

INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

EL SALVADOR

PATHWAYS FOR YOUTH

(ES-M1049)

DONORS MEMORANDUM

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PROJECT SUMMARY

PATHS FOR YOUTH

(ES-M1049)

Young people living and growing up in El Salvador's disadvantaged urban areas are highly vulnerable, with exposure to gangs and violence, and face significant challenges to their positive integration into productive and social life. Salvadoran youth between the ages of 15 and 29 are more likely to be the victims of homicide, have an unemployment rate twice that of adults, 73% work in the informal labor market, and 30% neither study nor work. Although the country is taking important steps to prioritize policies and programs for youth, these efforts are still in the early stages, and there is room for intervention models that specifically address the problems of at-risk youth.

This operation seeks to address two main problems: (i) at-risk youth in El Salvador's disadvantaged urban neighborhoods are not positively integrated into the labor market or society; and (ii) current programs do not offer integrated human capital development, employability, self-employment, and leadership services for at-risk youth that are effective, scalable, and sustainable.

The impact of the project is to enable at-risk youth to be socially and economically productive in jobs and self-employment. The outcome is to scale up effective models (Jóvenes Constructores [YouthBuild] and Grupos de Auto Ahorro y Préstamo [Community Savings and Loan Groups] models) that give at-risk youth cognitive, soft, and employability skills. These models seek to address El Salvador's increasingly more pressing challenges in terms of violence, public safety, and international migration.

Catholic Relief Services (CRS), in partnership with YouthBuild International and the MIF, will support the capacity-building process of El Salvador's national partners, particularly the Instituto Salvadoreño de Formación Profesional [Salvadoran Institute for Professional Training] (INSAFORP), training institutions, and Enlace Servicios Financieros S.A de C.V. (ENLACE), to transfer, finance, and scale up models for training, job placement, savings, and self-employment of at-risk youth in El Salvador.

The project will directly benefit 10,020 poor, at-risk youth between the ages of 16 and 25 in the municipios of San Salvador, Soyapango, Santa Ana, San Miguel, Mejicanos, and Sonsonante, 50% of whom will be women. It will also benefit 400 employers of young people better equipped for work; seven training centers and their staff to implement YouthBuild; INSAFORP, to contract the YouthBuild model; and ENLACE with outreach workers and advisors better equipped to offer business support to youth.

Given its potential for working at scale with two specific employability and self-employment models for at-risk youth, and in partnership with public and private entities, this project is aligned with the objectives of the regional initiative "New Employment Opportunities for Youth" (NEO) (document MIF/AT-1175) and thus is included as part of that initiative. Within NEO, this would be the first operation to work at scale with

at-risk youth in settings of high violence, as well as the first to incorporate a combined employment and self-employment approach.

The MIF plays a key “broker” role, facilitating the negotiations on the design of the operation with different Salvadoran partners and two IDB units. It has also contributed to the transmission of technical knowledge and best practices in MIF projects that have worked with at-risk youth and in the joint definition of components. Each MIF dollar leverages four counterpart dollars.

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ABBREVIATIONS

AMSS	Área Metropolitana de San Salvador [Metropolitan Area of San Salvador]
AWP	Annual work plan
CONAMYPE	Comisión Nacional de la Micro y Pequeña Empresa [National Commission for Micro and Small Enterprise]
CRS	Catholic Relief Services
ENLACE	Enlace Servicios Financieros S.A de C.V.
GAAP	Grupos de Auto Ahorro y Préstamo [Community Savings and Loan Groups]
ICS	Institutional Capacity of the State Division
INSAFORP	Instituto Salvadoreño de Formación Profesional [Salvadoran Institute for Professional Training]
LMK	Labor Markets and Social Security Unit
MTPS	Ministerio de Trabajo y Previsión Social [Ministry of Labor and Social Security]
NEO	New Employment Opportunities for Youth
USAID	United States Agency for International Development
YBI	YouthBuild International

**EL SALVADOR
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EXECUTIVE SUMMARY

Country and geographic location:	El Salvador, at the national level, with a focus on the municipios of Soyapango and Mejicanos (in the Department of San Salvador), Santa Ana, San Miguel, and Sonsonante.
Executing agency:	Catholic Relief Services (CRS), El Salvador.
Access area:	Access to Markets and Skills
Agendas:	“Youth: jobs, skills, and entrepreneurship,” and “Savings, payments, and credit for low-income people” of the MIF’s Access to Finance area.
Coordination with other donors/Bank operations:	<p>The project will coordinate with the IDB Labor Markets Unit (LMK), strategic partner of the NEO regional initiative (RG-M1210), which provides the framework for this operation. LMK has the program, “Comprehensive Support for Effective Labor and Social Security Policies” (loan ES-L1063), pending ratification by the Legislative Assembly. Component 2 of that program, “Comprehensive job placement actions for young people,” seeks to improve productivity among young people ages 16 to 29 through employment and entrepreneurship actions to be implemented by the Ministry of Labor and Social Security (MTPS) and the Comisión Nacional para la Micro y Pequeña Empresa [National Commission for Micro and Small Enterprise] (CONAMYPE), respectively. The program will coordinate with the IDB Citizen Security Unit through the “Violence Prevention Strategy Comprehensive Support Program” (loan ES-L1025), pending ratification by the Legislative Assembly. Component 2 of that program, “Youth violence prevention at the local level,” includes training and economic and workforce integration activities for at-risk youth. There will also be coordination with the Citizen Security Unit’s recently approved regional technical cooperation operation, “Latin America Adaptation of the YouthBuild Model for At-Risk Youth,” (operation RG-T2446), which includes an impact evaluation of 100 at-risk youth in the YouthBuild model in El Salvador.</p> <p>If the loan with the Citizen Security Unit is ratified, there will be close coordination to show the findings of the evaluation and lessons learned from YouthBuild and explore the possibility of it being one of</p>

the models that the Government of El Salvador could implement under the loan. LMK's program focuses on the general youth population, so the current operation supplements those efforts by focusing on the at-risk youth segment.

The program will coordinate with USAID under the "SolucionES" violence prevention solutions program developed by a consortium of five Salvadoran entities, one of which, Glasswing International, is implementing a YouthBuild promotional action with CRS that could be expanded.

Direct beneficiaries:

10,020 poor, vulnerable, urban, at-risk youth (50% women), 5,340 of whom will benefit from the YouthBuild modalities, and 4,680 of whom will benefit from ENLACE's Grupos de Auto Ahorro y Préstamo [Community Savings and Loan Groups] (GAAP) for youth.

400 employers of young people better equipped for work.

Seven training centers and their staff (initially three Fe y Alegría centers, one FUNSALPRODESE center, one FUSALMO center, one Glasswing International center, and one AGAPE center have been identified as possible headquarters and implementing partners of INSAFORP) will be strengthened to implement YouthBuild and for possible certification by INSAFORP. A subgroup of four entities will benefit from the NEO program quality standards.

INSAFORP, the lead entity in vocational and professional training, will benefit from having a team trained to conduct competitive bidding for, certify, and supervise the YouthBuild model.

ENLACE, a pioneering microfinance institution working with poor youth in El Salvador, will have 16 outreach workers and 150 credit advisors better equipped to support youth entrepreneurs in the GAAPs in their training and business advisory services.

Indirect beneficiaries:

30,060 family members of the young beneficiaries, assuming four members per household.

Financing:

Technical cooperation:	US\$1,500,000	19%
Total MIF contribution:	US\$1,500,000	
CRS counterpart:	US\$1,000,000	12%
INSAFORP and ENLACE cofinancing:	US\$5,605,459	69%
Total project budget:	US\$8,105,459	100%

Execution and disbursement:

Execution period:	48 months
Disbursement period:	54 months

Special contractual conditions:	Conditions precedent to the first disbursement: (i) Operating Regulations for the operation; (ii) annual work plan; and (iii) cooperation agreements between the executing agency, INSAFORP, and ENLACE. All must be satisfactory to the IDB/MIF.
Environmental and social impact review:	This operation has been pre-evaluated and classified according to the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703). Since the impacts and risks are limited, the proposed category for the project is "C."
Unit with disbursement responsibility:	The project will be supervised by MIF staff at the Bank's Country Office in El Salvador with technical support from the headquarters team.

I. BACKGROUND AND RATIONALE

A. Diagnostic assessment of the problem to be addressed by the project

- 1.1 **At-risk youth in El Salvador.** Young people living and growing up in El Salvador's disadvantaged urban areas are highly vulnerable and face significant challenges to their positive integration into productive and social life. The Metropolitan Area of San Salvador (AMSS), Santa Ana, and San Miguel have the largest number of disadvantaged areas or informal urban neighborhoods. The population living in these areas usually suffers from chronic poverty and overcrowded living conditions.¹
- 1.2 Violence and crime are other serious and highly visible problems in El Salvador's cities that affect youth in particular. Thus, youth between the ages of 15 and 29 are the group most likely to be the victims of homicide and, within that age group, those aged 15-24 are even more likely to be victims. Another troubling figure is that 21% of youth between the ages of 15 and 29 neither study nor work, and this percentage increases to 30% for the group aged 20-24.²
- 1.3 Street gangs are widespread in disadvantaged areas; the two main gangs are Mara Salvatrucha ("MS") and Barrio 18 ("18th Street Gang"). The members of these groups are mostly young people who share a social identity principally reflected in their name. They often engage with one another and are implicated in illegal activities with some frequency. This environment puts many young people living in disadvantaged communities at risk of joining gangs. There are also other factors that exert influence such as peer groups and the family. For example, the absence of parents (due to migration or long work hours) or family conflicts and violence can lead young people living on the street, where they usually find gang members.
- 1.4 Young people as a group are highly exposed to violence, not only due to their proximity to gangs and the possibility of their joining or becoming victims of those gangs, but because most are exposed to conflict and violence in or outside the home. In disadvantaged communities there are many opportunities for young people to become susceptible to engaging in risky or even criminal behaviors.
- 1.5 Despite the objective situation of insecurity and stigmatization, many young people manage to avoid violent groups and at the same time protect themselves from becoming victims. They have developed resilience, or what is defined as a successful process of adaptation when faced with adverse conditions. The pursuit of social support and opportunities to engage in alternative rewarding (not violent or criminal) behaviors helps them to choose different and socially more productive paths.

¹ Beltrán and Savenije, "Evaluación externa del programa Jóvenes Constructores en El Salvador" [External evaluation of the YouthBuild program in El Salvador], page 16. March 2014.

² Data from the Technical Note on Citizen Security in El Salvador 2013.

- 1.6 **Labor market.** In recent years El Salvador has experienced slow growth that has failed to generate enough jobs or income for many segments of the population, particularly at-risk youth. This has created a migratory flow abroad, lessening the economy's impact on unemployment levels.³
- 1.7 The youth population between the ages of 16 and 29 has an unemployment rate more than twice that of adults (10.4% in 2013, compared to 3.5% for adults aged 30-44).⁴ Those who do find employment earn less and their jobs are of lower quality than those held by adults. Less than 19% of youth have written contracts, and about 73.4% of youth work in the informal sector, indicators that denote low work quality.⁵ In addition, 73% of youth aged 18-24 have not completed secondary education, a troubling figure since most positions require a high school degree.⁶
- 1.8 Young women have a labor force participation rate of 30%, compared to 59% for young men. At the same time, young women are about three times more likely not to be studying nor working (37%, compared to 12%), a finding tied to domestic work, which leaves them less time to study or work, and to cultural patterns.⁷
- 1.9 The incentives for companies to hire young people are still in the very early stages. For example, through the “Mi Primer Empleo” [My First Job] program companies can earn a modest tax deduction if they hire young people between the ages of 18 and 29 who have no job experience and are not registered as contributing to the Salvadoran Social Security Institute. Hiring at-risk youth also requires making employers aware of the stigmatization suffered by youth who come from violent and unsafe areas. In addition, problems associated with deficient transportation and mobility also need to be considered.
- 1.10 This setting also makes it necessary to consider the option of self-employment for generating income. The new administration, which took office in June 2014, has launched the National Entrepreneurship Policy seeking to create an ecosystem that supports entrepreneurial ventures. This policy responds to “the need to coordinate the various actions already being carried out in the country that are not well enough coordinated, and the fact that thus far there is no entrepreneurship culture that would allow a qualitative leap toward dynamic and innovative ventures. Public and private institutions throughout the country are expected to adopt this policy.”⁸

³ IDB. Loan ES-L1063, page 2.

⁴ <http://www.digestyc.gob.sv/index.php/temas/des/ehpm/publicaciones-ehpm.html>.

⁵ UCW (2013), “[Entendiendo los resultados del trabajo infantil y empleo juvenil en El Salvador](#)” [Understanding the outcomes of child labor and youth employment in El Salvador], pages 43, 56, and 68.

⁶ FLACSO, MINEC and UNDP (2010), page 84.

⁷ 2011 data for groups aged 15-24, [Sociómetro BID](#).

⁸ CONAMYPE, National Entrepreneurship Policy, Ministry of Economy, 2014.

- 1.11 **Youth policies and programs in El Salvador.** El Salvador has taken significant steps in recent years to introduce specific policies for youth. The National Youth Policy was launched in 2011 with the objective of directing jobs toward this population in the period 2010-2024. This initiative is the first government policy directed to the youth population in the history of the country. In 2012, the Youth Act was approved and the National Youth Institute (INJUVE) was created as the implementing arm of the policy and institutional coordinator, given that its board of directors must include the ministers of Education, Health, Security, and Labor, the secretaries of Culture and Social Inclusion, and the head of the Instituto Nacional de los Deportes [National Sports Institute] (INDES). However, one of the weaknesses of youth programs is that government financing covers operational costs only, but not lines of action and projects. In most cases, these projects are financed with external cooperation funding.
- 1.12 Since 2009, the Fondo de Inversión Social para el Desarrollo Local [Social Investment Fund for Local Development] (FISDL), together with the Ministry of Labor and Social Security (MTPS), mayors' offices, and the Instituto Salvadoreño de Formación Profesional [Salvadoran Institute for Professional Training] (INSAFORP), has been implementing the Programa de Apoyo Temporal al Ingreso [Temporary Income Support Program] (PATI), created in response to the 2008-2009 economic crisis and financed by the World Bank. PATI was used as a stopgap measure to provide income for six months to vulnerable groups (including youth (33%) and women), without generating income opportunities once the program ended. For this reason, the Government of El Salvador redesigned the program to include job training modules that would enable the participants to develop technical skills. In addition, through the MTPS, the Comisión Nacional de la Micro y Pequeña Empresa [National Commission for Micro and Small Enterprise] (CONAMYPE) and local governments have developed entrepreneurship pilot projects for former PATI beneficiaries, to support sustainable income generation. The MTPS is also working on implementation of the Plan Nacional de Empleo Juvenil [National Youth Employment Plan] (PANEJ), which has three areas of major focus: employment, employability (training), and entrepreneurship, but it lacks the resources to carry out the related commitments.⁹
- 1.13 INSAFORP coordinates and leads the country's vocational training system. It is one of the few public entities not dependent on the government's budget for its funding, since it is financed through mandatory employer contributions. Although it is not dedicated exclusively to vocational training of young people, it does have the "Empresa Centro" ["Enterprise Central"] program for youth between the ages of 18 and 25 who have been unemployed for 6 to 24 months, and the "Hábil Técnico Permanente" [Permanent Technical Skills] program for the unemployed or underemployed population who are at least 16 years old, active students who need training for job placement or self-employment; this program ranges from 28

⁹ IDB. Loan ES-L1063, pages 4 and 5.

- to 400 hours. Both the Empresa Centro and Hábil programs are offered through training centers that INSAFORP contracts for the purpose. The principal providers of youth training services for INSAFORP include the Asociación AGAPE, the Asociación Fe y Alegría of El Salvador, and ITCA-FEPADE. In terms of results, Empresa Centro alone reports that 76% of graduates are successfully integrated into the workforce.¹⁰
- 1.14 Some NGOs also offer other employability initiatives. These notably include the YouthBuild program of Catholic Relief Services (CRS) in partnership with YouthBuild International and the Grupos de Auto Ahorro y Préstamo [Community Savings and Loan Groups] (GAAP) of CRS, and the microfinance institution Enlace S.A. de C.V. (ENLACE). As will be seen below, these programs have shown good results to date, but have not yet achieved sustainability and their scope is limited.
- 1.15 YouthBuild had its origins in the MIF regional program *entra21*, under which the model was tested for 500 poor young people in disadvantaged urban areas of El Salvador, Honduras, Guatemala, and Nicaragua between 2008 and 2010.¹¹ El Salvador was able to give continuity to the model with financing from USAID. During the period 2010-2013, the project benefited 3,367 young people, and achieved a graduation rate of 83% and a combined integration rate of 80% (37% in employment, 22% in self-employment, and 20% returning to their studies) among the young graduates. More than 300 companies offered work to the program youth, and the external evaluation found that 47% of the young people had formal employment with the benefits required by law, more than twice the average formality rate for the country's employed workers.¹²
- 1.16 ENLACE is a pioneering institution working with the vulnerable population, especially at-risk youth in violent areas. Since 2010, together with CRS, it has been developing a financial product, known as Community Savings and Loan Groups (GAAPs), targeting young people between the ages of 12 and 24 to promote savings, financial education, and domestic credit. The product benefited 5,000 young people, and since 2012 the GAAPs are part of the line of products offered at ten of ENLACE's 14 branches, supported by 10 outreach workers. There are currently some 4,000 young people in GAAPs, and 25% are starting a business. This group is offered reimbursable seed capital of US\$100 interest-free along with business support.

¹⁰ Program participants included 3,500 young people, 761 of whom graduated, and 76% of these got jobs. INSAFORP, "Informe de rendición de cuentas" [Accountability report], June 2012 to May 2013. Information contained in the study by Olga Vásquez Monzón. "Mapeo de programas de empleabilidad para jóvenes en riesgo" [Mapping of employability programs for at-risk youth]. CRS. September 2013.

¹¹ *Entra21* (ATN/MH-10303-RG), MIF and International Youth Foundation program implemented between 2001-2011. CRS implemented the project through various local entities in each country.

¹² Beltrán and Savenije, pages 16-17.

- 1.17 **Problems to be addressed by the operation.** There are two *problems*: (i) El Salvador's at-risk youth in disadvantaged urban neighborhoods are not positively integrated into the labor market or society; and (ii) current programs do not offer integrated human capital development, employability, self-employment, and leadership services¹³ for at-risk youth that are effective, scalable, and sustainable.
- 1.18 The main *effects* of these two problems include high rates of **unemployment and informal employment**, which have a direct impact on the poverty and productive and social exclusion of youth. Employers are hesitant to hire young people or include them in their value chains due to questions regarding safety, the ability to move between city neighborhoods dominated by different gangs, and stigma, thus creating barriers preventing youth from obtaining job experience and quality jobs. This keeps young people from climbing out of **poverty** because they do not have sufficient income nor are they able to continue their studies. Another effect of this social marginalization is that young people seek out **gangs and illegal activities** to give purpose to their lives and feel that they belong, in addition to other alternatives for generating income, putting themselves at risk of being arrested for criminal activities. Thus, 70% of the prison population is made up of the group aged 18-35 (2010), and the percentage of prosecuted adolescents under the age of 18 grew from 5% to nearly 13% between 2000 and 2010.¹⁴ Once arrested, the opportunity for second chance programs is virtually nil, when they come into contact with organized crime. To escape poverty and violence, many young people resort to **migration**. Since 2012, El Salvador has received 100,000 deportees, denoting a yearly increase, the large majority from Mexico. Within this population, the number of minors deported from both Mexico and the U.S. doubled between 2013 and June 2014.¹⁵
- 1.19 The main *causes* include: (i) the **lack of coordination among actors** in the country to provide solutions for at-risk youth. Despite the various efforts made by different public and private sector actors/NGOs, there has not been effective coordination and alignment of objectives. For example, among youth aged 15-18 there is an overlap of lead organizations, since the Instituto Salvadoreño de la Niñez y la Adolescencia [Salvadoran Institute for Children and Adolescents] (ISNA) would be the operating and lead agency but INJUVE works with youth aged 15-29. In practice this overlap hampers coordination and actions for the target group. It also creates conflicts of interest, differing priorities, and fragmentation of limited public resources. (ii) **National initiatives working at scale are not focused on at-risk youth**. The methodologies have not been entirely attractive so that youth would have a sense of belonging and avoid gangs.

¹³ To simplify, when this document speaks of employability programs, it refers to programs that include human capital development (return to school), job placement, self-employment, and leadership.

¹⁴ UCW (2013), page 52.

¹⁵ Report on deportation data prepared by the Dirección General de Migración y Extranjería [Office of Migration and Foreign Nationals] between 2012 and 30 June 2014.

Few initiatives report results and impact on youth job placement, self-employment, and returning to school. (iii) Despite its success, **the YouthBuild and GAAP models have not reached critical mass among young people**, have a limited sphere of action, and their sustainability is uncertain. (iv) At-risk youth face high **barriers to access to capital and nonfinancial services**.

- 1.20 The MIF's role would consist of strengthening, transferring, scaling up, and contributing to the sustainability of the YouthBuild and GAAP models, thus successfully consolidating in the country two effective programs for positive integration of at-risk youth into productive and social life.

B. Project beneficiaries

- 1.21 The *direct* beneficiaries of this project will be 10,020 poor, at-risk youth¹⁶ between the ages of 16 and 25, 50% of whom are women. These young people live in very violent disadvantaged urban areas in the municipios of San Salvador, Soyapango, Santa Ana, San Miguel, Mejicanos, and Sonsonante. The possibility of including other municipios will be explored during execution. These beneficiaries will include: (i) 5,340 young people aged 16-25 benefiting from YouthBuild, who may or may not have completed secondary school, and are neither studying nor working. Efforts will be made to involve deported young people in this group; (ii) 4,680 young people aged 16-25 who may or may not have completed secondary school and will benefit from the GAAPs.
- 1.22 It is expected that there may be a larger number of women than men, since experience in the GAAPs has been that 60% of clients are women. In any case, an effort will be made to ensure equal opportunity for both men and women given that young men also face a higher risk of becoming involved in criminal activities. Thus, the plan is for at least 50% (5,010) of the direct beneficiaries to be women.
- 1.23 Other beneficiaries will include: (i) 400 employers of young people better equipped for work; (ii) seven training centers and their staff (initially three Fe y Alegría centers, one FUNSALPRODESE center, one FUSALMO center, one Glasswing International center, and one AGAPE center have been identified as possible implementing partners of INSAFORP). Note that the specific centers for implementing YouthBuild will be selected under open competitive bidding processes, which is a requirement with INSAFORP. A subgroup of four entities will improve their quality standards; (iii) INSAFORP, the YouthBuild model is expected to be transferred to INSAFORP to ensure its sustainability, since it has a team trained to conduct competitive bidding, monitor results, and supervise implementation; (iv) ENLACE, a pioneering microfinance institution working with poor youth, which will have 16 outreach workers and 150 credit advisors (at 10 branches) better equipped to support youth entrepreneurs in the GAAPs.

¹⁶ The target for young people to be reached has been estimated based on the capacity of the potential implementing branches and the data on youth served in earlier years.

- 1.24 The *indirect* beneficiaries will be 30,060 family members of the young beneficiaries, assuming four members per household.

C. Contribution to the MIF mandate, Access Framework, and IDB strategy

- 1.25 The project will contribute to the MIF mandate in seeking to scale up employability and self-employment models with proven results for poor, at-risk youth from urban areas with high rates of violence. The models promote the youth empowerment through leadership, development of life plans and community service, savings, and self-employment, seeking to enhance both their positive integration into productive and social life, as well as their sense of identity, resilience and relationships with their family and the community. The project also contributes to meeting the needs of businesses for young people equipped for their first job, and the government's need to serve a population that requires innovative intervention mechanisms with proven results.
- 1.26 **The proposed project in the NEO context.** Given its potential for working at scale with two specific employability and self-employment models for at-risk youth, and in partnership with public and private entities, this project is aligned with the objectives of the regional initiative “New Employment Opportunities for Youth” (NEO) (document MIF/AT-1175) and thus is included as part of that initiative. It will share indicators and contribute to the outcomes of the regional NEO initiative. Importantly, however, another project is being prepared in El Salvador under the NEO regional initiative, focused on developing a broad public-private partnership to serve youth on a larger scale.
- 1.27 The NEO regional initiative is led by the IDB, acting through the Office of the MIF and the Social Sector (SCL/LMK), and the International Youth Foundation (IYF), together with five founding partner companies: Arcos Dorados, Caterpillar, Cemex, Microsoft, and Walmart. The NEO regional initiative seeks to improve the human capital quality and employability of one million vulnerable young people in ten years. It begins with an initial five-year phase from 2012 to 2017 for 500,000 vulnerable young people in at least ten countries of Latin America and the Caribbean. In this phase, it expected to strengthen 200 youth employability service providers and to mobilize at least 1,000 companies to offer employment opportunities and internships. As reported to the MIF Donors Committee in May 2014, the initiative had four approved projects.¹⁷ In August, the Donors Committee approved a fifth NEO project, the regional project with the Forge Foundation (RG-M1256).
- 1.28 In addition to this operation with CRS, there are two more NEO projects in preparation that are expected to be submitted for approval in 2014. Within the NEO regional initiative, this would be the first operation to work at scale with

¹⁷ Document MIF/PP-81. “NEO. A Million Youth, a Million Opportunities – Status report.” The four projects are NEO in the Dominican Republic (DR-M1044), NEO in Nuevo León (ME-M1091/ME-T1255), NEO in Urabá (CO-M1094/CO-T1374), and the Free Digital Education for Job Market Inclusion Project with Brazil's National Confederation of Industries (CNI) (BR-M1114).

at-risk youth in settings of high violence, as well as the first to incorporate a combined employment and self-employment approach, features distinguishing it from the rest of the NEO projects. The table below summarizes progress toward the main targets of the regional NEO initiative.

Key indicators	NEO regional target 2017	Progress toward targets*	Including three projects pending approval in 2014**
Young people benefited	500,000	291,000	347,220
Service providers strengthened	200	80	134
Companies offering employment opportunities and internships	1,000	1,200	2,000
National partnerships that adopt high-impact employability models	10	3	5

* Projections based on the sum of indicators for NEO projects approved as of August 2014: DR-M1044, ME-M1091/ME-T1255, CO-M1094/CO-T1374, BR-M1114, and RG-M1256.

** Projects pending approval: PN-M1027, PR-M1031, and ES-M1049.

1.29 The key criteria considered for integrating this project into the NEO initiative are: (i) the executing agency’s commitment to adopting the NEO quality standards for working at scale; (ii) evaluation and monitoring system with indicators shared with NEO; (iii) a contribution of counterpart funds in cash amounting to more than three times the MIF contribution; (iv) the potential of the YouthBuild and GAAP methodology to be scaled to other parts in El Salvador and countries in the Central American region.

1.30 **Link to the Agenda.** The project fits into the MIF’s Access to Markets and Skills area, within the agenda “Youth: jobs, skills, and entrepreneurship.” It also contributes to the MIF agenda “Savings, payments, and credit for low-income people,” the purpose of which is to make more financial services and products available to this population. This project is aligned with the following pillars of the MIF strategy to support vulnerable youth: (i) **Scale:** The project seeks to accelerate the consolidation, expansion, and growth of the YouthBuild and GAAP program to reach a target of 10,020 at-risk youth with a focus on at least four municipios in El Salvador, through a combined effort of the public sector, private sector, and civil society. The program will be part of NEO as explained in earlier paragraphs; (ii) **Results and knowledge:** Cost-benefit studies will be done to supplement the impact evaluation of YouthBuild by the IDB Citizen Security Unit (RG-T2446); (iii) **Youth empowerment:** Through groups of graduates of the program, which ensures active youth participation, the project seeks to empower youth not only as beneficiaries but also as agents of change in their communities. Within this group of graduates, young people will be incentivized to be spokespersons for the program and to help youth and other members of civil society to recognize the benefits of the program. The YouthBuild and GAAP models promote the values of leadership and engagement throughout the

implementation phases and lay the groundwork to make this structure sustainable; (iv) **Gender equity:** Equal opportunities will be promoted for young men and women at different kinds social risk: men who are at higher risk of joining gangs and dropping out of school, women with more responsibilities in the home and less opportunity to attend courses and hold a paying job; (v) **Innovation:** The MIF has little experience in transferring integrated models to official vocational training entities in the region like INSAFORP. In addition, ENLACE would be the first microfinance institution with specific products for poor, at-risk youth with which it has worked since the launch of the MIF's Youth Strategy.¹⁸ Thus, this project includes indicators of access to savings and credit and the value of savings and credit at the outcome level, aligned with the agenda "Savings, payments, and credit for low-income people" of the MIF's Access to Finance area.

- 1.31 **Collaboration with the IDB Group.** The project is aligned with the country strategy with El Salvador as it relates to the social protection area, under the heading of labor, specifically, "expansion of job training and creation of a skills system"¹⁹ with a special focus on poor and vulnerable youth, who are those most affected by the job crisis.
- 1.32 The project will coordinate with the IDB Labor Markets Unit (LMK), strategic partner of the NEO regional initiative (RG-M1210), which provides the framework for this operation. LMK has the program, "Comprehensive Support for Effective Labor and Social Security Policies" (loan ES-L1063), pending ratification by the Legislative Assembly. Component 2 of that program, "Comprehensive job placement actions for young people," seeks to improve productivity among young people ages 16 to 29 through employment and entrepreneurship actions to be implemented by the Ministry of Labor and Social Security (MTPS) and the Comisión Nacional para la Micro y Pequeña Empresa [National Commission for Micro and Small Enterprise] (CONAMYPE), respectively. The program will coordinate with the IDB Citizen Security Unit through the "Violence Prevention Strategy Comprehensive Support Program" (loan ES-L1025), pending ratification by the Legislative Assembly. Component 2 of that program, "Youth violence prevention at the local level," includes training and economic and workforce integration activities for at-risk youth. There will also be coordination with the Citizen Security Unit's recently approved regional technical cooperation operation, "Latin America Adaptation of the YouthBuild Model for At-Risk Youth," (operation RG-T2446), which includes an impact evaluation of 100 at-risk youth in the YouthBuild model in El Salvador. If the two loans are ratified, there will be close coordination with the Citizen Security Unit to show the findings of the evaluation and lessons learned from YouthBuild and explore the possibility of it being one of the models that the Government of

¹⁸ "Give youth a chance: an agenda for action." MIF. September 2012.

¹⁹ "IDB: Country strategy with El Salvador (2010-2014)" (document [GN-2575](#)), page 5. The new country strategy was in preparation at the time this document was written.

El Salvador could implement under the loan. LMK's program focuses on the general youth population, so the current operation supplements those efforts by focusing on the at-risk youth segment.

- 1.33 **Knowledge gap.** This project will help to reduce the knowledge gap of the Youth and Employment Agenda in terms of: Which models of public-private partnerships are effective for improving employability? Specifically, through the project an attempt will be made to answer the following questions: (i) How are models effectively transferred and scaled to the public sector? (ii) How is work done differently according to the level of vulnerability, using an integrated model in which the solutions are sustainable and cost-effective? and (iii) How can young people be involved in a cost-effective way throughout the project cycle in order to make the project more relevant to the beneficiaries and have them take greater ownership? The knowledge products of NEO El Salvador will contribute and provide input to the objectives of the NEO Regional Program, enabling comparative analyses of experiences in the countries and providing a regional reading of outcomes and findings.

II. OBJECTIVES AND COMPONENTS

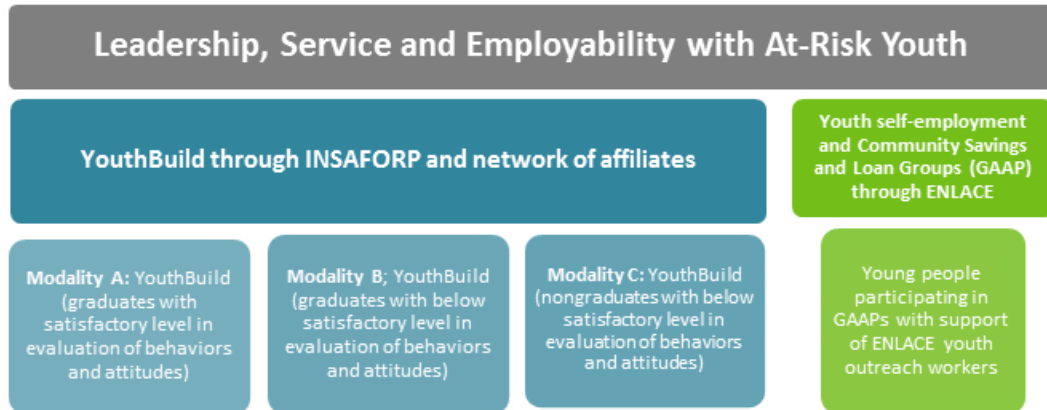
A. Objectives

- 2.1 The impact of this project is to ensure that at-risk youth in El Salvador²⁰ can be socially and economically productive in jobs and self-employment. The outcome is to scale up effective models (YouthBuild and GAAP) that give at-risk youth cognitive, soft, and employability skills.

B. Description of the model/solution/intervention

- 2.2 Catholic Relief Services (CRS), in partnership with YouthBuild International and the MIF, will support the capacity-building process of El Salvador's national partners (INSAFORP, training institutions, and Enlace Servicios Financieros S.A de C.V.) to transfer and scale up models for training, job placement, savings, and self-employment of at-risk youth in El Salvador. This project will strengthen two models for achieving greater scale and financial and institutional sustainability of employability programs for at-risk youth.

²⁰ At-risk youth are those living in areas characterized by conditions of social exclusion and violence (Beltrán and Savenije 2014, page 15).



- 2.3 **YouthBuild.** The first strategy will be carried out with INSAFORP and a network of implementers using the YouthBuild model. CRS has been adapting and testing the YouthBuild model²¹ since 2009, in partnership with YouthBuild International and its national partners. YouthBuild is an initiative for business skills, leadership, self-esteem, relationships, capabilities, community assets, and employability through the creation of life plans by young people on an individual and collective basis. Young people put leadership and service into practice, promoting a sense of family and finding opportunities. In addition to an employability program, it fosters youth leadership. YouthBuild works with young people between the ages of 16 and 25 who lack formal employment, are outside the school system, have limited incomes, and are exposed to violence. Unlike the manner in which the model has been implemented in the past, the training program with the MIF will have three modalities based on the intake profile of the youth, differentiating between those who have and have not completed secondary school and those who have satisfactory or unsatisfactory life and work skills (see Table 1).
- 2.4 To determine the most appropriate modality for each youth, all those who meet the basic selection criteria will participate in what is called the “YouthBuild Challenge,” which seeks to identify the most suitable option for the youth. The Challenge consists of a 40- to 60-hour testing period during which the youth demonstrate with their actions that they are ready to participate in the program. Through the Challenge, each youth’s behaviors and attitudes are evaluated, determining who does and does not qualify for the program, and among those who do qualify, under which of the modalities (A, B, C) they are placed.
- 2.5 This involves a lesson learned and a change with respect to how YouthBuild was implemented in the past (see lessons learned, 2.32). In earlier stages, the only modality available was B. Another change is that an effort will be made to

²¹ The [YouthBuild](#) model originated in Harlem, New York, 35 years ago, promotes youth leadership through employability and community service. YouthBuild International promotes the model outside the United States through local partners such as CRS in El Salvador. The MIF is also supporting implementation of this model through the project “Haiti Reconstruction Academy for Youth” with Idejen (operation ATN/ME-12636-HA).

incorporate the GAAPs into the YouthBuild model whenever possible, given that one of the requirements facilitating training in the GAAPs is that the young people come from the same community. Incorporating the GAAPs would strengthen practical financial education and promote self-employment using the YouthBuild model.

Table 1: Summary of Modalities:

Age	Indicators of vulnerability	Selection criterion	Hours of training
YouthBuild Challenge			
16-25	Youth from communities impacted by violence; who are not working in the formal sector; who are not studying. Youth who have been deported or juvenile offenders will be encouraged to participate.	Graduates and nongraduates (preferably having completed 9th grade; exceptions with levels of schooling between 6 and 9 will be reviewed on a case-by-case basis).	40-60 hours <ul style="list-style-type: none"> ▪ Life skills challenge (± 10 hours) ▪ Work skills challenge (± 10 hours) ▪ Community service challenge (± 20 hours) ▪ Entrepreneur challenge (± 10 hours) ▪ Evaluation of behaviors and attitudes to determine program modalities
Modality A: Committed youth with high school degree			
18-25	Youth from communities impacted by violence; who are not working in the formal sector; who are not studying. Youth who have been deported will be encouraged to participate.	Completed high school. Passed YouthBuild Challenge with a satisfactory evaluation of behaviors and attitudes.	60-80 hours <ul style="list-style-type: none"> ▪ Strengthening life skills (± 10 hours) ▪ Job skills (± 10 hours) ▪ Vocational training (± 40-60 hours)
Modality B – YouthBuild for graduates			
16-25	Youth from communities impacted by violence and vulnerable to gangs; who are not working in the formal sector; who are not studying. Youth who have been deported will be encouraged to participate.	Completed high school. Passed YouthBuild Challenge with a below satisfactory evaluation of behaviors and attitudes.	± 400 hours <ul style="list-style-type: none"> ▪ Vocational training including community service (± 200 hours with between 25% and 50% dedicated to community service) ▪ Basic applied remedial education (20 hours) ▪ Life skills (60 hours) ▪ Work skills (60 hours) ▪ Entrepreneurship and GAAP (60 hours)

Modality C – YouthBuild for nongraduates			
16-25	Youth from communities impacted by violence and vulnerable to gangs; who are not working in the formal sector; who are not studying. Youth who have been deported or juvenile offenders will be encouraged to participate.	Nongraduate (preferably having completed 9th grade but exceptional cases will be evaluated between 6th and 9th grade). Passed the YouthBuild Challenge with a below satisfactory evaluation of behaviors and attitudes.	750 hours <ul style="list-style-type: none"> ▪ Vocational training including community service (\pm 300 hours with between 25% and 50% dedicated to community service) ▪ Basic applied remedial education (\pm 200 hours) ▪ Life skills (\pm 80 hours) ▪ Work skills (\pm 80 hours) ▪ Entrepreneurship and GAAP (\pm 90 hours)
Youth entrepreneurship through GAAPs			
16 to 25	Youth from communities impacted by violence (principally periurban areas).	Graduates and nongraduates.	50 to 100 hours during one year (once a week) <ul style="list-style-type: none"> ▪ Management of savings ▪ Management of loans ▪ Social and productive entrepreneurship ▪ Leadership and service

2.6 **Self-employment through GAAPs.** The second strategy will be carried out with Enlace Servicios Financieros S.A. de C.V. (ENLACE), a microfinance institution created with the support of CRS. In recent years, both CRS and ENLACE have developed entrepreneurship and self-employment models through Grupos de Auto Ahorro y Préstamo [Community Savings and Loan Groups] (GAAP). The GAAPs are formed with 7 to 20 members but operate better and preferably with 12. The organization of the GAAP includes a natural process of leadership and transparency since the group sets its own rules of operation (e.g., how much will be saved, how often, penalties, when savings and earnings will be distributed, etc.) with different people taking the lead in implementing the process. There is a president, secretary, cashier, accountant (two are recommended) and a keeper of the keys (again, two are recommended), and the ENLACE outreach worker who advises the group. As part of the methodology, the group is encouraged to generate activities to collect/generate additional funds to be used for a specific purpose by the group.

2.7 The funds saved may be loaned to the members themselves under the rules they set as a group. For better operation and to generate a group feeling, it is recommended that the members meet once a week, typically for an hour. It has been noted that a year is needed for a group to mature. CRS has established standards for the formation of GAAPs, and even a process that allows the group to “graduate,” so that it no longer requires monitoring from the ENLACE advisor. In the last two years, ENLACE has begun a process to develop GAAPs specifically with youth, analyzing the mechanisms needed for them to be financially sustainable, particularly through loan services. Recently, CRS has also

- adapted the GAAP training models specifically for youth, promoting leadership, service, and entrepreneurship.
- 2.8 CRS will train 16 youth outreach workers and 150 ENLACE credit advisors in this new GAAP methodology for youth leadership and self-employment, and in basic business advisory services. Young people aged 18-25 participating in a GAAP who demonstrate capacity for starting a business will be able to access interest-free reimbursable seed capital up to a maximum amount of \$100 through ENLACE. The youth outreach workers and ENLACE credit advisors trained by CRS will support the new youth entrepreneurs in the process of growing their business, helping them to find other services and training. The process of GAAP initiation, formation, consolidation, and graduation takes one year, during which the outreach worker monitors the process, providing additional support to those starting a business. In addition, the new materials on formation of youth GAAPs developed by CRS incorporate basic but innovative aspects to promote resilience or protective factors against violence that will be tested through this modality of youth leadership and productive integration.
- 2.9 This means that this operation seeks to incorporate and put elements of YouthBuild into practice in the GAAPs and vice versa. This is expected to produce more robust and specialized models for the segment of young people at social risk in El Salvador.
- 2.10 This project will have the support and cooperation of the following entities:
- **YouthBuild International**, creator of the YouthBuild model with support from CRS in El Salvador, will provide technical assistance in transferring and forming partnerships.
 - **INSAFORP** will commit to finance the implementation of YouthBuild, including this in its annual work plan and the respective budget.
 - **ENLACE**, a microfinance institution with which CRS developed the GAAPs four years ago, will also contribute outreach workers, credit advisers, and seed capital funding for the GAAP youth entrepreneurs.
 - **Consejo Nacional para la Protección y Desarrollo de la Persona Migrante y su Familia** [National Council for the Protection and Development of Migrants and their Families] (CONMIGRANTES), a government body with 11 national government agencies on its board of directors interested in bringing YouthBuild to more vulnerable communities in the country.
 - **Glasswing International**, as part of the USAID-financed SolucionES consortium, is developing a YouthBuild headquarters for technical courses in the textile, IT, and industrial machinery sectors.
 - **Ministry of Labor**, pursuing closer collaboration to support youth job placement, participate in job fairs, and other activities to exchange know-how on youth training and instruction, and implementation of the “Mi Primer

Empleo” [My First Job] policy. There has already been close collaboration between CRS and the Ministry of Labor with YouthBuild and other CRS programs, and previously with a regional labor rights initiative.

- **Ministry of Education**, deepening the existing relationship for integrating nongraduate youth into the Ministry’s flexible modalities in order to achieve higher educational levels of participants.
- **Comisión Nacional de la Micro y Pequeña Empresa** [National Commission for Micro and Small Enterprise] of the Ministry of Economy, responsible for coordinating the entrepreneurship policy, which is interested in coordinating with youth entrepreneurship efforts, especially for the at-risk population and with the base of the entrepreneurial pyramid.

C. Components

- 2.11 This project has four components: (i) adjustment of the YouthBuild and GAAP models to work at scale; (ii) transfer and implementation of the YouthBuild and GAAP models to a network of affiliates; (iii) creation of multisector partnerships; and (iv) knowledge management and strategic communication.

Component I: Adjustment and strengthening of the YouthBuild and GAAP models (MIF: US\$452,152; Counterpart: US\$120,795)

- 2.12 The objective of this component is to document a series of tools, so that CRS in partnership with INSAFORP and ENLACE can transfer to other partner entities and scale up the YouthBuild and GAAP models.
- 2.13 As explained in the background section, both the YouthBuild program and the GAAPs have had good results to date, and in the case of the GAAPs the product has even become self-sustaining through ENLACE. However, the models also need some adjustment as a result of lessons learned in these earlier stages (see paragraph 2.32), in order to achieve more robust models on the one hand and a smooth transfer to third parties on the other. One of these adjustments in the case of YouthBuild involves developing the three program modalities to better meet the needs of young people and integrate the GAAPs into the self-employment training.
- 2.14 The MIF will finance the majority of the activities, although certain guides and design and performance standards will be CRS counterpart contributions.
- 2.15 The activities and outputs of this component are: (i) designing the training modalities based on youth profiles and the technical assistance package for the partner entities, including (a) an implementation guide with job description sheets, budgets, institutional diagnostic assessment, schedules, etc., all adapted to the different youth profiles, (b) guide for psychosocial monitoring of youth, (c) the YouthBuild challenge guide, (d) self-employment and GAAP guide, and (e) community service guide; (ii) developing skill-building tools, including a tool for coevaluation and measurement of life and job skills, for appropriately

referring young people to the different program modalities; (iii) contracting an expert consultant on entrepreneurship and the GAAP method; (iv) contracting an expert consultant in training educators to work with at-risk youth; (v) developing learning systems for partners; (vi) conducting youth labor market studies; (vii) developing affiliation processes for implementing entities and the financing model, and contracting a consultant to develop relationships with the implementing entities and INSAFORP; (viii) developing a financial sustainability system; and (ix) developing and adjusting the program's monitoring and evaluation system.

Component II: Transfer and implementation of the model to a network of affiliates (MIF: US\$196,251; Counterpart: US\$288,906; Cofinancing: US\$5,605,459)

- 2.16 The objective of this component is to satisfactorily transfer the YouthBuild model to the network of affiliates and the GAAP model specifically for youth entrepreneurs. Institutional strengthening of institutions is also planned, through the YouthBuild design and implementation standards, the GAAP standards, and the NEO quality standards.
- 2.17 The MIF will finance technical assistance of YouthBuild International for implementing the quality standards of the YouthBuild model. The MIF will also finance the certification of four entities under the NEO quality standards guide. These certification services and recommendations will be provided by the International Youth Foundation (IYF), which will be contracted directly with MIF funds, as stipulated in paragraph 3.20 of the NEO donors memorandum (MIF/AT-1175).
- 2.18 CRS counterpart funds will be used to strengthen the network of implementers and INSAFORP cofinancing funds will be used to finance the YouthBuild training courses and the GAAPs, respectively.
- 2.19 The MAIN activities and outcomes of this component are: (i) training and transferring the YouthBuild model to INSAFORP and training 16 youth outreach workers and 150 ENLACE credit advisors for the GAAP model and youth self-employment; (ii) training 100 consultants and transferring the YouthBuild model to seven implementing headquarters (e.g., three Fe y Alegría centers, and the Glasswing, FUNSALPRODECE, FUSALMO, and AGAPE centers, among other potential INSAFORP implementers); (iii) implementing and providing seed capital for the GAAP youth entrepreneurs and the YouthBuild training courses; and (iv) implementing NEO quality standards at four entities, GAAP standards at 10 ENLACE branches, and YouthBuild standards at five entities. Lastly, 16 meetings (4 per year) of the implementing team will be held to share know-how and strengthen training.

Component III: Creation of multisector partnerships (MIF: \$203,190; Counterpart: US\$153,766)

- 2.20 The objective of this component is to develop multisector partnerships that include key actors from the public and private sectors, academia, civil society, and the young graduates themselves, in order to expand and guarantee the sustainability and impact of transferring the YouthBuild and GAAP models.
- 2.21 For example, in the public sector the Ministry of Labor and CONAMYPE will be approached, to open a dialogue on how to improve the impact of the First Job Law and promote the new national entrepreneurship policy. In addition, ties with the private sector need to be strengthened, particularly to combat the social stigma and support at-risk youth who are ready for their first job. There is a good base of relationships with the private sector, given that CRS has worked with 300 firms, most of them small businesses, in youth job placement. In this stage, more partnerships will be sought with medium-sized and large companies that can commit a larger number of job vacancies, and with business associations that have detected staffing needs that could be covered by this project.
- 2.22 The MIF will finance the technical assistance of YouthBuild International to learn about the transfer and partnership management processes in other countries that have been successful in achieving sustainability and scale. Also with MIF resources, CRS will engage a specialist in youth employment and private sector relations and a graduate to coordinate the movement of graduates from both YouthBuild and the GAAPs, as well as meetings and materials for the Graduates Group.
- 2.23 The activities and outputs in the component are: (i) developing a multisector advisory board to facilitate information on the labor market, propose actions and/or specific products to strengthen scale and sustainability, and help in strategic decision-making; (ii) creating working groups by sector committed to decent, quality jobs and at least three mayors' offices wishing to implement the YouthBuild and/or GAAP model; (iii) holding events to recognize the entities contributing to the success of the operation; and (iv) developing a program Graduates Group as official representatives among youth and in other sectors.

Component IV: Knowledge management and strategic communication (MIF: US\$309,129; Counterpart: US\$39,315)

- 2.24 The objective of this component is to document and communicate the initiative's outcomes and lessons learned in the order to promote its scaling and sustainability. The following audiences have been identified: (i) *companies* interested in addressing the topic of youth employment and qualified labor for their businesses; (ii) the *public system* interested in finding and applying solutions to youth unemployment and addressing at-risk youth; (iii) *civil society* organizations interested in strengthening their services to at-risk youth. The main channels for reaching these audiences will be: personalized face-to-face meetings,

- online and print media, and other channels to be identified during the design of the project's communication strategy.
- 2.25 The following knowledge products will be developed through consulting engagements and/or procurement of goods and services: (i) issues briefs on scale and resilience; and (ii) two case studies. Each year, the executing agency will update the project fact sheet (standard template provided by the MIF) containing basic information on the project, challenges, intervention strategy, and results achieved.
- 2.26 As part of the NEO regional initiative, the knowledge generated in the area of quality and scale is expected to be shared among NEO partners and other agenda projects, especially for working with at-risk youth using comprehensive employability and self-employment methodologies. In addition, CRS will benefit from the NEO methodological tools, including the Quality Standards Guide. The knowledge gap is discussed in paragraph 1.32.
- 2.27 The outcomes of this project are expected to have a particular effect on employers and the public sector, demonstrating the importance of including at-risk youth in economic development and in society. Similarly, it is hoped that various actors will be actively involved in these problems through their participation in the sector groups mentioned in Component III. It is also hoped that young people will recognize the model as an alternative for dealing with their circumstances and develop their leadership through the Graduates Groups.
- 2.28 To strengthen knowledge-sharing, three learning groups will be formed on the following subjects: (i) GAAP, youth self-employment/ entrepreneurship; (ii) youth employment; and (iii) formal education. The respective professional staff of CRS, INSAFORP, YouthBuild implementation headquarters, ENLACE, the MIF, IDB, and government entities (CONAMYPE, Ministry of Labor, Ministry of Education) will be invited to participate. The possibility of including other actors interested in these topics will be evaluated as needed. Each learning team will meet at least twice a year to share what has been learned, what is and is not working, suggestions for overcoming obstacles, etc. Other learning opportunities could be developed at the suggestion of the members of these groups.
- 2.29 A consultant specializing in communications will be engaged to manage all communications outputs and processes and coordinate communications (Web, social networks, etc.) with youth as well as businesses, civil society, and financing entities.

The activities in this component are: (i) developing and implementing a communications plan; (ii) developing relevant information channels for presenting outcomes, a website, and three public-private meetings on youth employability; (iii) performing a cost-benefit analysis; and (iv) participating in local and international knowledge-sharing events.

D. Project governance and execution mechanism

- 2.30 CRS El Salvador will be the executing agency for the project and responsible to MIF for its execution.
- 2.31 A **Steering Committee** will be established and will include CRS, INSAFORP, and ENLACE, coordinated by CRS through the project manager. This committee will be responsible for supervising the achievement of the targets set by observing progress made and making strategic decisions to ensure good performance of the initiative. It will meet at least twice a year and will be made up of the CRS representative in El Salvador, the Director of INSAFORP, and the Director of ENLACE. The MIF representative and the IDB's LMK and ICS representatives in El Salvador may participate as observers with the right to speak but not vote and/or taking on other roles as deemed necessary. In addition, the CRS will establish and coordinate the **Implementation Team**, consisting of a representative from INSAFORP and another from ENLACE, to develop the annual work plan (AWP) and coordinate implementation of the activities contained in it. The AWP will be reviewed quarterly by the implementation team to analyze progress made, making the decisions necessary to achieve results. The **CRS Project Execution Unit** will consist of a project manager, assistant, and part-time accountant.
- 2.32 The **Advisory Board** will consist of seven to ten members from various sectors of private enterprise and unions, other key actors in the public sector, NGOs, and YouthBuild graduates. The Executive Committee will determine the members of this board, which will be convened quarterly by CRS initiative management.

E. Sustainability

- 2.33 Sustainability is a central objective of this operation, since it aims to transfer and institute the GAAP and YouthBuild models at other entities, and to minimize dependence on external cooperation financing for its continuity. The sustainability of this operation's efforts will be supported through CRS training and technical assistance for the implementing headquarters to adapt to the standards of excellence of the YouthBuild and GAAP models, as well as through certification according to the NEO quality standards. This means that a market of training institutions with expertise in the YouthBuild model will have been created that can be contracted by INSAFORP. Transfer of the model to INSAFORP for it to adopt and accredit other institutions to offer the YouthBuild model will contribute to the sustainability and reach of this initiative. Through its board of directors made up of private enterprise, unions, and the ministries of Labor, Education, and Foreign Relations, INSAFORP will be able to monitor the results of the experience and confirm the effectiveness of the program, and thus continue supporting it financially in the future. ENLACE will also have outreach workers and credit advisors better trained to provide business services to at-risk youth, and is expected to have been able to transfer the GAAP methodology and/or good practices to at least one entity.

- 2.34 One year before the end of execution, a **sustainability workshop** will be held with all entities involved, to identify the measures necessary to ensure the continuity of the project's actions once the funding ends.

F. Lessons learned from the MIF or other institutions in project design

- 2.35 A summary of the main lessons that have informed the design of this operation is presented below:²²
- a. Programs supporting the employability of at-risk youth get better results when they include a *comprehensive approach* that combines technical skills, life skills, job skills, vocational training, community service, values, leadership, and entrepreneurship.
 - b. The *retention* of youth in these programs improves when their needs are considered, such as locating headquarters close to them or in their communities, involving the community and the family, and using specialized teaching methods. This is why the project involves adaptation of the YouthBuild model according to the young people's needs in three modalities, and community service is included.
 - c. The *involvement of youth* in the design, implementation, monitoring, and evaluation of activities ensures appropriate adaptation. Accordingly, the project will have a group of YouthBuild graduates participating on the project's Advisory Board.²³ In addition, the GAAP modality includes contracting young people as group outreach workers.
 - d. *Private sector participation* is key, emphasizing: (i) its involvement in decision-making and strategic guidance; (ii) providing opinions and observations regarding the relevance of the training model; and (iii) supporting the introduction of the model. Taking this into account, the project includes private sector participation on the Advisory Board, as explained in Component III. Private sector participation in the learning groups will be evaluated as needed.

²² Based on the experiences of the MIF, CRS, and ENLACE cited in: [Restrepo \(2011\) "Escalamiento de un proyecto de inclusión juvenil: Entra21 en Medellín, Colombia"](#) [Scaling up a youth integration project: Entra21 in Medellín, Colombia]; Vásquez and Flores (2013) "Programa de inserción laboral y empresarial de jóvenes en riesgo, entidad ejecutora: Asociación Grupo Ceiba" [Workforce integration and entrepreneurship program for at-risk youth, executing agency: Asociación Grupo Ceiba]; Beltrán and Savenije (2014) "Evaluación externa del programa Jóvenes Constructores en El Salvador" [External evaluation of the YouthBuild program in El Salvador]; Samayoa (2012) "Análisis de elementos de sostenibilidad de los Grupos de Auto Ahorro y Créditos organizados en El Salvador por CRS en asocio con ENLACE" [Analysis of sustainability elements of Community Savings and Loan Groups organized in El Salvador by CRS in partnership with ENLACE]; Deysi Renderos (2010) "Estudio de seguimiento proyecto Jóvenes Constructores de Centroamérica, El Salvador-Nicaragua" [Monitoring study for the YouthBuild project in Central America, El Salvador-Nicaragua].

²³ During the analysis phase, two conversations were held with young graduates of YouthBuild, to take their opinions and suggestions into consideration when designing the operation.

- e. Although internships have proven to be an important bridge in job training, this has not been the case in El Salvador's experience with at-risk youth. The lack of a culture of internships and suitable internship contracts means that the YouthBuild approach only includes the available supply of job positions. Among the 400 firms expected to offer jobs, greater participation will be sought from large and medium-sized companies.
- f. The main challenge when *scaling up* a model is to maintain quality. The expansion of comprehensive models demands quality control mechanisms and careful monitoring and evaluation procedures. For this reason, the project includes an adaptation of the current monitoring and evaluation system used by CRS and some design and implementation indicators. In addition, the NEO quality standards will be implemented for institutions providing services.
- g. The scaling up and effective transfer of a successful model requires support from the government in order to achieve widespread coverage. Transfer requires social and political policies to create a sense of ownership institutional development, and empowerment of support networks to facilitate adoption of the model. A key partner in this project is INSAFORP, the lead agency for vocational training, which participated in the design and is interested in including the project as part of its programs, contributing significantly to the model's sustainability.

G. The MIF's additionality

- 2.36 **Nonfinancial additionality.** The MIF plays a key "broker" role, facilitating the negotiations on the design of the operation with different Salvadoran partners and two IDB units. It has also contributed to the transmission of technical knowledge and best practices in MIF projects that have worked with at-risk youth and in the joint definition of components. A significant exchange of knowledge with NEO is also expected, as explained in component IV.
- 2.37 **Financial additionality.** The MIF contribution is essential for creating incentives for the participation of different partners and the leveraging of public and private resources. For each MIF dollar, it has been possible to leverage four counterpart dollars, and the MIF's presence generates the confidence necessary to attract investment from new partners.

H. Project outcomes

- 2.38 The outcome is to scale up effective models (YouthBuild and GAAP models) that give at-risk youth cognitive, soft, and employability skills. To achieve this objective, the following indicators have been included: (i) 400 companies offering job positions to youth; (ii) 80% (320) level of satisfaction among employers who have hired the young people graduating from the program; (iii) 10,020 young people with access to training offered through the program; (iv) 4,085 young people graduated from YouthBuild training; (v) 3,978 young people with access to GAAP savings and loan products; (vi) at least US\$30,000 in seed capital/credit

mobilized; (vii) the GAAPs mobilize at least US\$25,000 in new savings; and (viii) 80% of the participating institutions manage to increase their services and youth access to their various services. Importantly, the beneficiaries' indicators will be filtered by gender, age, and modality.

I. Project impact

- 2.39 The intended impact of the project at the national level is to enable at-risk youth to be socially and economically productive in jobs and self-employment. The indicators are: (i) 47% (1,920 young people) job placement for young people in YouthBuild; (ii) 16% (654) of YouthBuild graduates reenter the formal educational system; (iii) 20% (384) of employed graduates obtain an income higher than the national minimum wage; (iv) 50% (960) of employed YouthBuild graduate obtain employment in the formal sector; (v) 30% (576) of graduates hired remain employed for at least six months after the program; (vi) 25% of youth graduates of GAAP (995) start a new business or microenterprise, as do 12% of the youth graduates of YouthBuild (490).

J. Systemic impact

- 2.40 The project contributes to the systemic impact by promoting: (i) the scaling up of two models, YouthBuild and GAAP; (ii) the transfer and adoption of these two models by at least seven entities, one public entity such as INSAFORP and six private entities/NGOs; (iii) expansion of a market of training institutions specializing in youth employability and working with at-risk youth.

III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** As part of the project, the Catholic Relief Services (CRS) monitoring and evaluation system will be adjusted to facilitate the tracking of young people along their educational and employment paths and meet the project's information needs. This will require an intake or registration form to be developed with a unique participant number that will be used as the baseline for the program.
- 3.2 **Monitoring.** In addition to monitoring youth performance, the information system will also compile program management indicators to facilitate decision-making. As part of the execution unit, a person will be hired to monitor the system and ensure data quality control. In addition, the program will be aligned with the monitoring and evaluation system and shared impact and outcome metrics of the "New Employment Opportunities for Youth" (NEO) initiative at the regional level.
- 3.3 **Evaluation.** A midterm and final evaluation are planned for this project, to analyze the development of the project and the influence of training and activities on the workforce integration of these young people and identify lessons learned from this intervention. Efforts will be made to measure the initiative's impact on workforce integration, return to studies, or self-employment among the final beneficiaries, distinguishing among men, women, and the path taken. The plan is to supplement this evaluation with a cost-benefit study of training in the model and results at the

youth level. Another area to be evaluated is the effectiveness of transferring the training model to other entities. Lastly, the experience of companies working in this initiative will be explored.

- 3.4 **Closing workshop.** When the time comes, the executing agency will organize a **closing workshop** to jointly evaluate the outcomes achieved with the other entities involved, identify additional tasks to ensure the sustainability of the actions begun by the project, and identify and disseminate lessons learned and best practices.

IV. COST AND FINANCING

- 4.1 The project has a total cost of US\$8,105,459. Of this amount, US\$1,500,000 (19%) will be contributed by the MIF, and US\$1,000,000 (12%) will be contributed by CRS as counterpart, with more than 90% in cash, and \$5,605,459 (69%) in cofinancing will be contributed by INSAFORP and ENLACE. INSAFORP will contribute US\$4.2 million to finance the YouthBuild training courses, and ENLACE will contribute US\$1.3 million to cover its outreach workers, credit advisors, and funding for the youth seed capital. Recognition of cofinancing will be based on performance of the activities described.
- 4.2 The execution period will be 48 months, and the disbursement period will be 54 months.

	MIF	Counterpart	Cofinancing	Total
	(in US\$)			
Project components				
Component I: Adaptation and strengthening of the YouthBuild and GAAP model	452,152	120,795		572,947
Component II: Transfer and implementation of model to a network of affiliates	196,251	288,906	5,605,459	6,090,616
Component III: Creation of multisector partnerships	203,190	153,766		356,956
Component IV: Knowledge management and strategic communication	309,129	39,315		348,444
Execution and supervision components				
Executing agency/administrative	71,867	397,218		469,085
Monitoring system*	29,808			29,808
Midterm evaluation	25,000			25,000
Final evaluation	25,000			25,000
Ex post reviews	29,285			29,285
Contingencies	69,159			69,159
Subtotal	1,410,841	1,000,000	5,605,459	8,016,300
% of financing	19%	12%	69%	
Impact Evaluation Account	69,159			69,159
Agenda Account	20,000			20,000
Grand Total	1,500,000	1,000,000	5,605,459	8,105,459

V. EXECUTING AGENCY

- 5.1 Catholic Relief Services (CRS) of El Salvador will be the executing agency for this project and will sign the agreement with the Bank. CRS is the official agency of the United States Conference of Catholic Bishops founded in 1943 and a member of Caritas International, which is dedicated to humanitarian assistance.²⁴ CRS has been operating in El Salvador since 1960. As mentioned in paragraph 1.15, CRS has experience working with the MIF Youth Agenda through its participation as executing agency in phase II of entra21.²⁵ In 2006 it executed the project on Rural Consolidation of Agroenterprises (ATN/ST-9476-ES) of the Swedish Trust Fund in partnership with ENLACE.
- 5.2 CRS El Salvador, in partnership with local organizations, designs and carries out projects in two main programmatic areas: (i) natural resource management; and (ii) promoting peace and justice through leadership, service, and employability programs with at-risk youth. Under objective (ii), in partnership with YouthBuild International (YBI), since 2009 CRS has developed and adapted the YouthBuild model in El Salvador. CRS El Salvador is the authorized representative of YBI in the country and together they seek to respond to the challenge and opportunity of youth employability as an alternative to violence, crime, and international migration. In that sense, in partnership with YBI, CRS oversees the design, technical assistance, evaluation, coordination of affiliates, and application of the YouthBuild model.
- 5.3 Through the YouthBuild program, collaboration agreements and partnerships were reached with: *INSAFORP*, which has supported the program by certifying the technical training provided and financing part of the vocational training; the *Ministry of Labor*, with which actions have been coordinated in relation to the “My First Job” Law; the *Ministry of Education* for the flexible modalities of formal education; and the *Instituto Salvadoreño de la Niñez y la Adolescencia* [Salvadoran Institute for Children and Adolescents] (ISNA) for a pilot program targeting juvenile offenders. In addition, CRS has experience working with international donors such as USAID, the U.S. Department of Labor, the U.S. State Department, Open Society Foundation, Ford Foundation, UNDP, IDB, and the Howard Buffet Foundation.
- 5.4 CRS El Salvador currently has a total of 42 employees. Its 2014 budget is US\$4.8 million, 88% of which is external funds. In this project, CRS will work closely with INSAFORP and ENLACE on project implementation. INSAFORP will be responsible for the YouthBuild strategy, and ENLACE will be responsible for the GAAP strategy.

²⁴ Operating in 93 countries in Africa, Latin America and the Caribbean, Asia, Europe, the Middle East, and the United States, with world headquarters in Baltimore, Maryland.

²⁵ <http://www.fomin.org/mif/HOME/Projects/ProjectHighlights/ENTRA21/tabid/458/language/en-US/Default.aspx>.

- 5.5 Although it has been an independent corporation since 2002,²⁶ ENLACE began in 1997 as a microfinance project of CRS and other national actors to support lowest-income tradespeople. Its main objective is to expand savings and financial services to the country's poorest microenterprise sectors through formal financial intermediation. Its strategic objectives for 2012-2016 include "serving the youth sector through entrepreneurship initiatives." It has 15 branches and serves 46,000 clients through village banking and solidarity banking. The average loan amount is US\$400, whereas the average amount for the sector is US\$1,400. In addition, ENLACE has current financing in three microfinance investment funds in which the MIF participates (as of June 2014, Global Partnerships Microfinance Fund 2008 with US\$1 million, Microfinance Growth Fund (MiGroF) with US\$1 million, and Locfund with \$750,000). ENLACE has been repaying its loans as agreed with satisfactory performance.
- 5.6 CRS will establish an execution unit and the structure needed to effectively and efficiently execute the project's activities and manage its resources. CRS will also be responsible for submitting progress reports on project implementation.
- 5.7 CRS will contribute two of its staff members as full-time personnel, the project manager and the labor intermediation specialist under component III. CRS may directly contract, using MIF resources, the YouthBuild coordinator and the monitoring and evaluation officer included in component I, who are members of the current YouthBuild team at CRS and have the knowledge, experience, and qualifications needed to continue monitoring the operation in accordance with the provisions of the policies for the selection and contracting of consultants financed by the IDB (document GN-2350-9).

VI. PROJECT RISKS

- 6.1 **Sector risks related to the sector in which the project will be executed.** One of the risks is (i) the lack of alignment in the implementation timeframes for the portion transferring the model to INSAFORP and administrative changes therein. To mitigate this risk, the project proposes to sign a framework agreement and annual commitment agreements with INSAFORP confirming its support for the project. CRS funds have also been included to support the implementing partners in the event that INSAFORP funds do not arrive in time. Another risk (ii) is the negative views of at-risk youth in the business sector, which could compromise business people's commitment to offering job vacancies. To mitigate this risk, the project includes the formation of an Advisory Group consisting of many actors, as well as a private sector group that will serve as centers for compiling information and raising awareness among business people. A third risk includes (iii) violent conditions in the areas, which restrict the ability of training participants to reach

²⁶ Its shareholders include Banco Santander of Spain and Oikocredit and Cofund of the Netherlands.

the training centers. To mitigate this risk, the project seeks to locate the training centers in territories where there are no gangs as much as possible.

- 6.2 **Financial risks that could affect the counterpart's ability to repay or pay.** As mentioned in the budget section, \$6.6 million correspond to counterpart and cofinancing. There is a risk that despite its best efforts, CRS may not achieve the commitment on these funds. To mitigate these risks, CRS will look for flexible ways to collaborate with the private sector and ad hoc commitment letters. Similarly, CRS will centralize all the information on financial support (in cash and in kind) in order to streamline the audit process. There is also a financial risk in component II, given that 72% of the funds come from INSAFORP cofinancing. To mitigate this risk, a condition precedent for the first disbursement will be an agreement signed with INSAFORP. Currently there is a letter of intent approved by the board of directors and the board of directors already approved the funds for the first year of the project in its 2015 institutional budget. In addition, it has been incorporated in the project's governance structure through its participation in the Steering Committee and the implementation team.

VII. ENVIRONMENTAL AND SOCIAL IMPACTS

- 7.1 The project presents no negative environmental or social effects. On the contrary, it facilitates the social integration of both male and female disadvantaged youth through technical training and life skills training for their integration in the formal labor market or for continuing their studies.
- 7.2 According to the Environmental and Social Review (ESR), this project was assigned a "C" rating.

VIII. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1 **Results-based disbursements and fiduciary arrangements.** The executing agency will agree to the MIF's standard arrangements concerning results-based disbursements, procurement, and financial management, as specified in Annex VII.

IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 9.1 **Intellectual property.** The IDB will hold intellectual property rights with respect to any work produced or results obtained in the context of this project. At its discretion, the Bank may grant a nonexclusive, free license for noncommercial purposes for the dissemination, reproduction, and publication in any media of these works, which are the exclusive property of the Bank. The executing agency must ensure that all contracts signed with consultants under this operation include an express assignment to the Bank of all copyright, patent, and any other intellectual property rights.