

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC838

Project Name	Argentina Youth Employment Support Project (P133129)
Region	LATIN AMERICA AND CARIBBEAN
Country	Argentina
Sector(s)	Public administration- Other social services (50%), Vocational training (25%), Other social services (25%)
Theme(s)	Improving labor markets (33%), Social Inclusion (33%), Education for the knowledge economy (17%), Education for all (17%)
Lending Instrument	Investment Project Financing
Project ID	P133129
Borrower(s)	Argentine Republic
Implementing Agency	Ministry of Labor, Employment and Social Security
Environmental Category	C-Not Required
Date PID Prepared/ Updated	26-Jun-2013
Date PID Approved/ Disclosed	26-Jun-2013
Estimated Date of Appraisal Completion	30-Aug-2013
Estimated Date of Board Approval	15-Oct-2013
Concept Review Decision	Track I - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

After its most serious economic and social crisis in 2001-2002, Argentina has enjoyed a strong social and economic recovery. Since 2003, real gross domestic product (GDP) grew at approximately 8 percent per year on average, and social indicators registered a sustained improvement. Poverty, extreme poverty, and income inequality declined and are now at levels close to the early 1990s. According to the harmonized poverty data for Latin American countries produced by SEDLAC, total poverty incidence, measured as US\$4 a day, declined from 38.3 percent in 2003 to 11.6 percent in 2011 and extreme poverty (measured as those living with less than US\$2.5 a day) went from almost 28 percent to less than 6 percent in the same period, while the Gini coefficient declined from a record level of 0.54 in 2002 to 0.43 in 2011, a level similar to that of the mid-80s.

While other countries in the region showed similar improvements, the improvement in some of Argentina's social indicators was much faster over this period and particularly between 2003 and 2008. Labor market indicators show that unemployment fell sharply during this period, from 20.4 percent in the first quarter of 2003, to 7.1 percent nine years later; and the proportion of the labor force employed in formal jobs grew from 33.5% in 2003 to 47.5% in 2010. The macroeconomic performance has slowed down in 2012, and labor market indicators trends have also reduced their pace of improvement in recent months.

Sectoral and Institutional Context

The improvement in labor market indicators was not homogeneous. Some groups saw their situation improve less rapidly; and the access to formal, stable jobs remains out of reach for many. Among youth aged 16-24 years old, the unemployment rate is 18.5 percent and the group continues to be the highest among of all. In 2011—it was quadruple times the unemployment rate of the adult population, or individuals aged 25-64 years old. More than half, or 55 percent of the youth with a salaried job are employed in the informal sector, while the same indicator is below 30 percent for the population aged 25 to 64. The high levels of youth unemployment affect particularly young women, whose unemployment rates are 40 percent higher than their male counterparts. This statistic is even more striking given that the labor force participation of young women is lower than for young men: 34.5 percent of young women participate in the labor force, against 53.5 percent young men. Unemployed youth is among the most vulnerable parts of the population. 46.3% of youth in this category did not complete secondary school. Out of these, about 10% did not finish primary school either. Moreover, roughly 60% of unemployed aged 16-24 belong to household from the lowest part of the income distribution (32.5% in the first quintile, 27.4% in the second quintile). Intuitively, initial socio-economic factors (poor households, low access to education) determines youth performance in the labor market.

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 also include full social security protection but on the job training, and benefits typical of quality jobs, their probability of making significant contributions to economic growth in the medium term will be limited. A characteristic that is usually associated with unemployed youth is their lack of experience in the labor market. However, during the last quarter of 2011, only a third (34%) of the unemployed youth in Argentina were new entrants, while an overwhelming majority (or 66%) had had a previous occupation.

In this context, 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-old population. The program is implemented by the Ministry of Labor, Employment, and Social Security (MTESS in its Spanish acronym) as part of a larger training and intermediation program that targets all age groups, with the goal of promoting social inclusion of the most vulnerable population and improving the quantity and quality of employment. The program assists beneficiaries in finishing mandatory schooling, 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 composed of youth (men and women) who have not completed their secondary school studies, are permanent residents in the country, and are unemployed. The program provides monetary benefits, in the form of grants, as well as non-monetary benefits, through

different services. These services include career guidance; employability improvement; employment placement; and sustaining employment. Since May 2008, the program offers basic financial assistance to those who join the program, subject to their compliance with eligibility requirements and their participation in selected activities. All beneficiaries are required, as they join the program, to participate in an orientation workshop, where they identify their needs in terms of training and define a work program that includes basic skills training and more complex technical courses, including information technology. The coverage of the program has expanded. By the end of 2008, JMyMT was implemented in only seven provinces and 33 municipalities and included close to 9500 beneficiaries; four years later it covered all provinces and 274 municipalities, with 240,000 beneficiaries. While expansion has been important since its creation, there are still many municipalities that are not included in the program. (Argentina has a total of 2164 municipalities, although approximately 85 percent of the population aged 18 to 24 resides in municipalities already covered by the program)

The MTESS is responsible for the design and supervision of the program. The recruitment, enrollment, and monitoring of participants' activities are the responsibility of the Municipal Employment Offices (OEM in its Spanish acronym), which have no direct administrative dependence from the National Ministry. The OEMs are fully responsible of managing the day-to-day relation with participants and training providers, which can be public or private institutions, but must be certified by the MTESS. The program aims at being responsive to local needs, adapting services to the characteristics of young participants and labor markets at the municipal level. The services offered to program's participants include a basic standard 'training' package, coupled with specific training opportunities that vary depending on local context. Not all municipalities in Argentina participate in the program, since the MTESS verifies that the local OEM is able to provide a minimum set of services (and offers assistance to strengthen the OEM if necessary) before launching the program at the local level. The offices are technical areas within municipal governments whose purpose is to intermediate the demand and supply of labor, and provide information, guidance and referrals on jobs and training to those seeking employment or to improve their employment situation. Currently, there are OEMs in approximately 380 municipalities across the country, although not all of them have the same level of capacity or offer the same services. The employment offices are financed by the municipality and the Ministry of Labor. The financial and technical resources provided by the Ministry of Labor are defined in agreements between the two parties, which are renewed periodically, and include human resources and equipment.

While the implementation of this program since its creation has been effective, there are several challenges the Government of Argentina needs to confront to make the program more effective and inclusive. The main issue has been to expand the network of OEMs, to offer the program to more beneficiaries, with acceptable standards of services. In this context, the Government has requested World Bank's support to improve the operation and performance of the program, with particular focus on: i) supporting geographical expansion and consolidation of the program throughout the country, including monetary transfers to participants, ii) improvement of training services offered to program participants; iii) strengthening of Municipal Employment Offices.

Relationship to CAS

The proposed project is consistent with the FY2010-2012 Country Partnership Strategy (CPS) for the Argentina Republic (Report 48476-AR), as well as with the draft of the new CPS (currently under preparation). The CPS has the goal of promoting further social inclusion as one of the three core themes, and enhancing the performance and accessibility of a program directed to increase

quality youth employment is an important contribution to this CPS goal.

This 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. While focusing on youth services, the project will continue the support that the Bank provided to the training and employability programs implemented by the Ministry of Labor through the Lifelong Learning Project (P095514), which will close on December 31, 2013 and the IDF grant “Performance Monitoring of Employment Service Offices” (P130858) that is supporting the MTESS and MEOs to set up a monitoring system during January 2013 to December 2016.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The development objective of the proposed project is to improve access and employability of vulnerable youth population to labor markets, by supporting the expansion and strengthening of Government employment programs and improving the policy making and implementation capacity of MTESS and evaluation capacities at MTESS.

Key Results (From PCN)

Key results, as well as performance indicators, will be defined during the preparation of the project, in coordination with Government counterparts. The key results to be achieved by the end of the project are expected to be :

- 1- Expansion of the geographical coverage of the JMyMT program to reach 320 municipal employment offices, as well as the number of participants, to XXX,XXX beneficiaries per year (target to be defined during project preparation)
- 2- Provision of basic employment training to XXX,XXX program participants per year, and certification of quality standards in 75 training institutions offering services to program's participants (target to be defined during project preparation)
- 3- Improvement of performance of municipal employment offices, through indicators to be defined

III. Preliminary Description

Concept Description

The lending instrument proposed is an Investment Project Financing for an estimated amount of US \$400 million. To achieve its objectives, the project would support the following activities through three components: i) coverage expansion and operational strengthening of the JMyMT program, ii) improvement of orientation and training services offered to program participants aimed at increasing their employability and likelihood for job placement and job mobility; iii) strengthening and expanding the network of Municipal Employment Offices.

The project will include three components:

Component 1: Coverage Expansion and Operational Strengthening of the JMyMT program: This component would aim at increasing the program's coverage to young people by the end of the project, expanding coverage and improving the MTESS capacity to implement it by: a) financing cash transfers/grants to youth (between 18 and 24 years) enrolled in the program and participating in program activities including, among others, labor orientation, completion of basic education,

professional training, work experience, job search; and b) financing technical assistance to the Ministry of Labor to enhance its monitoring and evaluation systems for the JMyMT Program, including specific studies and activities associated with the development of an information platform.

Activities of this component would also include optimizing the management of the employment and vocational training policies and the labor intermediation processes through the improvement of tools for obtaining and managing information at the local and national levels. During project preparation agreement would be reached with the Ministry of Labor on the design and arrangements for carrying out impact evaluations on several project interventions, including youth orientation/training and work experience scheme. The estimated amount to be financed through this component is US \$185 million.

Component 2: Improvement of orientation and training services offered to program participants. This component would aim at improving the quality and relevance of orientation and training services offered to program participants, by financing the provision and improvement of these services. Activities to be funded would include the design and implementation of workshops and training courses, development of competency standards, training of evaluators, improvement and certification of training institutions, curriculum design, teacher training, and strengthening of Sector Councils responsible for overseeing training programs.

The component would also finance the expansion and strengthening of a job competency-based certification system. The certification implies the definition and validation of competency-based standards, the standardization of certified competency-based training, and the issuing of competency-based certificates. These activities will continue those that were supported by the Lifelong Learning Project since 2007, expanding coverage to new sectors of the economy (defined considering their size and potential generation of formal job opportunities). In particular, this component would finance: the development of 50 labor competency based standards; the evaluation and certification of 10,000 youth in competency-based standards; the training of 200 evaluators; the strengthening of 150 training institutions by providing basic equipment; the quality certification of 75 training institutions using IRAM (the national institution in Argentina responsible for standard certification) standards; the design of 50 curriculums with their corresponding teaching materials; and the training of 1,500 teachers. Most of these activities would be financed through results-based mechanisms, using a design that will be developed during project preparation. The component would also finance technical coordination and implementation for the project. The estimated amount to be financed by this component is US\$ 145 million.

Component 3: Strengthening and expanding the network of municipal employment offices: This component would aim at strengthening the capacity and quality of the employment services offered by the Municipal Employment Offices (OEM) to program participants by incorporating new methodologies and management practices of OEMs already incorporated in the network and new offices to be incorporated.

The activities supported by this component include the provision of training to OEM staff, technical assistance to improve efficiency and monitor results, and IT resources, as necessary. Financial support from MTESS to the offices would be designed as a results based scheme, where transfers would be linked to a set of performance indicators, to generate efficiency incentives within the system. The World Bank's financing would also use a result-based financing mechanism, linking disbursements to the MTESS to progress in a set of key performance indicators in service delivery,

to be defined during project preparation. The estimated amount to be financed by this component is US\$ 70 million.

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IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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	

V. Financing (in USD Million)

Total Project Cost:	400.00	Total Bank Financing:	400.00
Total Cofinancing:		Financing Gap:	0.00
Financing Source		Amount	
Borrower		0.00	
International Bank for Reconstruction and Development		400.00	
Total		400.00	

VI. Contact point

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