark on the importance of life skills and basic competencies. The workshop also includes a module to inform the youth on labor regulations and to introduce them on IT tools. Subsequently, a work program is developed for each participant by the OE staff, with the goal of increasing their employability. Many participants will be recommended to enroll in an Employability workshop (EW), a 64 hours program designed to remove barriers (such as lack of basic employability skills, low communication skills and self-esteem) and ensure access to other benefits, i.e. child care, to close gaps between youth and labor market. Participants are always directed towards Professional Training courses (PT), considering their interests and skills. Training is offered in about 40 sectors, including construction, confectionery, bakery, metallurgic and metal mechanics, software development, fruit and vegetable production, and others. The length, geographical coverage, and availability of these courses vary widely. In some cases, the course may include several levels or modules, and last as much as 600 hours. For example, the agriculture courses include training in agro-chemicals management, farm management and tractor driving; the metal-mechanics course includes electricity, soldering and Autocad design. A similar level of diversity is found in almost every sector. Finally, basic

IT courses will be offered to participants to update their digital knowledge. This Component will finance the provision of approximately 270,000 LO workshops, 150,000 EW, and 300,000 training courses to participants (including 170,000 PT and 130,000 IT courses) to participants during the three year implementation period, including activities financed with Loan proceeds and activities financed with national funds. The total cost of this Subcomponent is US\$172.51 million of which the Loan is expected to finance US\$157.09 million, approximately 80 percent of all eligible expenditures, as detailed in Table II.2.

- b) *Subcomponent 1.2: Expansion and strengthening of a job competency-based certification system.* This Subcomponent will include two groups of activities. First, Subcomponent 1.2.a will finance: (i) the development of 75 labor competency based standards; (ii) the design of 75 curricular designs and their corresponding teaching materials; (iii) the training of 300 evaluators, and (iv) the assessment on labor competencies for 15,000 participants, at a total cost of US\$4.65 million, of which US\$3.7 million will be financed by the Loan. The second set of activities, under Subcomponent 1.2.b, will finance (i) the accreditation and quality certification of a target of 100 Professional Training Institutions (*Instituciones de Formacion Profesional --IFPs*) by an independent third party; (ii) the Argentine Institute for Norms and Certification (*Instituto Argentino de Normalizacion y Certificacion*); the training of 1,600 teachers of IFPs; and (iii) the strengthening of 20 Sector Councils responsible for overseeing training programs, , at a total cost of US\$3.64 million, of which US\$2.67 million will be financed by the Loan. The total cost of this Subcomponent is US\$ 8.29 million of which the Loan is expected to finance US\$ 6.37 million, approximately 64 percent of all eligible expenditures, as detailed in Table II.2.
- c) *Subcomponent 1.3: Strengthen Municipal Capacity to provide Training and Employment Services.* This Subcomponent will finance the strengthening of about 150 municipalities by providing IT equipment and related furniture to be used by JMyMT program participants in activities such as orientation and job search workshops, Job Clubs and IT courses. The total cost of this Subcomponent is US\$2.25 million, to be fully financed by the Loan, as detailed in Table II.2.
- d) *Subcomponent 1.4: Technical coordination:* Finally, the Loan will finance activities necessary to strengthen the technical coordination and implementation of the Project. MTESS will carry out a program of evaluations on Project interventions, including youth orientation/training and work experience scheme, with the agreement and support of the World Bank. Specific activities are detailed in the Operational Manual and financed with Government funds. The total cost of this Subcomponent is US\$7.28 million of which the Loan is expected to finance US\$3.30 million, approximately 45 percent of all eligible expenditures, as detailed in Table II.2.

5. Under Subcomponent 1.2, the MTESS will develop competency-based standards, as well as competency-based training programs. These activities will continue those that were supported by the Lifelong Learning Project since 2007. Building on that experience, the MTESS will expand coverage to new sectors of the economy (defined considering their size and potential generation of formal job opportunities). Following current practices, the development of standards and training starts with a framework agreement (*acuerdo marco*), signed between the Ministry and all participating sector organizations (business groups and unions) describing their general intention to carry out certain actions.

6. As part of these framework agreements, the sector organizations appoint representatives to a sector council in charge of designing and implementing a continuous training system. All participant organizations are legally established, and are required to sign annual protocols to define specific activities and outputs to be carried out under the framework agreement. The protocols include the definition and validation of competency-based standards, the standardization of competency-based training, and the issuing of competency-based certificates. Employers, trade associations and unions representing these sectors, together with workers, lead and carry out these activities. The outputs under Subcomponent 1.2 will be registered in the Registry of Training and Employment Agencies (REGICE), a registry of information on professional training institutes and institutions involved in the evaluation and certification of occupational norms, accessible to the public.

7. The Ministry has been promoting the alignment of the current training programs offered at professional training institutes (*Institutos de Formación Profesional* – IFP) to a competency-based approach, in order to train and prepare individuals for certification. It has developed a framework to assess quality and pertinence for IFPs, and has defined a set of interventions and contracted qualified tertiary level institutions, mostly universities, to assist them to address the issues that prevent them from adopting a competency-based approach. This component will finance the accreditation and quality certification of IFPs by an independent third party, the Argentine Institute for Norms and Certification (*Instituto Argentino de Normalización y Certificación* – IRAM). The IRAM accreditation ensures that the training institute has the qualified skill-mix of trainers and training programs, the appropriate learning resources, and the organization, procedures and physical facilities to ensure that training is aligned to the standards and delivered with quality and efficiency.

8. **Role of Sector Councils:** The expansion and strengthening of a job competency-based certification system provides an operational entry point to continue supporting the MTESS strategy, focused on the development of skills for disadvantaged youth through a system that makes qualifications more transparent and relevant; offers a training system linked to skills demand; and promotes quality of services through third-party accreditation and certification of providers and individuals. In large part, the success of the competency-based and certification system rests on the work of the Sector Councils. The experience with the Lifelong Learning project showed that these councils play a dual role as both aggregators of technical know-how and conveners of information on labor market demands from relevant participants from the industry, such as trade unions, employers, and training institutions. Since they are envisaged as a fundamental building block in the system's architecture, careful attention must be given to how they are selected into the program. Sectors Councils not only have to be on the country's priority list as having substantial potential for labor demand, but also have to demonstrate commitment to advancing the competency-based training and certification in the sector, understanding the importance of having qualified workers to adopt new technologies, improve product quality, and reduce workplace accidents (and insurance policies). To increase the take up, MTESS offers a combination of financial incentives and technical inputs to support interactions of sector councils with union representatives, employers and training providers. Financial incentives include the development of norms and curricular design and the cost of training evaluators. The intervention of the Ministry has been critical to facilitate the adoption of this certification model, which would be unlikely to emerge by itself through market mechanisms.

9. The Lifelong Learning project consolidated the social basis that makes lifelong learning sustainable through the Sector Councils for training and labor competencies certification. The MTESS decided to use Sector Councils as the vehicle to promote a strategic vision on employment and to respond to the demands of workers at both the national and regional level. During the Lifelong Learning Project implementation, 22 Sector Councils were created covering 41 sectors and 314 competency norms were developed and registered. In order to align training courses to the competency-based approach, 251 curricular designs were developed and 109,000 workers were trained, assessed and certified under on this scheme.

10. In this operation, the Competency-based training and certification activities will follow a similar process to reach the proposed results, focused on working with strategic sectors for economic growth and also youth employment, in coordination with other Government programs.

11. The MTESS has used resources from previous Bank operations (Heads of Household and Lifelong Learning projects) to strengthen its capacity in the area of employment services since 2004. The proposed Loan would support the establishment of computer rooms in 150 municipalities through Subcomponent 1.3, preferably near the OEs. With this initiative, the MTESS will install additional capacity at the local level to provide employment and training services that were limited by space and equipment constraints. Activities in these rooms may include employment clubs, supervised job search, short workshops on job search or labor orientation and IT training. Support to the municipalities would consist of a set of standard equipment and office furniture. The municipalities would be assisted by the MTESS staff to maximize the use of these resources.

12. Activities included in Subcomponent 1.1 will be financed through reimbursements to MTESS for payments of training fees to providers of workshops and courses for activities directed to eligible participants, as described in Table II.2. Activities included in Subcomponent 1.2.a will be financed through output-based mechanisms, based on unit costs. The unit costs are calculated as an average of underlying costs required for implementing the activities to produce the outputs, calculated by the MTESS on the basis of historical costs, as reflected in the Operational Manual. The unit cost calculation will be reviewed periodically at the request of the MTESS and adjusted as necessary to reflect actual costs. Activities in Subcomponents 1.2.a, 1.3, and 1.4 will finance the acquisition of consultant and non-consultant services, as well as goods and training services. Table II.1 shows the expected outputs of cost of different activities under this component, indicating the proportion of these that are expected to be finance with Loan proceeds.

Table II.1 Activities to be implemented under Component 1, by financing source

Activity	Estimated Unit Cost (in US\$)	TOTAL Program		Financed by Loan		
		Number	US\$	Number	US\$	% of TOTAL
Labor Orientation Workshop	\$ 273.00	270,000	73,710,000	250,000	68,250,000	93%
Employability Workshop	\$ 128.00	150,000	19,200,000	130,000	16,640,000	87%
Professional Training Courses	\$ 300.00	170,000	51,000,000	160,000	48,000,000	94%
IT Courses	\$ 220.00	130,000	28,600,000	110,000	24,200,000	85%
TOTAL Subcomponent 1.1			172,510,000		157,090,000	91%
Labor Competencies Standard	\$ 4,000.00	75	300,000	50	200,000	67%
Participants with Labor Competencies assessed	\$ 200.00	15,000	3,000,000	12,500	2,500,000	83%
Evaluators' training	\$ 2,000.00	300	600,000	250	500,000	83%
Curricular Design and Teaching Materials	\$ 10,000.00	75	750,000	50	500,000	67%
Total Subcomponent 1.2.a			4,650,000		3,700,000	80%
Certified IFP	\$ 10,000.00	100	1,000,000	80	800,000	80%
Teachers' training	\$ 650.00	1,600	1,040,000	1,400	910,000	88%
Consejos Sectoriales Fortalecidos	\$ 80,000.00	20	1,600,000	12	960,000	60%
Total Subcomponent 1.2.b			3,640,000		2,670,000	73%
TOTAL SUBCOMPONENT 1.2			8,290,000		6,370,000	77%
Strengthen Municipalities	\$ 15,000.00	150	2,250,000	150	2,250,000	100%
TOTAL SUBCOMPONENT 1.3			2,250,000		2,250,000	100%
Technical Coordination			7,280,000		3,300,000	45%
TOTAL SUBCOMPONENT 1.4			7,280,000		3,300,000	45%
TOTAL COMPONENT 1			190,330,000		169,010,000	88.8%

Component 2: Coverage Consolidation of the JMyMT Program (US\$475.69 million total financing; US\$169.9 million Bank financing)

13. This Component will finance approximately 36 percent of stipends paid to JMyMT participants that are enrolled in an eligible activity. The Component will finance stipends for approximately 200,000 participants each year, reaching a total of 390,000 during the three years of implementation (as some participants are eligible during more than one year), or about 35 percent of the 1.1 million potential beneficiaries.¹³ The eligible stipends for this Component are:

- i) Monthly stipends of AR\$600 while beneficiaries participate in Program activities, including:
 - a. Labor orientation workshops: The beneficiary participates in a 130-hours introductory workshop offered at the OE. The workshop lasts four months and is

¹³ An additional 150,000 youth enrolled in PROGRESAR will also benefit from Components 1 and 3 of this Project, but are not eligible to receive stipends under Component 2.

required for all new participants in the JMyMT Program. The Project would finance stipends for approximately 270,000 participants of these workshops during the three-year implementation period. Additionally, up to 90,000 participants' stipends could be financed retroactively.

- b. Employment Clubs: The beneficiary participates, for four months, in a workshop that promotes the exchange of information and provides support and advice to those who are actively searching for a job. The Project would finance stipends for approximately 150,000 participants of these workshops during the three-year implementation period. Additionally, up to 50,000 participants' stipends could be financed retroactively.
 - c. Professional training courses: The beneficiary participates in a professional training course, as directed by OE staff during the interviews. PT course are offered by accredited institutions following a curricula approved by the MTESS and, in many cases, under the supervision or coordination of Sector Boards. Their duration is variable, depending on content and number of modules. The Project would finance stipends for approximately 170,000 PT participants during the three-year implementation period (as there is no rule that prevents one participant to join more than one PT course, it is possible that the number of individual participants over the three year period will be above 170,000). Additionally, up to 60,000 participants' stipends could be financed retroactively.
 - d. IT courses: The beneficiary participates in an IT course, as directed by OE staff during the interviews. IT course are offered by accredited institutions following a curricula approved by the MTESS. The Project would finance stipends for approximately 130,000 PT participants during the three-year implementation period.
 - e. Entrepreneurship training: Participants receive specific training to develop their entrepreneurship skills to facilitate the development of independent business, including basic management practices, regulatory framework, and specific technical skills, such as the development of business plans, marketing and sales strategies. The training is offered by accredited institutions following a curricula approved by the MTESS. The Project would finance stipends for approximately 6,000 participants during the three-year implementation period. Additionally, up to 2,000 participants' stipends could be financed retroactively.
 - f. Basic education completion: Beneficiaries participate in an adult education program, in order to complete their basic education and obtain the corresponding certificates. The Project would finance stipends for approximately 60,000 participants during the three-year implementation period. Additionally, up to 20,000 participants' stipends could be financed retroactively.
- ii) Monthly stipends of up to AR\$2,000 while beneficiaries participate in on-the-job training activities. Program participants may join an on-the-job training activity at a public agency (in which case they receive AR\$1500 per month for a commitment of 20 to 30 hours a

week), a private firm (and receive AR\$2000, of which the program finances a proportion that goes from 100 percent for micro firms to 50 percent for large firms), or a non-profit organization (and receive AR\$750 if the commitment is for 30 hours a week or AR\$550 if the commitment is for 20 hours a week). In all cases, these activities last no less than 1 month and no more than 8 months. The Project would finance stipends for approximately 150,000 participants during the three-year implementation period. Additionally, up to 50,000 participants' stipends could be financed retroactively.

- iii) One time stipends for completing program activities. Beneficiaries that complete their basic education certification will receive a one-time stipend of AR\$2,000. Also, beneficiaries who complete professional training courses receive a one-time stipend equivalent to AR\$150 multiplied by the length of the course measured in months. The Project would finance stipends for approximately 72,000 participants during the three-year implementation period. Additionally, up to 24,000 participants' stipends could be financed retroactively.

14. The value of monthly and one time stipends to be paid under the different activities of this component are reasonable, considering other relevant indicators in the economy. The monthly stipend (AR\$600) represents approximately 19 percent of a minimum pension or 14 percent of the minimum salary, a value that provides a minimum income to participants but is unlikely to create disincentives to formal work. The amount is also consistent with other programs' benefits, such as the Universal Child Allowance (AR\$644) or PROGRESAR (also AR\$600).

15. Participants qualify to receive the stipends by complying with eligibility requirements. Participants:

- must be between 18 and 24 years,
- must be unemployed,
- must have not completed secondary education,
- cannot be beneficiaries of other national or subnational income transfer programs, retirement, or non-contributory schemes, unless proposed by the Borrower and agreed by the Bank, and
- must register and sign an agreement to join the Program at an Employment Office where they commit to: i) participate in the labor orientation workshop, and ii) participate in training activities, job placement workshops and/or work experience offered by the OE.

16. Participants are excluded from the Program if they:

- find a formal job,
- have reached the maximum age,
- have participated in the program for an accumulated period of 36 months, or
- fail to comply with the conditions set in their signed agreement.

17. As the Program is being developed and expanded, the Government may decide to include other beneficiaries or provide new services or supplements. If eligibility conditions were to

change, the Bank's approval would be necessary to confirm that the new stipends will be eligible for Project financing. The Loan is expected to finance approximately 27 percent of all eligible expenditures under this Component.

Component 3: Strengthening and Improving the Performance of the Network of Employment Offices (US\$100.21 million total financing; US\$85 million Bank financing)

18. This Component will aim at strengthening the capacity and performance of employment services offered by the OEs to program participants by incorporating new methodologies and management practices in existing and new OEs.

19. In order to join the program, a municipality, province or NGO must enter into an agreement with the MTESS, specifying the characteristics of the services to be delivered by the OE, including targets on performance indicators and the administrative procedures to be followed to monitor implementation. Based on these agreements, MTESS transfers funds to OEs to support their activities.

20. The MTESS also implements activities to strengthen the Employment Services network, such as Regional and National workshops to discuss the strategy implementation and provide technical assistance to participating OEs.

21. Performance monitoring is critical for ensuring that public funds are allocated to activities that are consistent with the Government's employment priorities and that have a positive labor market impact. Monitoring indicators are important to ensure that the employment offices which are located in over 400 municipalities in Argentina are focusing on the most important activities, serving clients, and achieving results on job placements.

22. In addition, performance monitoring indicators will enable the MTESS to better identify areas of weakness and deliver the needed technical assistance and support to the employment offices. Use of performance indicators by both the employment offices and the MTESS should support improvements in performance and better management of public resources. If monitoring indicators are available and reliable, they can also be used to create incentives for high performance.

23. In early 2010 a survey of employment offices was undertaken by the Bank in collaboration with the MTESS. One of the purposes of the survey was to identify priority areas for capacity-building, some of which will be addressed by this Component. These include: weaknesses in the use of the management information system for working with employers; the poor quality of information on job referrals and labor intermediation; and the lack of target setting for number of people served, number of interviews of job-seekers, and the number of vacancies available in the office. For most public employment services, labor intermediation is the core service. In this area, the survey responses showed that the employment services in Argentina have some way to go since about a third of offices were not able to even quantify their results.

24. The MTESS has designed a set of integrated performance monitoring indicators for employment services. The set of indicators will be used by the Directorate of Employment Services within the MTESS. These will include not only the consolidation of the information

from the employment offices, but also indicators to track the activities and support being provided by the Directorate. The proposal includes the precise definition of the indicator, the sources of information (expected to be largely drawn from the existing MIS) and periodicity of reporting. Currently, the monitoring information system is used by the MTESS to generate some reports and has the potential to be used as the basis for performance management.

25. Accordingly, this Component will include two Subcomponents:

Subcomponent 3.1: Strengthening the Employment Services network: The MTESS will implement activities to strengthen the Employment Services network, such as Regional and National workshops to discuss the strategy implementation and provide technical assistance to participating EOs. The total cost of this Subcomponent is US\$ 2 million, to be fully financed by the Loan, as detailed in Table II.4.

Subcomponent 3.2: Output financing for eligible OEs: Activities included in Component 3 will be financed through an output-based mechanism, on the basis of four activities (placements in formal jobs, enrollment in/provision of services of employment clubs, placements in private sector on-the-job training projects, and enrollment in professional training courses). Unit costs were calculated for each of these activities at the time of appraisal and are included in the Operational Manual, which will be revised periodically as needed, with agreement of the World Bank. Eligible expenditures were defined for each of the four outputs for each semester, up to the limits included in Table II.4 for disbursements indicated as Total Subcomponent 3.2, and as long as the disbursement indicator targets indicated in Line II are reached.

Table II.2. Disbursement Schedule for Component 1

(i) Subcomponent 1.1

Accumulated outputs for each activity will be eligible up to the amount indicated, within the number of months after effectiveness indicated in each column		6 months	12 months	18 months	24 months	30 months	36 months
2.1.1 Labor Orientation Workshops	Once service has been provided to at least... since effectiveness	41,000	82,000	123,000	164,000	205,000	250,000
(Unit Cost: US\$ 273)	Amount (US\$ millions)	US\$ 11.19	US\$ 22.39	US\$ 33.58	US\$ 44.77	US\$ 55.97	\$ 68.25
2.1.2 Employability Workshops	Once service has been provided to at least... since effectiveness	21,000	42,000	63,000	84,000	105,000	130,000
(Unit Cost: US\$ 128)	Amount(US\$ millions)	US\$ 2.69	US\$ 5.38	US\$ 8.06	US\$ 10.75	US\$ 13.44	US\$ 16.64
2.1.3 Professional Training Courses	Once service has been provided to at least... since effectiveness	26,000	52,000	78,000	104,000	130,000	160,000
(Unit Cost: US\$ 300)	Amount (US\$ millions)	US\$ 7.80	US\$ 15.60	US\$ 23.40	US\$ 31.20	US\$ 39.00	US\$ 48.00
2.1.4 IT courses	Once service has been provided to at least... since effectiveness	18,000	36,000	54,000	72,000	90,000	110,000
(Unit Cost: US\$ 220)	Amount (US\$ millions)	US\$ 3.96	US\$ 7.92	US\$ 11.88	US\$ 15.84	US\$ 19.80	US\$ 24.20
TOTAL	Amount (US\$ millions)	US\$ 25.64	US\$ 51.28	US\$ 76.92	US\$ 102.56	US\$ 128.21	US\$ 157.09

(ii) Subcomponents 1.2-1.4¹⁴

	6 months	12 months	18 months	24 months	30 months	36 months
Expected accumulated disbursements within the first ... months after effectiveness	US\$ 1.99	US\$ 3.97	US\$ 5.96	US\$ 7.95	US\$ 9.93	US\$ 11.92

(iii) TOTAL Component 1

	6 months	12 months	18 months	24 months	30 months	36 months
Accumulated grants will be eligible up to (US\$ million) within the first ... months after effectiveness	US\$ 27.63	US\$ 55.26	US\$ 82.88	US\$ 110.51	US\$ 138.14	US\$ 169.01

¹⁴ A detailed structure of these three subcomponents is presented in Table II.1

Table II.3. Disbursement Schedule for Component 2

	Effectiveness (includes retroactive)	6 months	12 months	18 months	24 months	30 months	36 months
Accumulated incentives will be eligible up to (US\$) within the number of months after effectiveness indicated in the column title	85,000,000	99,000,000	113,000,000	127,000,000	141,000,000	155,000,000	169,927,500

Table II.4. Disbursement Schedule for Component 3

Activity	Accumulated eligible outputs will not be eligible in excess of ... outputs					
I- Accumulated outputs will be eligible up to (number of outputs) within the first ... months after effectiveness	6	12	18	24	30	36
Subcomponent 3.1: <i>Strengthening the Employment Services network:</i>	500,000	1,000,000	1,500,000	2,000,000	2,000,000	2,000,000
3.1 Placements in formal jobs	5,000	10,000	15,000	20,000	25,000	30,000
3.2 Participation in Employment Clubs	15,000	28,000	40,000	51,000	60,000	65,000
3.3 Placements in On-the-job Training	13,000	26,000	39,000	52,000	65,000	75,000
3.4 Enrollment in Professional Training	15,000	30,000	45,000	60,000	70,000	80,000
II – Disbursement Indicator: Number of Employment Offices obtaining at least 150 outputs in the last 12 months (baseline 60 EOs by June 2014)	70	80	90	100	110	120
Total Subcomponent 3.2 Accumulated outputs will be eligible up to (US\$) within the first ... months after effectiveness, provided that the target in line III is reached	14,000,000	28,000,000	42,000,000	56,000,000	70,000,000	83,000,000
Total Component 3	14,500,000	29,000,000	43,500,000	58,000,000	72,000,000	85,000,000

Table II.5. Planned Disbursement Schedule, by Component (in US\$)

Component	Expected cumulated disbursements ... months after effectiveness						
	Effectiveness	6	12	18	24	30	36
1.- Improvement and Provision of Orientation and Training Services offered to JMyMT Program Participants	0	27,630,000	55,260,000	82,880,000	110,510,000	138,140,000	169,010,000
2.- Coverage Consolidation of JMyMT Program	85,000,000	99,000,000	113,000,000	127,000,000	141,000,000	155,000,000	169,927,500
3.- Strengthening and Improving the Performance of the Network of Employment Offices	0	14,500,00	29,000,000	43,500,000	58,000,000	72,000,000	85,000,000
Front End Fee	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500
TOTAL	86,000,000	142,130,000	198,260,000	254,380,000	310,510,000	366,140,000	425,000,000

ANNEX 3: OUTPUT BASED COMPONENTS: UNIT COSTS

ARGENTINA: Youth Employment Support Project

1. As discussed in the main body of the PAD, disbursements for Subcomponents 1.2.a and 3.2 will be designed as output-based. The Project will reimburse costs incurred by the MTESS to produce four outputs under Subcomponent 1.2.a and four outputs under Component 3.2.
2. In the first case, the outputs are part of the MTESS efforts to improve the quality of training services and certify program participants' competencies, in order to increase their employability. The four outputs to be financed are: (i) the development and registration of competency standards; (ii) the training, certification, and registration of competencies' evaluators; (iii) the design, publication and registration of curricular and didactic materials for training courses; and (iv) the assessment of Program participants' competencies.
3. In the case of Subcomponent 3.2, the financed outputs represent the core responsibility of OEs. By financing them, the Project will contribute to create an incentive structure to increase the Employment Network effectiveness. The four outputs are: (i) participants registered in formal jobs; (ii) participants enrolled in Employment Clubs; (iii) participants placed in private sector on-the-job training; and (iv) participants enrolled in professional training courses.
4. Unit costs for each of these eight outputs have been calculated by the MTESS based on historical data (as the activities producing these outputs are already in place) and a report describing the methodology used to calculate them, their structure and estimated value at appraisal was submitted to the Bank. The Bank has obtained reports from independent sources to assess these costs in the context of the local economy, concluding that they are reasonable.
5. While the unit costs are included in Table III.1, they will be part of the Operational Manual and may be revised at the request of MTESS if the underlying costs increase during implementation, with the Bank's agreement. Also, an annual concurrent audit will be carried out to confirm that both the unit costs and the underlying structure continue to be reasonable and acceptable to the Bank.

Table III. Output based components. Unit cost and underlying structure

COMPONENT	OUTPUT	TOTAL UNIT COST (AVERAGE) AR\$	COST BREAKDOWN	
Subcomponent 1.2.a Expansion and strengthening a job competency-based certification system	Developed and Registered competency Standards (Norms)	33,800	Specialized consultancy services	70%
			Transport and per diem for workshop participants	20%
			Sundry Materials	10%
	Trained, certified and registered evaluators	16,900	Specialized consultancy services	70%
Subcomponent 3.2 Strengthening and Improving the performance of Network of OEs			Sundry materials	10%
			Transport cost and per diem for workshop participants.	20%
	Curricular and didactic materials designed, published and registered.	84,500	Specialized consultancy services	80%
			Printing and other services	20%
Subcomponent 3.2 Strengthening and Improving the performance of Network of OEs	Youth participant Assessed in labor competencies and registered.	1,690	Teacher/tutors salaries	70%
			Printing and other services	20%
			Sundry supplies	10%
	Participants registered in formal jobs	7,234	Specialized consultancy services and tutors salaries	92%
Subcomponent 3.2 Strengthening and Improving the performance of Network of OEs			Sundry materials	8%
	Participants in <i>Employment Clubs</i>	3,946	Specialized consultancy services and tutors salaries	93%
			Sundry materials	7%
	Placements in private sector on-the job training	4,457	Teacher/tutors salaries	91%
Subcomponent 3.2 Strengthening and Improving the performance of Network of OEs			Instructional supplies	9%
	Enrollment in professional training courses by the OEs	551	Specialized consultancy services and tutors salaries	98%
Subcomponent 3.2 Strengthening and Improving the performance of Network of OEs			Sundry materials	2%

ANNEX 4: IMPLEMENTATION ARRANGEMENTS

ARGENTINA: Youth Employment Support Project

Project Institutional and Implementation Arrangements

1. The Project will focus on the *Jóvenes con Más y Mejor Trabajo Program (JMyMT)*. The MTESS is the implementing agency for the Project and Project activities will be managed within the structure of the Ministry through the Secretariat of Employment: specifically:
2. **Component 1. Improvement and provision of orientation and training services offered to JMyMT Program participants.** The technical coordination of the JMyMT Program is under the Under Secretariat for Promotion of the Social Economy Sector. This technical coordination is responsible for articulate all the services for the participants and the labor orientation and employability workshops activities. The Directorate of Orientation and Professional Training, Employment Secretariat, is responsible for activities related to training courses, certification of labor competencies and support for training institutions.
3. The implementation of Project activities related to development and certification of labor competencies and support for training institutions will be based on signed agreements between the MTESS and the participating sector organizations (representing businesses and workers). The MTESS will centrally manage the activities and most of the loan financing will be based on a standard unit cost for outputs.
4. Based on the agreements between the Ministry and the municipalities, provinces or NGOs in which the latter will agree to provide specified services, the OEs will refer and facilitate access of youth to these activities (orientation workshops, training courses, on the job training, education, etc.).
5. **Component 2. Coverage Consolidation of the JMyMT Program.** By taking advantage of Argentina's institutional and fiduciary framework, the component will build on the existing organizational and management structures of the Ministry which are currently responsible for managing and implementing JMyMT.
6. This Component will finance income transfer (stipends) to participants of JMyMT. The payments are made through monthly deposits in participant's savings accounts. These accounts are free of charge to participants, and the only restriction is that they cannot receive deposits other than those coming from the JMyMT Program. Participants receive a debit card and can use it to make payments at stores, or withdrawals from any ATM in the country at any time.
7. The monthly payments are made directly from MTESS to participants' accounts. The supporting documentation (proving that the participants' accounts have been credited) is kept at the bank and subject to audit by the *Auditoría General de la Nación (AGN)*.
8. MTESS checks internal consistency of the participants' registry and, as a result, drops participants if they do not maintain compliance with eligibility rules or takes actions to correct inconsistent situations. Before payments are authorized, routine monthly cross-checks of the registry are carried out centrally with the main pension collection databases, which allows for

spotting participants who have entered into a formal job. Under the Project, these efforts will continue.

9. Municipalities play a key role in the implementation of JMyMT, as they are responsible of managing most employment offices, provide different services to JMyMT participants and implement NIPPs when necessary. Whenever a new municipality, province or NGO is included in the JMyMT Program (hence, making program participants from that city eligible for stipends under this Project), the Ministry signs a formal agreement with them to establish the terms of its participation and of their coordination.

10. Support for evaluation and Program studies will be provided by the Undersecretary of Labor Studies of MTESS in collaboration with the Secretary of Employment team. The Undersecretary of Labor Studies has proven technical and analytical capacity to manage this kind of activity. The planned activities include the preparation of regular reports that follow the performance in the labor market of those who participated in the Program, as compared with similar populations that did not join the Program.

11. **Component 3. Strengthening and Improving the Performance of the Network of Employment Offices.** Support to Employment Offices will be provided by the Directorate of Employment Services in collaboration with the Directorate of Strategic Information for Employment. This Directorate will have a key role in the development and implementation of the management information system (MIS), in which Project activities and outputs will be registered and monitored.

12. The Directorate of Employment Services, the unit in the Ministry responsible for supporting the network of employment services through the provision of both technical and financial resources, will be responsible for overall management this component. While the OEs are institutionally independent from the MTESS (as they are part of the municipal or provincial governments, as well as NGOs), the MTESS will provide financial support to advance in the achievement of expected outputs at the network level, but also at individual offices levels, as indicated by the disbursement indicator included in component 3. As part of the collaboration strategy with the OEs, the MTESS will sign performance agreements with each individual employment offices, defining indicators and goals, and will provide financial support to the offices in the context of this Project.

Project administration mechanisms

13. Support to the Youth Employment Support Project on administrative and financial matters, will be provided by the Technical Coordination Unit (TCU), the office in the MTESS which carried out these functions for the Lifelong Learning Project (7747-AR). The head of this Unit and his staff will coordinate with the relevant staff in the MTESS to facilitate the use of the Loan resources to support the eligible activities described above. This Unit will be responsible for the appropriate utilization of Loan resources, handle the day to-day activities of managing procurement, hiring consultants, and financial management, including the preparation of Financial Management Reports, prepare the documentation needed for reimbursement requests and ensure compliance with audit requirements. It will analyze and control the administrative

documentation related to implementation and will maintain all the documentation needed to support Project activities.

14. The activities in Components 1 and 3 will be coordinated as well with the staff responsible for the implementation of the employment programs which are managed by the Employment Offices and with the Directorate of Strategic Information for Employment which is responsible for monitoring the execution of the activities of the Secretariat for Employment within the MTESS.

Information and Complaints System

15. The Secretary of Employment has a system for handling consultations, complaints and accusations of fraud in the Employment Programs. The system operates through internet and a Call Center (a toll-free phone number is provided, and localities and beneficiaries can access information to check on the stage of processing of complaints in their own area). The system receives:

- Requests for information: A system of standard messages developed to answer frequently asked questions using taped responses, such as dates of payment; and
- Complaints and claims: where a process to deal with claims and fraud has been standardized to ensure that enough information is collected to follow up.

16. Claims and fraud allegations can be made through the Call Center, via e-mail or personally, directly and in the MTESS delegations across the country.

Financial Management, Disbursements and Procurement

Financial Management

17. As part of preparation, a Financial Management Assessment was carried out to assess the adequacy of financial management arrangements¹⁵ in place at the TCU. Proposed financial management arrangements are considered acceptable to the Bank to implement the Project.

18. Overall, implementation arrangements including financial management aspects build on the Ministry extensive experience implementing previous Bank funded operations¹⁶. Significant efforts have been made to smooth project implementation, reduce complexity and mitigate risks associated with flow of funds, including the use of output-based disbursements under Components 1 and 3; enhanced internal controls and concurrent audits.

¹⁵ The Financial Management Assessment (FMA) was conducted in accordance with OP/BP 10.00 and in line with specific Bank guidelines Manual for World Bank-Financed Investment Operations; document issued by Operations Policy and Country Services OPCFM on March 1, 2010.

¹⁶ Heads of Household -P073578; Heads of Households Transition -P055483; Lifelong Learning and Training Project P095514; and Basic Protection Project -P115183. FM performance of projects implemented by the Ministry of Labor has ranged from moderately unsatisfactory (MU) to satisfactory. MU ratings were basically due to capacity constraints and particular features of cash transfer scheme. The Bank and the MTESS have worked closely throughout several years. As a result, concrete actions have been taken that were conducive to addressing the identified issues.

Summary of the Financial Management Assessment

19. The MTESS will have overall responsibility for project implementation through the Secretariat of Employment with support of the Technical Coordination Unit (TCU) for financial management and procurement. TCU staffing has been reinforced with a qualified accountant and has skilled staff in implementing Bank-financed projects that is capable of fulfilling the Project accounting and financial reporting needs. The TCU will be in charge of Project budgeting, disbursements from the Loan Account, accounting and financial reporting as well as treasury operations, including payments for Project expenditures and external auditing arrangements.

20. The implementation of Project components 1 and 3 will be partially undertaken with support from other entities, which include selected municipalities up to a maximum of 350; up to 75 professional training institutions (*Institutos de Formación Profesional* (IFPs) and 10 sector councils responsible for overseeing training programs; and employers carrying out on-the-job training activities. All these activities will be financed using an output-based mechanism for reimbursing a portion of agreed standard unit costs to be financed for each individual output such as training courses, development of labor competency certification norms; employability workshops and design of 50 curriculums. Employment Offices and other entities participating in the Project will not receive advances or manage loan funds.

Fiduciary Control Framework

21. Given the features of this operation including a great number of beneficiaries spread over a large geographical area and the variety of participant institutions involved in implementation, supplemental risk mitigating measures to standard FM arrangements are part of the Project fiduciary control framework, as follows:

22. Cash transfers to eligible participants under Component 2. As a result of the significant efforts made throughout several cash-transfer programs implemented by the MTESS, the payments system to beneficiaries has moved from payments in cash to the use of individual debit cards. Also, Program beneficiaries' database is double checked against the national pension agency registry which records formal employees contributing to the pension system who are not eligible for participation in the Program.

23. Output-based Activities. To reduce the impact on fiduciary risks and Project implementation complexity, standard outputs and their respective unit costs were determined for several activities under Subcomponent 1.2 and for strengthening and expanding the network of Employment Offices included in Component 3. The Loan will reimburse MTESS on the basis of the quantity of outputs delivered and a standard unit cost. This approach has been identified as the most suitable to manage fiduciary risks associated with the variety of entities involved in activities necessary to achieve the Project development objectives. A breakdown of the standard unit costs is included in Annex 3. Review of unit costs versus actual expenditures will be conducted annually to ensure that appraisal estimates continue to be credible and variances remain within tolerable ranges.

24. Internal Controls at the MTESS. The internal controls operating at MTESS consist of: the management information systems (MIS) recording relevant data and information on: (i) norms,

evaluators, certifications and certified training institutions (REGICE system); (ii) training and education courses and trainee students; and (iii) youth participants in internships (*PLATAFORMA* system). As part of the previous projects these IT systems were audited by a Certified Information System Auditor (CISA), this auditor was selected on a competitive basis and following terms of reference acceptable to the Bank. It was determined by the CISA that the MTESS systems provide relevant information and a reliable control environment to monitor Project activities and fiduciary risk mitigation. The MTESS, in consultation with the Bank, will contract an additional system audit in the course of the Project to follow up on recommendations and to validate the changes which may need to be made.

25. Technical supervision of the execution of training, enrollment and completion of education training courses by participants. This supervision is carried out by the MTESS through the network of supervisors located in each delegation of the MTESS, *Gerencia de Empleo y Capacitación Laboral* with a network of over 100 staff experienced in supervising programs such as the present one and the Heads of Household Transition.

26. The agreements to be signed between the MTESS and each entity supporting project implementation, will define the agreed objectives, activities plans and agreed outputs, schedule of payments, supportive documentation to be archived by the entity, and sanction regime to be applied by the Ministry in case of non-compliance by the entity.

27. Concurrent audit. In addition to the annual financial audit, Project audit requirements will include semi-annual concurrent audit reports providing an opinion on the following: i) validation of the quantity of outputs delivered under Component 1; and ii) validation of the number of each of the four outputs agreed to be financed under Component 3. The concurrent audit report will support the request for reimbursement of a portion of the unit cost incurred to achieve the agreed outputs. The concurrent audit will be conducted by a private sector audit firm acceptable to the Bank or by the Argentinean supreme audit institution, *Auditoria General de la Nación (AGN)* following terms of reference acceptable to the Bank as well.

Risk Assessment and Mitigation

28. The FM risk assessment aims at identifying FM risks so as to take appropriate measures to mitigate them, including a level of supervision intensity consistent with assessed risks.

29. The overall FM risk after mitigating measures is assessed as Moderate because Project complexity is balanced by the output-based disbursements approach and the adopted mitigation measures, in particular, the use of debit cards for cash transfers to individuals, the expanded scope of audit and the internal control framework. The Project risk rating will be reviewed regularly in the course of Project supervision.

Accounting and Financial Reporting

30. The TCU will be responsible for: (i) maintaining Project accounts with the chart of accounts reflecting the Project categories, components and source of funding; and (ii) producing the requisite annual financial statements following the International Accounting Standards. The UEPEX¹⁷ system will be used to maintain accounting records using cash basis accounting. In consultation with the Bank, the Project may use additional systems to complement this standard software if required by Project needs. The MTESS will make arrangements to set a separate line for the Project in the annual budget. Project financial reports will consist of annual financial statements and semiannual Interim Unaudited Financial Reports (IFRs) to be delivered to the Bank 45 days after the reporting period as part of progress reports. Format of financial statements and IFRs will be agreed with the Bank at appraisal/negotiations and incorporated in the Operating Manual. IFRs include: Sources and uses of funds: source and uses of funds, for each semester and cumulative (uses by category), and uses of funds by component; and a designated account (DA) statement accompanied by a DA reconciliation.

Flow of Funds and Disbursement Arrangements

31. The proposed Loan will be disbursed over a period of three years from Effectiveness, which is expected on March 1, 2015, while the expected Project Closing Date is May 31, 2018. Loan proceeds will be disbursed against the following expenditure categories:

Table 4.1 Disbursements per Expenditure Category

Expenditure Category	Amount in US\$
(1) Goods, Consultants services, non consulting services, training, and operational costs	9,310,000
(2) Stipends	169,927,500
(3) Outputs	86,700,000
(4) Training Fees	158,000,000
(5) Front End Fee	1,062,500
TOTAL	425,000,000

32. The following Disbursement Methods may be used under the Loan:

Table 4.2 Disbursement Arrangements

Retroactive Financing	Eligible payments only under Component 2 and 3: Are paid up to one year before the date of Loan signing; Do not exceed 20 percent of the Loan amount; and For items procured, in accordance with applicable Bank procurement procedures.
Reimbursement of eligible expenditures pre financed	Reimbursement of eligible expenditures into a bank account controlled by MTESS The minimum application size for

¹⁷ UEPEX: Argentina budget execution and recording software for multi-lateral financed operations

by the MTESS after the date of signing	reimbursement requests would be US\$ 8,500,000
Other Disbursement Methods	Advances to a segregated designated account in US\$ managed by TCU, in BNA, with a ceiling of US\$42.5 million for outstanding advances will be predominantly used for project disbursements. Direct payments to suppliers.
Supporting documentation	Statement of Expenditures (SOE) ¹⁸ ; and Records (supplier contracts, invoices and receipts).

33. Loan proceeds to be withdrawn by the MTESS using the advance method will be deposited into a segregated designated account (DA) in US dollars. The designated account will be held at *Banco de la Nación Argentina* (BNA) and will be under control of the MTESS through the TCU. The ceiling for advances to be made into the DA would be US\$42.5 million, an amount estimated as sufficient for peak disbursement periods of Project execution.

Uses of Funds

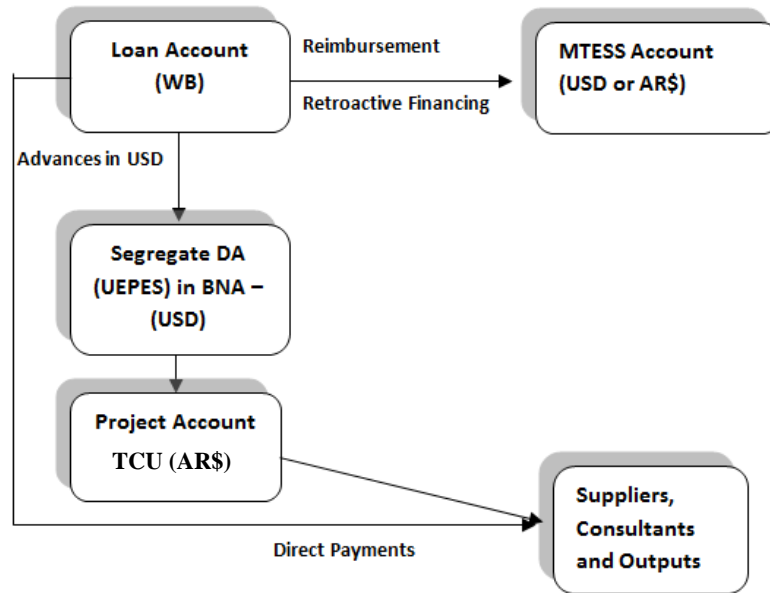
34. Project uses of funds comprise the following: (i) direct payment through debit cards to Component 2 eligible participants enrolled in the program consisting of monthly stipends of AR\$ 600; monthly stipends of up to AR\$2,000 while beneficiaries take on-the-job training that last 20 to 30 hours a week for up to a maximum of 8 months; and one-time incentives linked to completion of basic education certification up to AR\$ 2,000; ii) reimbursement by the Ministry of Labor of a portion of costs incurred by services providers; including training and education; development of professional competence norms and; labor orientation services under component 1; and four outputs delivered under Component 3, as follows: placement in formal jobs; enrollment in/provision of services of employment clubs; placements in private sector training projects and enrollment in professional training courses; and iii) payments for goods purchased and consulting services hired by the TCU procured in line with Bank guidelines. All uses processed by TCU will be supported by external third party documentary evidence, payments for evaluation and certification and competency-based training courses will be made on a fixed cost basis according to a schedule of fees included in the operational manual.

35. The unit cost of the output based activities has been calculated through analysis of the actual costs of its components, based on the experience to date and accounting for actual prices that prevail in the market. These costs are considered to be reliable proxies, on average, for actual costs of delivering such activities. These unit costs have been reviewed by the Bank by appraisal and during the second year of Project implementation or at any time by request from the MTESS, and adjusted as necessary to reflect actual costs.

36. The flow of funds is detailed in the following figure:

¹⁸The Borrower shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Project until at least the later of: (i) two years after the Bank has received the audited Financial Statements covering the period during which the last withdrawal from the Loan Account was made; and (ii) three years after the closing date. The Borrower shall enable the Bank's representatives to examine such records.

Figure 4.1. Flow of funds



DA= Designated Account controlled by UEPE. BNA= Banco de la Nación Argentina

External Audit Arrangements

37. Financial audit. The Project annual financial statements will be audited according to terms of reference acceptable to the Bank. The financial audit will be performed by an independent auditor following audit standards acceptable to the Bank. It is expected that the audit would be conducted by the Argentine supreme audit institution, *Auditoría General de la Nación* (AGN). For audit purposes, the fiscal year will be the calendar year. Annual financial statements audit terms of reference will include a compliance review of payments to eligible Beneficiaries with the eligibility criteria and procedures as set forth in the Operations Manual.

38. Concurrent audit. As mentioned above, a concurrent audit to validate delivery of outputs will be carried out by an external auditor and following terms of references both acceptable to the Bank. The concurrent auditor will render an opinion on the following: i) number of outputs delivered during the pertinent six month period and; and ii) once a year an opinion on the reasonableness of the unit costs for the outputs to be delivered. Concurrent audit reports shall be submitted in support of disbursements applications documenting output-based activities to the Bank.

Supervision Plan

39. The supervision plan and the resources to be allocated thereto have been determined in accordance with the risks identified. During implementation, FM staff will assess the continuing adequacy of the financial management arrangements for the Project. In addition to monitoring the timeliness of receipt of the interim and annual audited financial statements, FM staff will review these reports as well as the concurrent audit report. In addition to providing ad-hoc support as required, Bank FM staff plan to participate in at least one supervision mission every year.

40. The supervision plan may be adjusted by the assigned FMS according to the Project's fiduciary performance and updated risk.

Procurement

41. Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011 – Revised July 2014; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 – revised July 2014, and the provisions stipulated in the Loan Agreement.

42. Procurement of works: No civil works are expected under the Project.

43. Goods and non-consulting services. Goods procured under this Project would include IT equipment and furniture for classrooms and non-consultant services would include printing services and training logistics, among others. Goods and non-consultant services of US\$500,000 or more per contract will be procured through International Competitive Bidding (ICB) procedures using Bank standard documents. While contracts for procurement of goods and non-consultant services, with an estimated cost less than US\$500,000 but more than US\$100,000 per contract, will be procured using National Competitive Bidding (NCB) procedures and Project standard documents to be agreed with the Bank. Contracts for goods and non-consultant services of US\$100,000 or less will be procured through shopping procedures and the provisions of paragraph 3.5 of the Bank Guidelines.

44. Selection of consultants. For the accreditation and quality certification of a Training Institutions (*Instituciones de Formación Profesional --IFPs*), the Argentine Institute for Norms and Certification (*Instituto Argentino de Normalización y Certificación – IRAM*) would be hired as a single-source since it is the only firm with the qualifications and experience for the assignment. Consultant service to assist IFPs to incorporate a competency-based approach would be selected competitively and specialized advisory services would be provided by individual consultants. All contracts will be procured using Bank's guidelines for the hiring of consultants. For firms, all contracts would be procured using QCBS procedures, except for small contracts for assignment of standard or routine nature which may be procured using CQS. Individual consultants would be selected by comparison of qualifications of at least three candidates and hired in accordance with the provisions of paragraph 5.1 to 5.5 of the Consultant Guidelines.

Individual consultants may be selected sole-source with prior approval of the Bank in accordance with provisions of paragraphs 5.6 of the Consultants Guidelines.

45. The short list of consultants in contracts estimated to cost less than US\$1,000,000 equivalent, per contract, may be composed entirely of national consultants, in accordance with the provisions of paragraph 2.7 of the Consultants' Guidelines.

46. Training Activities: This category does not involve procurement processes. Competency-based training activities under Component 1.1 (labor orientation workshops and training courses) will be arranged by the MTESS to external providers and financed on the basis of a schedule of standard training fees which include the costs of instruction, teaching materials, inputs, and insurance. These fees, acceptable to the Bank shall be included in the Operational Manual.

47. The Bank assessment reviewed the organizational structure for implementing the Project and identified two factors that may potentially affect project implementation: i) the risk of delays in processing procurement activities to set up 150 classroom timely (taking into account it is a key activity to achieve the PDO); and ii) weaknesses in procurement staff.

48. The overall procurement risk level for the Project has been assessed as Substantial.

49. TCU prepared a procurement plan for project implementation that provides the basis for the procurement methods and Bank's review. This plan was agreed between the Borrower and the Bank on November 21, 2014. TCU would: (i) feed the Bank publicly accessible Procurement Plans Execution System (SEPA) within 30 days of Loan Effectiveness with the information contained in the initial Procurement Plan, (ii) update the Procurement Plan at least twice a year or as required to reflect the actual project implementation needs and progress; and (iii) update SEPA with the updated Procurement Plan immediately after any change.

50. The Bank's Standard Bidding Documents (SBD) and Standard Request for Proposals would govern the procurement of Bank-financed International Competitive Bidding (ICB) goods and consultant services respectively. For the National Competitive Bidding (NCB) and Shopping procurement of goods and consulting services, the TCU would use National SBD and Shopping simplified formats agreed with or satisfactory to the Bank. All SBDs would be used for each procurement method, as well as model contracts for works, goods and consultants procured, and are included in the Operational Manual (OM).

51. Given that there are certain local procurement procedures that are not fully consistent with the Bank Procurement and Consultant Guidelines; the Loan Agreement includes Special Provisions to address these. The Operations Manual includes advertising requirements and minimum timeframe for each procurement method (international competitive bidding, national competitive bidding, shopping).

Environmental and Social (including safeguards)

Institutional and Implementation Arrangements

52. The Project's institutional and implementation arrangements will build on the arrangements used for the implementation currently in place at the implementation entity, the

MTESS, based on the recently closed Lifelong Learning Project and the ongoing Basic Protection (ABP) projects. At the national level, the MTESS would be responsible for coordinating the various activities of the Project, including overseeing execution of activities.

53. An assessment of the institutional capacity of the implementation agency was carried out during Project preparation. In general, it was found that the team of specialists within the MTESS is competent to manage safeguards issues. The team in charge of implementing activities based on the Indigenous Peoples Plan (IPPs) for the above-mentioned projects has demonstrated strong capacity in this area, and was assigned the same responsibility for the proposed Youth Employment Support Project. The implementations of the IPPs under the Lifelong Learning Project and ABP have had satisfactory results and the social assessments at provincial level are updated annually.

54. Effective participation of indigenous people was guaranteed during the different project stages and was registered and filed as well as activities and consultations; no issues are foreseen for the continuity of this aspect during the Youth Employment Support Project implementation. Those projects guaranteed that indigenous people benefit from the activities of the project.

Anticipated Social Aspects and Corresponding Social Assessment

55. The targeted Project areas have indigenous communities. Considering that these communities are among the most marginalized in Argentina, OP 4.10 (Indigenous Peoples) is triggered. Based on the Complementary Indigenous Peoples Survey (*Encuesta Complementaria de Pueblos Indígenas*, ECPI) in 2005, 600,329 people self-identify as being indigenous. In 2010, the census showed this number to be 955,032. The National Indigenous Communities Registry (*Registro Nacional de Comunidades Indígenas*, ReNaCi) shows that 920 Indigenous Peoples communities are officially recognized. There are more than 31 Indigenous Peoples registered by the ECPI, 18 of which still speak and/or understand their native language (the cases are: *aimara*, *chané*, *chorote*, *chulupí*, *guaraní*, *avaguaraní*, *tupíguaraní*, *kolla*, *mapuche*, *mbyáguaraní*, *mocoví*, *quechua*, *rankulche*, *tapiete*, *tehuelche*, *toba*, and *wichí*). The other 13 do not have speakers or people that understand the native language (the cases are: *diaguíta/diaguitacalchaquí*, *huarpe*, *comechingón*, *tonocoté*, *atacama*, *pampa*, *omaguaca*, *lule*, *querandí*, *ona*, *charrúa*, *sanavirón*, and *maimara*).

56. According to the 2010 census, the Indigenous population between 18 and 24 years is 118,021 (59,207 males and 58,814 females), representing 12 percent of the total indigenous population in the country. Indigenous Peoples are among the most vulnerable groups in the labor market, and they could potentially benefit from Project activities given the focus on the inclusion of vulnerable youth in the labor market.

57. The Social Assessment was prepared by the Project counterpart, including the evaluation of the existing institutional framework and a stakeholder mapping for Indigenous Peoples. The Project's social assessment is based on a desk review of Lifelong Learning and Argentina Basic Protection, as well as on lessons learned from the projects' implementation, and existing institutional framework and stakeholder mapping for IP. Under those projects specific actions at a national level were supported. The instruments and materials used by the projects were under

constant review to improve their application and adapt them to the particular characteristics of different indigenous communities, including those for the orientation workshop for youth and for the bilingual adult education and training tutors. According to a survey conducted in June 2013, the MTESS already serves about 4,000 youth beneficiaries of indigenous origin in the 12 provinces where the IPPs were implemented. Fifty three percent are females. The same survey highlighted that while the goal of incorporating indigenous people was met (and surpassed) in the provinces surveyed, a large number of beneficiaries – both indigenous and non-indigenous - could not enter the system due to lack of employment offices and/or agencies in all municipalities. The Project will take this issue into account and consider barriers that indigenous peoples may experience.

58. The assessment includes gender focus and other discriminated people, concluding that (i) the cover provided by training and employment services spreads to women who are victims of domestic violence; (ii) the cover provided by training and employment services extends to unemployed people whose gender identity is not coincident with the assigned sex at birth; and (iii) there is awareness and capacity to manage gender issues at the *JMyMT* team at the central level, as well as the Employment Offices.

59. In the case of the *JMyMT* activities, there are pro-active efforts to incorporate a gender focus. In order to work specifically in this area, the MTESS developed materials to be used at the labor orientation workshop as well as in the training of the employment offices, aimed to improve the quality of employment services provided to participants, particularly for young women, to counsel female jobseekers, and to strengthen capacity to interact with employers.

60. A National Indigenous Peoples Plan (NIPP) was developed as part of the proposed Youth Employment Support Project. It builds on the existing IPPF and IPPs, developed and implemented under the Lifelong Learning and Argentina Basic Protection projects, as well as on lessons learned from the Projects' implementation and from the Bank experience. The NIPP will guide national level interventions and consultations with key national indigenous peoples stakeholders, and will help the project team to identify and address the specific barriers that IPs face in entering the formal labor market in Argentina. In addition, the NIPP proposes actions on how the intermediation services and the vocational and soft skills training offered by the MTESS can reach IPs and be offered in a way that is relevant and culturally appropriate.

61. Based on the principle of free, prior, and informed consultation, Project preparation documents (including Project objectives, approach, activities, mechanisms, and the draft of the NIPP) were presented to organizations representative of indigenous peoples. A process of consultations with the *Instituto Nacional de Asuntos Indígenas* (INAI – National Institute of Indigenous Affairs) and the *Consejo de Pueblos Indígenas* (CPI – National Counsel of Indigenous People) were organized in order to receive and incorporate their advice and gauge their level of support, and will continue under implementation. The national consultation with the *Mesa de Coordinación Nacional del Consejo de Participación Indígena* (CPI Coordination) took place in October 22, 2014, and there were also consultations with the Qom, Mbya Guaraní,

Wichí, Huarpes and Mocovíes communities during October and November 2014.¹⁹ A version of the NIPP, incorporating feedback from Indigenous People representatives and the Bank was published on the MTESS on November 18, 2104 and on the Bank's webpage on November 13, 2014.

62. The principal obstacles identified by the IP were: communication problems between communities and urban centers where programs are managed; communication constraints arising from the predominant use of indigenous languages; scarcity of training pertinent for the specific needs of indigenous communities; little or no formal studies offered by the provinces for indigenous youth; and the persistence of discriminatory attitudes among officers in the public and private sectors (local public agencies, schools, banks, etc.).

63. The NIPP incorporates strategies of promotion and communication activities adequate for indigenous communities in order to guarantee their full understanding of the Project and strategies to overcome the obstacles noted above. In particular, the following is envisaged: (a) the use of existing material in the original language; (ii) training of local agents to register participants in these communities; (iii) promotion and communication campaigns; (iv) mechanisms to provide information and respond to complaints, at the national as well as the municipal level; (v) training for tutors to work with the participants from these communities; (vi) a description of the specific modality that will be used to offer these services in each indigenous community; and (vii) organization of awareness workshops for central and regional MTESS staff and other agencies - training and adult education centers and municipalities.

64. The Project's components essentially involve institutional development and training and it is anticipated that its implementation will achieve mostly positive social development outcomes and impacts. It will improve social services, reduce inequality of opportunity, and enhance human capital accumulation. Specially, the Project will allow increasing access to training opportunities and learning materials for indigenous peoples in their main language, and strengthened social integration through training for indigenous as well as non-indigenous youth. Thus, no potential large scale, significant and/or irreversible adverse impacts are expected. However, it is possible that some groups or communities may have concerns about the implementation process, particularly regarding difficulties in access to services. In order to prevent and solve possible conflicts appropriately, the standard complaints resolution channels of the MTESS would be used. These channels operate through internet, e mail, free call center and the MTESS delegations.

Monitoring & Evaluation

65. The MTESS currently operates a management information system supporting the gathering of information. The management information system (MIS) is central to Project execution and management. Results monitoring and evaluation for this Project will be based on three sources of data working as an unifying element: the management information system of the

¹⁹ The *Instituto del Aborigen Chaqueño* (Indigenous Institute) and the Indigenous Women Counsel from Chaco in October 2 and November 6, 2014; Wichí and Qom associations from *Departamento Ramón Lista* of Formosa, in October 6, 2014; Mbya Guaraní de Tamandua communities from Misiones in November 3, 2014; Federal Organization of Wichí Women from *Embarcación*, November 5, 2014 and the Huarpe-Pinkanta Organization from San Luis, November 6, 2014.

Employment Secretariat, where detailed data on participants and activities related to the program are collected, the data base for social security contributions (*Sistema Integrado Previsional Argentino*, SIPA), managed by the Federal Tax Authority (*Administración Federal de Ingresos Públicos* – AFIP), and the information system that integrates performance data from all participating Employment Offices.

66. The current MIS includes participants’ data as well as information on participants’ labor history and activities. These registries have a solid performance record in recent years, as they were used for implementing the youth employment program and other important MTESS labor programs. These efforts have been supported under earlier Bank projects and will continue under the proposed Project.

67. All training activities in the program are registered on REGICE (Register of Training and Employment Agencies), an information system that can be used to analyze the Program’s performance. Delivery of specific outputs (norms, evaluators, certifications and certified IFPs) will be recorded and validated through the REGICE.

68. Based on these data sources, the MTESS publishes two monthly reports on the implementation of the JMyMT program: the “Monthly Report on Implementation and Participants’ Profile” (*Informe Mensual de Ejecución y Perfil de los Adherentes*) and the “Monthly Report on Additions and Removals” (*Informe Mensual de Incorporaciones y Desvinculaciones*). These reports include the most relevant indicators regarding the program’s implementation.

69. Given that Component 3 will finance outputs from Employment Offices on the basis of disbursement indicators, the monitoring system for these indicators may need to be strengthened. Most data for Project monitoring and evaluation will be drawn from the MIS and from the database for social security contributions (SIPA) which permits a monitoring of the employment experience of each registered employed worker. The Ministry has full access to this database and already uses it for analytical work.

70. The MTESS developed a methodology to assess the program’s impact on formal labor market insertion, as discussed below. Every month, the Ministry estimates the rate of insertion in the formal labor market of former JMyMT participants, and compares it with a reference group to assess the program’s performance.²⁰ The MTESS and the Bank agreed to include the results of this comparison into the monthly monitoring reports published by the Program.

71. Additional data may be collected through specially designed surveys for specific evaluations of Project activities. The Ministry has experience in contracting and carrying out household and firm surveys. It is responsible for producing labor force statistics and has carried out impact evaluations, including several under previous Bank projects.

²⁰ This technique is not as rigorous as a randomized evaluation- the two datasets are collected from different sources and there might be unobservable characteristics that could bias the results. The analysis lacks sensitivity analysis or descriptive statistics comparing the participants and the comparison group. Estimates could be biased upwards since full-time informal employees are not included in the comparison group.

Past experience: Evaluating Active Labor Force policies in Argentina

72. The MTESS produced an analytical assessment of the impact of occupational training and employment services for youth in the context of the Lifelong Learning project. The MTESS and the Bank collaborated on the design and implementation of a series of evaluations, monitoring and revisions of these interventions. Although no randomized impact evaluations were carried out, the MTESS staff produced an alternative strategy to track progress on Project results, particularly for adult training and the youth employment program. While they are not based on quasi-experimental methods, both evaluations were methodologically sound. A summary is provided below.

Promotion of Youth Employment

73. Adequate, high quality and reliable indicators were identified to monitor progress on program results, drawn mostly from existing administrative data available in the MIS of the MTESS, as well as in the database on social security contributions. Easy access to the latter was a particular strength in measuring outcomes. The appropriate data was collected on a timely basis and made available to staff in the MTESS and the Bank. The database on formal employment was cross-checked periodically in order to track formal employment outcomes (rates of insertion and salary levels). Monitoring indicators were reviewed and used to measure progress and to identify problems. Findings were used, in general, to modify procedures and to take actions. Although the decision of the Ministry to focus exclusively on outcomes in the formal labor market is understandable, it meant that the likely positive impact of Project activities on informal workers went unmeasured in spite of accounting for 40 percent of the labor market.

74. In the case of the JMyMT program, the MTESS developed a strategy to attribute the impact on labor markets to obtaining a measure that could reflect the effect of the broader program, beyond the internships. Using administrative data from the social security registry and, the MTESS team created a comparison group with data from the Permanent Household Survey (EPH – *Encuesta Permanente de Hogares*) panel of youth with similar characteristics of the target group for the promotion of youth employment program (ages 18-24, less than complete secondary school education, not in school, and unemployed, under-employed, or informal employed in the base year). This group is followed in the panel and their formal labor market insertion is calculated a year later. The insertion rate of the “EPH panel youth” is then compared to that of the promotion of youth employment program participants²¹ over the same period. For each cohort, the formal labor market insertion rate of the youth employment group was more than 50 percent higher than that of the comparison group, the target agreed between the MTESS and the Bank team.

75. This technique is not as rigorous as a randomized evaluation- the two datasets are collected from different sources and there might be unobservable characteristics that could bias the results. The analysis lacks sensitivity analysis or descriptive statistics comparing the participants and the comparison group. Estimates could be biased upwards since full-time

²¹ Participant is defined as any youth who participated in at least the initial orientation workshop (POI).

informal employees are not included in the comparison group. Even with those caveats, and assuming this is an upper bound estimate, the results suggest a positive employment impact.

76. On average over the period 2008-2012, 19.1 percent of the youth that participated in some activities of the program have found a job in the formal private sector within 12 months after exiting the Program. On average, only 9.6 percent of the comparison group of non-beneficiaries (drawn from EPH) found a job in the formal sector. Therefore, in the period 2008-2012 Project beneficiaries were nearly twice as likely to find a formal job relative to the comparison group.

77. Another assessment approach considered the outcomes of those who participated in internships. According to the latest data available (mid 2013), out of the 21,649 beneficiaries who had completed their internships by May 2012, 56 percent found a formal job within a year, exceeding the 50 percent targeted. Comparing the outcomes for Argentina with similar programs in other countries is difficult because of differences in indicators and methodologies, and the fact that the Argentina's program is much larger. Although the results for Argentina are higher, this might be partly explained by the fact that other programs only as successful the internship that result in permanent employment in the same firm that sponsored the internship.

Table 4.4. Internship programs results. Selected Latin American countries

Program	Indicator of success in labor force insertion	
	Definition	Rate achieved (% of participants)
<i>Jóvenes con Más y Mejor Trabajo</i> Argentina	Participant has a formal employment 12 months after completing internship	56%
<i>Juventud y Empleo</i> Dominican Republic	Participant receives offer at the firm where internship took place	33%
<i>ProcaJoven</i> Panama	Participant is hired by the firm at the end of the internship	22%
<i>Jóvenes en Acción</i> Colombia	Participant is hired by the firm where internship took place	32%

Source: IDB "Cómo mejorar las posibilidades de inserción de los jóvenes en América Latina?"

Findings from ex-post reviews of internships and self-employment activities.

78. A qualitative analysis was conducted to review internships in the private sector, public institutions and social or non-governmental organizations (NGOs). The study covered twenty-eight cases in four localities (*Ciudad Autónoma de Buenos Aires - CABA, Conurbano Sur, Gran Resistencia* and *Gran Rosario*), which accounted for the largest number of internships. There were some general findings for all internships. For example, all sponsors and youth assessed the experience as positive. Youth identified the new knowledge, especially in soft skills, increased social capital, and expanded opportunities as the main positive results. The competency most

commonly identified by all youth as relevant during the program was responsibility (timeliness, complying with work hours, letting people know if absent or late, and task focus). Neither private nor public sector sponsors identified any significant differences between the program's participants and other entry level workers, and in some cases indicated that they considered the program's participants to be better workers. Youth also valued the internships as a source of references for future employment opportunities. Now they had references.

79. Other results assessment varied depending on the sponsor, the extent of linkage with the employment office and the social context. Private firms considered the internships an efficient way to quickly respond to higher labor demand and to try out potential new staff. All of them considered hiring some of the participants. In addition, in order to continue participating in the internship program, the MTESS required that they employ some previous participants. Firms promoted the completion of secondary school among their interns and to that end allowed some flexibility in work schedule. Participants' studying to finish high school was seen as a sign of commitment and responsibility. In the area of skills acquisition, adaptability and teamwork were the two most commonly mentioned by private internships sponsors, after responsibility, whereas for public and social organizations, they were communication and self-confidence. Specific job-related skills were more likely to be acquired with the private sector. Administrative skills were more commonly acquired with the public sector and skills for social or community work only for public and social organizations. In the case of social organizations the importance of the internship as a source of income and social integration was mentioned.

80. The proximity to the labor market of the internships depends on the linkages with the employment office as well as the probability for labor market insertion once the internship was finished. While the private sector in general ranked higher, there were good examples in the public sector. At the other extreme, probability of hiring by NGOs was low. The report produced an overall ranking of internships considering four criteria: presence of a tutor/coach at the workplace, the relationship with the employment office, development of soft skills, and development of job-specific skills. Those with a positive classification on all four dimensions were ranked high, those lacking in one dimension were ranked medium, and those lacking in two dimensions were ranked low. The top performers were most of the internships in the private sector. The bottom performers were most of the internships in the NGOs, primarily because there was little contact with the employment offices and no development of job-specific skills.

81. Additionally, a study was done to analyze the trajectories and results for a group of youth in the program who participated in the self-employment activities (3,684). To be able to receive financial assistance for their enterprise and coaching/mentoring, those youth needed to complete the entrepreneurship training course, present a technically sound business plan, and register with the tax authorities. Ninety percent of those who participated continued working as self-employed at the time of the assessment. Among them, about one third had achieved employment quality ranked as medium or high (compared to about half for adult participants in the self-employment activities) and about twenty percent of the projects were considered to have high chances of sustainability (slightly higher than the share for adults). Preliminary recommendations to improve the design and implementation of self-employment activities include the need for stronger monitoring and evaluation of the experiences (more focus on results and systematization and exchange of findings), updating the ceiling for financial assistance and differentiate it according to the type of project, and extending the time of follow up and mentoring.

Occupational Training

82. The MTESS evaluates the impact of competency-based training using quasi-experimental methods²², which was completed in 2013. Key findings from the evaluation indicate the following: (a) the competency-based program reached its target beneficiaries, specifically poorly qualified or unqualified workers and unemployed individuals, many of whom were age 25 or less; (b) the probability of obtaining formal employment 12 to 18 months after completing the program increased by 30 percent for trainees who had been unemployed or employed only in informal sector activities; (c) the probability of obtaining a job in the formal sector decreased with age, increased for those who had previously held a formal sector job, and was lower for women; (d) the impacts were slightly stronger for more vulnerable groups; and (e) training programs in metal mechanics, automotive mechanics, software, and construction had the strongest impacts on employment.

83. The study focused on the impact of sectoral (or competency-based) training on employment outcomes among individuals who had participated in such training in 2010²³. A comparison group was constructed using a Propensity Score Matching (PSM) methodology, on the basis of some observable socio-demographic and behavioral characteristics (gender, age, educational attainments, geographical origin and location, experience in the formal labor market) previous to treatment. Data on both treatment and comparison groups were drawn from the MTESS administrative data, which includes complete labor force histories of those who registered in employment offices and expressed interest in employment services, thus reducing the potential risk arising from differences in motivation (unobservable) among the two groups. The scope of the analysis was limited to the impact on the likelihood of getting a job in the formal sector, thus disregarding other potential benefits such as wage increase or labor income from a job in the informal sector.²⁴

84. The evaluation found that participation in occupational training increases the likelihood of finding a job in the formal sector from 10 to 13 percent. Notwithstanding that this represents a 30 percent increase with respect to the comparison group; the employment probability is still low for both groups. This could be explained by the fact that, despite the occupational training, beneficiaries are still part of a vulnerable group with serious deficiencies in terms of educational attainment and experience in the formal market.

85. The study also presented important findings for the interaction between different interventions. It found that when occupational training is accompanied by completion of

²² The quasi-experimental approach is very useful in situations in which it is difficult to apply a random discrimination between population that participate in a determined policy and those who do not. Difficulties can arise for a variety of reason during policy implementation (political choice, logistics, and lack of resources.). For a similar application of the quasi-experimental approach in the evaluation of employment policies, see King *et al.* (2012) and Card *et al.* (2010).

²³ As such, please note that results apply only to a subgroup of the total beneficiaries of occupational training under this Project.

²⁴ This quasi experimental impact evaluation was internally reviewed within the Bank. The reviewers congratulated the work and the innovative use of PSM with administrative data. To strengthen the study's robustness, reviewers suggest considering to combine the PSM approach with Difference-in-Difference (DiD), in order to make sure to control for unobservable characteristics. The DiD, that requires following both treated and control groups over time, is feasible in this case given the availability of administrative, longitudinal data. Provided that both groups show similar characteristics over time/ trends (before the treatment), this approach would avoid the potential bias from unobservable characteristics. Combined with the PSM already used in the MTESS study, this would ensure a robust impact evaluation.

mandatory schooling and experience in the formal sector, the likelihood of finding a job in the formal sector for these vulnerable beneficiaries increases from 31 to 36 percent for men and from 27 to 30 percent for women, justifying the broad scope and the flexible structure of the Project.

ANNEX 5: OPERATIONAL RISK ASSESSMENT FRAMEWORK (ORAF)

Argentina: Argentina Youth Employment Support Project (P133129)

Risks

Project Stakeholder Risks

Stakeholder Risk	Rating	Low							
Risk Description: Coordination between several Government levels might affect implementation	Risk Management:								
	Borrower's implementing agency (MTESS) is fully committed with the program, a flagship of its employment policy, implying very low risk on their side. Other stakeholders (employment offices, beneficiaries) are also supportive of this program. Also, program design considers incentives for all participants to coordinate across government levels.								
	Resp:	Both	Status:	Completed	Stage:	Preparation	Recurrent:	Due Date:	Frequency:
	Resp:	Client	Status:	In Progress	Stage:	Implementation	Recurrent:	Due Date:	Frequency:

Implementing Agency (IA) Risks (including Fiduciary Risks)

Capacity	Rating	Moderate				
Risk Description: MTESS has long experience in managing training programs and coordinating activities with employment offices. However, their capacity to manage the Financial Management (FM) function of such a complex and widely geographically allocated project is lower. Subcomponent 1.3 involves significant	Risk Management: The FM risk assessment identified specific areas of risk and defined appropriate measures to mitigate them, including a level of supervision intensity consistent with the assessed risks.					
	Resp: Both	Status: Completed	Stage: Both	Recurrent:	Due Date:	Frequency:
	Risk Management: Procurement risk is substantial due to risks of delays in bidding processes for Subcomponent					

procurement processes, for an amount that represents less than 0.7% of total Loan proceeds. Within this restricted space, procurement risks are considered substantial, as the responsible implementing Unit will need strong technical capabilities to avoid delays in the process.	1.3, which in turn would delay implementation of other activities. The Bank and Client teams will work together to ensure a smooth and timely implementation of these processes									
	Resp: Both	Status: Completed		Stage: Implementation		Recurrent	Due Date:	Frequency	Recurrent:	Due Date:
Governance	Rating		Low							
Risk Description: No significant governance risks are expected, since MTESS has demonstrated its ability and commitment to implement the program. The institutional arrangements are adequate to facilitate a successful implementation.	Risk Management:									
	Resp:		Status:		Stage:		Recurrent:	Due Date:		Frequency:
Project Risks										
Design	Rating		Moderate							
Risk Description: The Project is designed to disburse funds through an output-based model. While this will simplify implementation and adjust incentives of different actors, it also creates a challenge during the design stage, particularly with regards to Component 3, which focuses on supporting the Employment Offices. Until now, all support from MTESS to these offices was provided through transfers of office items (furniture, equipment, etc.) and assigning staff temporarily, while the new approach will require the design of a more careful model that considers costs structures, incentives and differences among offices to set the correct performance indicators	Risk Management:									
	Supervision will focus on the implementation of this Component, analyzing the performance of OEs.									
	Resp:	Both	Status:	In Progress	Stage:		Recurrent:	Due Date:		Frequency:
Social and Environmental	Rating		Low							

Risk Description: MTESS has long experience handling Indigenous Peoples' safeguard. No negative effects are expected and focus is in ensuring inclusion	Risk Management:					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
Program and Donor	Rating	Low				
Risk Description: No other donors or private sector institutions are involved in the implementation of this program. Coordination with municipal authorities will be necessary, but all rules are already defined and a new incentive structure will be implemented to reduce risks.	Risk Management:					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
Delivery Monitoring and Sustainability	Rating	Low				
Risk Description: MTESS has a strong monitoring system, which will be improved during implementation. Statistics are regularly reported and published, and the WB has full access to them. No major risks are envisaged.	Risk Management:					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
5. Overall Risk						
Implementation Risk Rating: Substantial						
Risk Description: This operation entails an overall substantial level of risk. A key risk relates to the demand for jobs and, hence, the potential impact that macroeconomic trends might have on the ultimate Project outcome, more and better jobs for young workers. The proposed Loan will require limited procurement, but the financial structure to disburse loan proceeds will be complex. Disbursement mechanisms have been carefully designed; and that together with the Bank’s planned strong implementation support effort for the first few months of implementation should help manage this risk. Given that there will be national elections in October 2015, there is a risk that interventions supported by the project might not be sustained. . The support for youth employment policies across the political spectrum and the strong engagement of the World Bank team with policy makers across all sectors should serve as mitigating factors in this regard.						

ANNEX 6: ECONOMIC AND FINANCIAL ANALYSIS

ARGENTINA: Youth Employment Support Project

1. Overview

1. Assessing the economic impact of a proposed World Bank project requires an analysis of three aspects, as defined by OP/BP 10.00. This Annex aims at presenting a consistent analysis of these dimensions, within the constraints of available data. The three core questions that we try to answer are presented next, together with a short answer, which is then developed in more detail.

What is the project's development impact?

2. Our estimations indicate that the project's impact in terms of economic costs and benefits is positive and significant. We calculated an internal rate of return of approximately 23.1 percent, comparing the costs generated by the project with the expected flow of additional income to be received by participants over their lifetime. This rate of return was estimated considering what would be the impact on average individual income that the project could have over the working life time of participants, and compare this with a reference group. While the calculations required a number of assumptions, including over future labor markets trends, we believe that these are reasonable, as discussed later in this annex.

Is public sector provision or financing the appropriate vehicle?

3. The project will support a Youth employment and training program, which is unlikely to be offered by private providers. In absence of a mechanism for youth to signal their qualities, employers will prefer older workers with past (formal) experience or workers from a richer segment of the population, most likely to have completed their studies. The private sector may fail in internalizing the social and economic externalities typically associated with youth employment, thus underestimating the benefits of offering services related to education, training and job counseling to the youngest segment of the working population. The involvement of public sector is then critical, but that does not mean that each aspect of the program must be executed by a public agency. In fact, training services are offered by many different institutions, including public schools, private training centers, NGOs, and private firms and organizations.

What is the World Bank's value added?

4. The World Bank will contribute to the project's successful implementation through three channels. First, by financing part of the program's activities, the WB will ensure timely implementation and will protect the program from potential short term financing delays, which could critically affect its sustainability. Second, the WB involvement will help to introduce significant innovations in the program's operations, particularly with regards to the relation between the MTESS and OEs (Component 3 of the proposed Project). Finally, the WB participation will also promote the development of a stronger monitoring and evaluation framework, necessary to provide monitoring data but also critical to develop rigorous impact evaluation analyses.

5. This annex includes a section on background, describing the youth employment program to be supported and the proposed loan components. The last section presents the methodology used to estimate the internal rate of return.

2. Background

6. The national Program “*Jóvenes con Más y Mejor Trabajo*” (JMYMT) provides transfers and services to youth participants in many provinces and municipalities. The program has the objective of assisting the transition of youth unemployed into the labor market and improving their productivity through a flexible approach and by promoting various activities, from completion of formal education to professional training and internships.

7. The Program was launched in 2008 by the Government of Argentina, targeting youth aged 18 to 24-years who have not completed secondary school, are permanent residents in the country, and unemployed. It is implemented by the MTESS as part of a larger training and intermediation program that targets all age groups.

8. JMyMT offers assistance to beneficiaries, both financial and in the form of provision of services, supporting completion of mandatory school, accumulation of experience and skills through internships, provision of specific training and productive employment either as salaried workers or through self-employment. Furthermore, the program promotes mechanisms to help youth signal their abilities to the job market, such as certification of formal education, training and internships. Table 5.1 summarizes the program’s main activities and scope.

Table 5.1: Activities of the JMyMT

Activity	Objective
Workshops- Labor Market Orientation	Develop a career plan. Basic orientation services. Counseling on job searching.
Completing education	Assistance and certification of completion of primary and secondary education. Modules of education for adults.
Technical training and certification	Courses of sector-specific, professional training. Job competency-based certification system.
Internships	Internships in the private sector.
Wage-subsidies	Wage subsidies for small and medium enterprises hiring program participants.
Entrepreneurship	Legal, technical and financial assistance for self-employment.

Source: MTESS

9. The proposed Project supports the inclusion of about 270,000 new participants in the JMyMT program over a three year period, with approximately 200,000 youth participating in the program during each calendar year. This would bring the annual coverage rate to about 18 percent of the 1.1 million youth in Argentina between 18 and 24 years of age who have not completed secondary education and are unemployed. The lending instrument proposed is an

Investment Project Financing Loan for US\$425 million. The Project will be organized in three Components: i) improvement and provision of orientation and training services offered to JMyMT Program participants (US\$169.01 million); ii) coverage consolidation of the JMyMT program (US\$ 169.93 million Bank financing); and iii) strengthening and expanding the network of Employment Offices (OE) (US\$85 million).

3. Project's expected contribution to the country's socioeconomic development:

10. Given the high rate of unemployment and inactivity observed among the youth population, actions aimed at improving employability and access to the labor market for vulnerable youth should have important positive effects for the country in both economic and social terms. **Increasing employment among this generation will have consequences in terms of higher GDP not only in the short-term, but more importantly in coming decades.** Also, there are other potentially positive impacts of the project that cannot be measured, such as a potential increase in human capital accumulation (as part of a virtuous circle initiated by the project) and also less tangible but very important consequences in terms of social cohesion, as increasing opportunities for the most vulnerable population should result in a reduction in inequality, and the risk for the population to be affected by crime and violence.

Estimation of the IRR

11. Considering the expected gain that can be measured and the costs of the program, the estimated internal rate of return of the project is 23.1 percent, for a cohort of participants exiting the program at age 20.²⁵ This rate of return is the result of estimating the cash flow of the project considering the public expenditures on the JMyMT Program (including both budget and WB financed expenses) as costs, and the benefits measured as the difference between expected salaries of the participant population and the expected salaries of a control group of youth with similar characteristics but who did not participate in the program. Hence, the internal rate of return is calculated as the value of “r” obtained from the following equation, where G_x is the wage gains produced by the program for participants at age x and C_x is the cost of the program for participants at age x.

$$\sum_{x=20}^{65} (G_x - C_x)^{(1-r)^x} = 0 \quad (1)$$

12. The total cost for each year t (corresponding to age x) is estimated based on the information provided by the MTESS and the National Budget. In this sense, the total cost at each year of the implementation of the program is calculated as follow:

$$C_x = B_x \cdot N_x \quad (2)$$

13. Where B_x and N_x are the average cost per beneficiary of the program and the total quantity of beneficiaries, respectively, at age x.

²⁵ Participants may enter the program at any age from 18 to 24, and exit once they complete their work program. For this estimation, we defined an average exit age of 20.

14. In order to estimate the salary gains generated by the Program, we start by defining program participation effects through a proxy. Most JMyMT participants join the Basic Education completion activity; hence they finish their secondary school thanks to the program. By using this characteristic as a proxy for the successful completion of the program, it is possible to model future salaries and employment status of participants (as those of current workers with complete secondary education) and define a control group (workers with incomplete secondary education). This proxy represents an estimate of the monetary impact of the program. Of course, there are several services beyond basic education that can also have a relevant impact, but we assume that those gains are also adequately represented by the education proxy.

15. In other words, it is assumed that a young person who participates in the program achieves a competitive advantage (estimated by proxy as the completion of the secondary education) over another young person who does not participate in the program that affects their employability (probability of being employed), formality in employment, and salaries. Also, it is assumed that this difference continues throughout his or her economic active life, as observed in the 2013 urban household survey. Thus, for both groups, the expected wage is defined as the average wage earned, weighted by the probability of being employed and, in that case, the probability of being formal or informal, at each age.

16. The wage gain produced by the program is calculated as the difference between the wages earned by workers who have participated in the program (i.e. finished the secondary level of education) and the wages earned by workers in the control group at each age. The expected wage earned by each worker involved in the program at age x is defined as follows:

$$w_x^p = (\alpha_x^p \cdot \beta_x^p \cdot w_x^{p,f} + \alpha_x^p \cdot (1 - \beta_x^p) \cdot w_x^{p,i}) \quad (3)$$

17. Where α_x^p represents the probability of being employed at age x ; β_x^p is the probability of having a formal job at age x (among those employed); and $w_x^{p,f}$ and $w_x^{p,i}$ are the average wages of workers in the formal and informal sectors, all for workers with completed secondary education.

On the other hand, wages of those in the control group are defined as follows:

$$w_x^{wp} = \alpha_x^{wp} \cdot \beta_x^{wp} \cdot w_x^{wp,f} + \alpha_x^{wp} \cdot (1 - \beta_x^{wp}) \cdot w_x^{wp,i} \quad (4)$$

18. Where the superscript p of the previous equation is replaced by wp , indicating that the variables now refer to people that did not participate in the program (ie, did not finish the secondary school). The wage gain achieved by the program, in terms of expected wages, is given by the difference between w_x^p and w_x^{wp} . Since not all young beneficiaries of the program will finish the secondary school (or fully benefit from other activities in the program), the expected wage difference generated by the program is adjusted by ε , which represents the percentage of

young people that, having participated in the program, did not achieved the expected gains in employability, formality or wages²⁶.

$$G_x = (w_x^p - w_x^{wp})\epsilon \quad (5)$$

19. The MTESS has been monitoring the implementation of the JMyMT program since its creation in 2008. Historical data and trends observed allow estimating on the potential number of beneficiaries and the expected costs of the various components. Table 5.2 presents the basic parameters of the program, including the expected costs by component.

Table 5.2: Basic Parameters of PJMyMT

Variable	Parameter	
Project duration	3 years	
Number of beneficiaries (average, per year)	200,000	
Estimated percentage of annual participants completing secondary education	30%	
	In AR\$	In US\$
Component 1	AR\$ 1,608 million	US\$ 190.3 million
Component 2 *	AR\$ 4,020 million	US\$ 475.7 million
Component 3	AR\$ 847 million	US\$ 100.2 million
Total Cost	AR\$ 6,475 million	US\$ 766.2 million

Source: MTESS

Note: () Includes 1 year of retroactive financing, approximately US\$ 85 million, which is not considered in the total cost in the economic analysis because these funds are used to finance expenditures outside the project's implementation period.*

20. The estimation of wages, employment status and formality for the treatment and control groups is based on data from the *Encuesta Continua de Hogares Urbana 2013* (ECHU 2013). Figures 1 to 4 resume the main variables and parameters obtained from the survey and used in the cost-benefit analysis. Figure 5.1 shows the probability of being employed by age for youth with completed and incomplete secondary education.

²⁶ We use an ϵ equal to 20 percent. Also, we adjusted the total number of beneficiaries per year by the percentage of them who participate in the program for more than one and two years. Historically, these rates are 33 and 17 percent, respectively.

Figure 5.1: Probability of being employed by Secondary Education Status. 2013

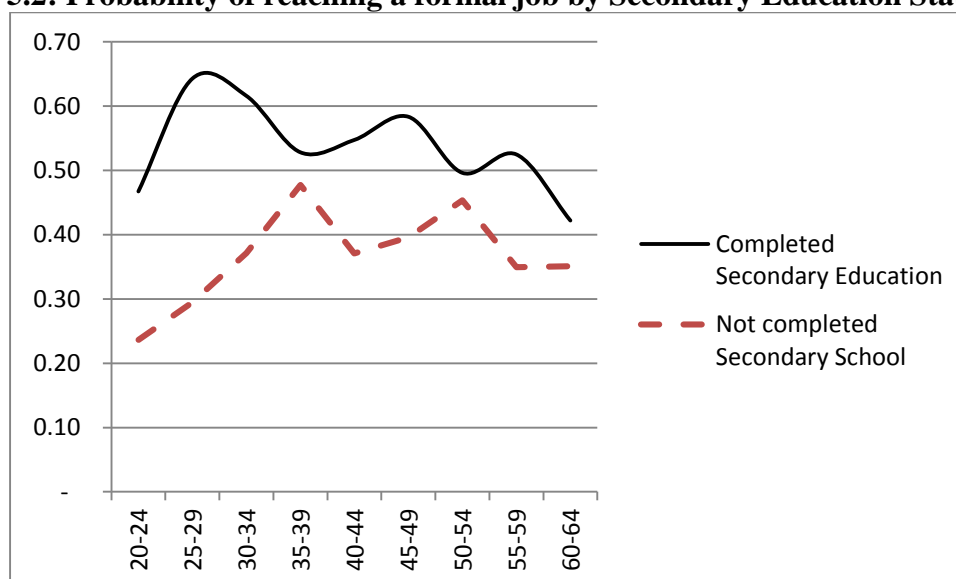


Source: WB team's calculation, based on ECHU 2012

21. The results show a small difference in employment rates by age between the two groups. The employment rate for those aged 20 to 64 years old and completed secondary education is 67 percent, while the rate for the group that did not complete that level is 62 percent.

22. Figure 5.2 shows the probability of being formally employed by age among those with completed secondary level of education and those who do not. On average, the probability of finding a formal employment among employed workers with complete secondary education is 58 percent, while this probability is 43 percent among those who have not completed the level.

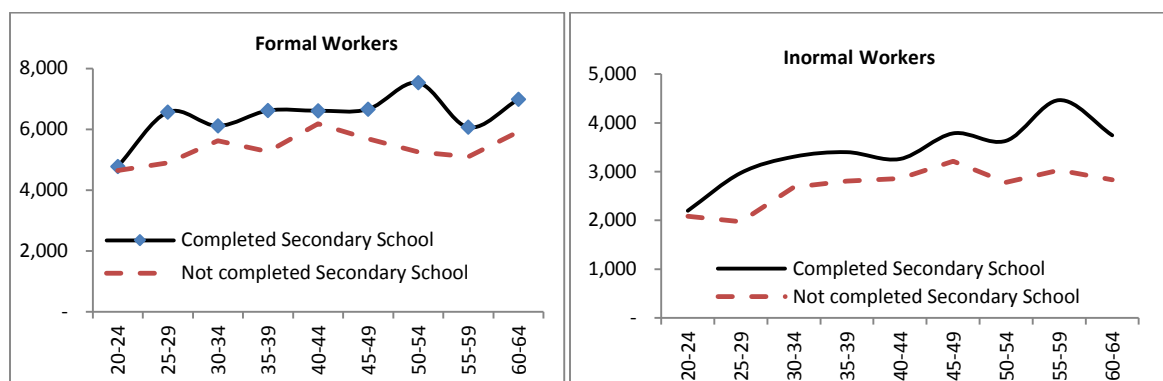
Figure 5.2: Probability of reaching a formal job by Secondary Education Status. 2013



Source: WB team's calculation, based on ECHU 2013

23. Figure 5.3 shows the difference in the average monthly wage by education level in the formal (left panel) and informal (right panel) labor market.

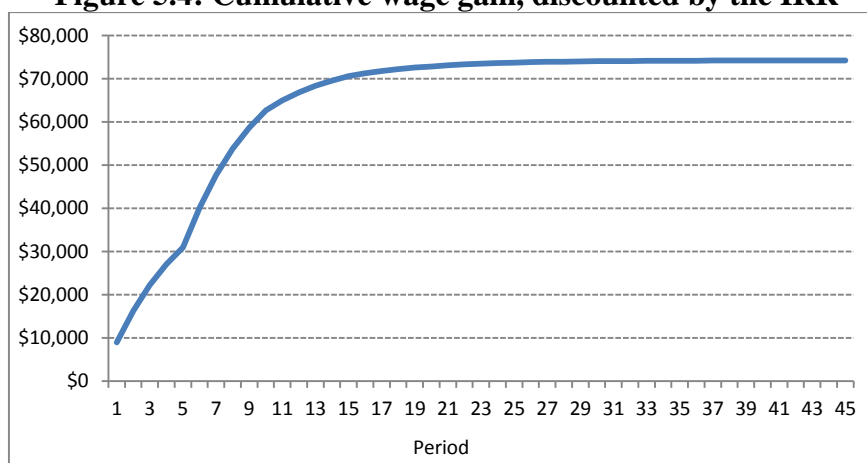
Figure 5.3: Average monthly wage by age, formality and education level. 2013



Source: WB team's calculation, based on ECHU 2013

24. Applying these data to equation (2) to (4), it is possible to estimate the wage gain associated to participating in the program by age, as the combined result of higher employment rates, higher formality, higher wages, and probability of completing secondary education for those participating in the program. Considering all these variables, Figure 5.4 shows the present value of potential gain in wages during the lifetime of a representative worker who participates in the program as compared with one that does not participate, discounted by the estimated IRR. Overall, the estimated gain is AR\$ 74,200. Using equation (1), the Internal Rate of Return implicit in this flow of costs and wage gains 23.1 percent.

Figure 5.4: Cumulative wage gain, discounted by the IRR



Source: WB team's calculation, based on ECHU 2013

Other Non-quantifiable benefits

25. The Project is expected to bring economic and social benefits associated with increased employment and productivity among youth that go beyond the pure wage gain estimated above. Benefits in terms of economic activity will be visible already in the short-term, and the effects are expected to be long-lasting. However, not all economic benefits can be measured with a

reasonable approximation. The following section briefly describes non-quantifiable economic and social benefits expected to derive from more and better employment among youth.

- a. Growth: Policy discussion on economic growth and employment usually focuses on the effects of the first on the latter: growth creates jobs. Nevertheless, the relationship also works in the other way, as employment is a necessary condition for growth. Increasing employment and productivity among youth will allow the country to produce closer to its production possibility frontier, increasing the overall output. Moreover, improving productivity of the youth will imply a shift of the possibility frontier itself, increasing the potential of economic growth for the country. Targeting the youth population will allow these effects to be long-lasting and increase the likelihood of more productive future generations.
- b. Human Capital: Active, skilled and employed youth represents a gain in terms of human capital. Better educated young people, with sufficient economic resources, are likely to generate a virtuous cycle in terms of more demand for education, transmitting the increase in human capital through generations. A skilled young workforce can be particularly attractive for business developers, increasing the overall investment in the economy. Finally, higher employment among the youth and human capital formation are also associated with a higher degree of innovation and technological development.
- c. Social Cohesion and Governance: Quality jobs influence the degree of civic participation and social cohesion of a society, especially among younger groups. Recent empirical evidence from international surveys shows that unemployment is associated with lower levels of trust and civic engagement, two indicators of social cohesion²⁷. The quality of employment matters as well. Youth with a formal job, access to education and vocational training opportunities are more likely to develop values and capabilities that are crucial for the well-functioning of a society - as for instance cooperation and ability to working with others, trust, capacity to solve conflict. Active and skilled youth can have an important role as watchdog of political institutions, as well as a direct role in politics and governance.

4. Rationale for public sector provision:

26. Information problems make vulnerable youth less likely to find employment. On one side, they have less tools and experience to look for a job. On the other hand, in absence of a mechanism for youth to signal their qualities, employers will prefer older workers with past (formal) experience or workers from a richer segment of the population, most likely to have completed their studies. Private employment agencies and firms may have little incentives to offer solutions to this adverse selection problem. Private agencies, in particular, may face higher costs in terms of time and financial resources to find jobs for vulnerable youth, while they will earn higher return by focusing on more employable workers. However, youth employment and human capital formation imply positive externalities in terms of growth, productivity and social cohesion, such that social return to investment is far greater than private returns. The private sector may fail in internalizing these social and economic externalities, thus underestimating the

²⁷ World Development Report on Jobs, 2013, World Bank

benefits of offering services related to education, training and job counseling to the youngest segment of the working population. All these issues and, more in general, coordination problems, justify the intervention of the public sector.

5. Value added of the Bank's support:

27. The Bank has experience contributing to several Projects on Youth Employment, both in Latin America and globally. Drawing on international experience and best practice examples, it could offer invaluable technical assistance to the Government for further developing the JMyMT Program. In particular, special technical assistance may be needed to evaluate the potential impact of the program's different activities. Furthermore, Bank's participation offers strong incentives to ensure regular monitoring of the program. From a financial point of view, Bank's funds will allow immediate continuity of the program, and could contribute to increasing its relevance in the portfolio of programs implemented by the MTESS.