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MULTILATERAL INVESTMENT FUND

CHILE

**NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH IN VALPARAÍSO
NEO CHILE**

(CH-M1073)

DONORS MEMORANDUM

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PROJECT SUMMARY

NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH IN VALPARAISO – NEO CHILE (CH-M1073)

New Employment Opportunities for Youth in Valparaíso (NEO Chile) is the ninth partnership project in the NEO regional initiative, approved by the MIF Donors Committee in 2012 (document MIF/AT-1175). NEO is a pioneering initiative in which businesses, governments, and civil society in Latin America and the Caribbean (LAC) are working together to improve employment opportunities for a million young people, half of them women, by 2022. The initiative is led by the IDB through the MIF and the Labor Markets Unit (LMK), the International Youth Foundation (IYF), and partners Arcos Dorados, Caterpillar, Cemex, Fundación Forge, Microsoft, SESI, and Walmart.

The major challenge facing Chile's young people, especially vulnerable youth, is to learn about, enter, remain, and advance in the workforce, honing their job skills to succeed in education and employment, despite the challenges of poor quality and deficiencies in the relevance and coordination of training and employment services.

NEO Chile aims to establish a public-private partnership that, based on these challenges, will work, through a consensus-based process, to integrate job performance standards, public policies being implemented, narrowing of educational gaps, matching of relevant supply and demand, and reflecting what young people also want: an appealing new job with better professional, and especially economic, prospects, as well as a more socially inclusive country. The members of the NEO Chile partnership are: the Ministry of Education (MINEDUC); the National Training and Employment Service (SENCE); Chile Valora; the National Youth Institute (INJUV); Arcos Dorados; SOFOFA; the Business Association of Region V (ASIVA); and Fundación UPLA.

The intended impact is to increase job placement opportunities for poor and vulnerable youth between the ages of 16 and 29. The expected outcome will be to enhance the quality and relevance of the training programs and employability services for poor and vulnerable youth in Valparaíso's Region V.

Benefiting during the execution period will be 12,000 young people, at least 50% of whom will be women; 25 centers providing training and employment services; and at least 100 enterprises, which will hire young employees who are more job-ready. NEO Chile is expected to include five components: (i) coordination of public and private stakeholders in the generation of public policies for youth training and workforce integration; (ii) training and employment strategies and offerings contextualized to the characteristics and interests of young people; (iii) greater availability of vocational guidance and employment services for young people; (iv) institution-strengthening to improve the quality of training and employment services; and (v) a knowledge management and communication strategy. NEO Chile seeks to impact youth employability services as a large-scale demonstration of youth employability, to validate an effective model that can be replicated and transferred to all regions in Chile and, potentially, to 1,326 official vocational and technical training institutions. The MIF's financial contribution is critical to incentivizing the partnership and securing public and private resources. For every MIF dollar, at least three dollars have been leveraged in counterpart funding.

ANNEXES

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Proposed resolution

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ABBREVIATIONS

ASIVA	Asociación de Empresas de la V Región [Business Association of Region V]
AWP	Annual work plan
DNA	Diagnostic needs assessment
INJUV	Instituto Nacional de la Juventud [National Youth Institute]
IYF	International Youth Foundation
LMK	Labor Markets and Social Security Unit
NEO	New Employment Opportunities for Youth
OMIL	Oficina Municipal de Información Laboral [Municipal Labor Information Office]
OR	Operating Regulations
PCU	Project coordination unit
QED	Quality for effectiveness in development
SENCE	Servicio Nacional de Capacitación y Empleo [National Training and Employment Service]
ToR	Terms of reference
Fundación UPLA	Fundación Organismo de Capacitación Técnica de la Universidad de Playa Ancha [Foundation of the Technical Training Agency of Universidad Playa Ancha]

CHILE
NEW EMPLOYMENT OPPORTUNITIES FOR YOUTH IN VALPARAÍSO
NEO CHILE
(CH-M1073)

EXECUTIVE SUMMARY

Country and geographic location:	Chile, specifically the municipalities of Valparaíso, Viña del Mar, San Antonio, Cartagena, El Tabo San Felipe, Panquehue, San Esteban, Llay-Llay, Con-Con, Quilpué, Villa Alemana, Quintero, Casablanca, Los Andes, and Petorca, in Region V of Valparaíso.		
Executing agency:	Fundación Organismo de Capacitación Técnica de la Universidad de Playa Ancha (Fundación UPLA)		
Access area:	Knowledge Economy Unit		
Coordination with other donors/Bank operations:	Program to Improve Technical Vocational Education (loan CH-L1095)		
Direct beneficiaries:	12,000 young people, at least 50% (6,000) of whom will be women; 25 centers providing training and employment services, along with at least 65 professional staff at those centers; and at least 100 enterprises, which will benefit from having young employees who are more job-ready.		
Indirect beneficiaries:	Since the average Chilean family has 3.6 members, the project will indirectly reach 43,200 people.		
Financing:	Technical cooperation:	US\$ 973,200	7%
	Investment:	US\$ 000,000	
	Loan:	US\$ 000,000	
	Total MIF contribution:	US\$ 973,200	
	Counterpart:	US\$ 1,577,205	11%
	Cofinancing:	US\$11,572,307	82%
	Total project budget:	US\$14,122,712	100%
Execution and disbursement periods:	Execution 36 months, disbursement 42 months		
Special contractual clauses:	Conditions precedent to the first disbursement: (i) Operating Regulations for the operation; (ii) governance agreement for the NEO Chile partnership; (iii) signed bilateral agreements between each partnership member and the executing agency; (iv) submittal of the annual work plan; and (v) selection of the NEO Chile coordinator. All of		

these conditions will be met to the satisfaction of the IDB/MIF.

**Environmental
and social
impact review:**

This operation has been prescreened and classified in accordance with the requirements of the Bank'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 the Bank's Country Office in Chile, with technical support from the NEO regional team at Headquarters.

I. BACKGROUND AND RATIONALE

1.1 New Employment Opportunities for Youth in Valparaíso (NEO Chile) is the ninth partnership project in the NEO regional initiative,¹ approved by the MIF Donors Committee in 2012 (document MIF/AT-1175). NEO is a pioneering initiative in which businesses, governments, and civil society in Latin America and the Caribbean (LAC) are working together to improve employment opportunities for a million young people, half of them women, by 2022. The initiative is led by the IDB through the MIF and the Labor Markets Unit (LMK), the International Youth Foundation (IYF), and partners Arcos Dorados, Caterpillar, Cemex, Fundación Forge, Microsoft, SESI, and Walmart.

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

1.2 **Youth education and employment.** The major challenge facing Chile's young people, especially vulnerable youth, is to enter, remain, and advance in the workforce, honing their job skills to succeed in education and employment. Young people ages 15 to 29 in Chile represent 23% of the population (4.2 million). Even though school coverage is nearly 100% for young people ages 6 to 17, and university enrollment rates are among the highest in the region, there are problems in the quality of education, low level of learning, and limited job skills of the country's youth. According to the 2012 Program for International Student Assessment (PISA 2012), 33% of students are unable to understand a basic text, and 52% cannot perform simple numerical calculations. Moreover, the quality of educational facilities varies greatly and is closely tied to socioeconomic strata, with higher income levels associated with higher quality, and lower income levels associated with lower quality.

1.3 In terms of employment, the labor participation rate is markedly low, just 36%, among youth between the ages of 15 and 29. The unemployment rate for Chile's young people is 3.2 times higher than for adults (16% vs. 5.1%), and an estimated 21% of young people neither study nor work. Youth unemployment data also indicate that the rates of unemployment increase as income levels decrease.² At the same time, Chile has been one of the region's fastest growing economies in the last decade, but one of the drags on sustained growth in the medium term involves the productivity of the human factor. As is the case with the rest of the LAC region, half of enterprises have difficulty finding qualified workers, especially for technical jobs and trades, because the candidates lack the necessary skills or do not possess life skills such as responsibility and team work. There are major challenges in improving the quality of human capital that are directly related to the low quality and poor alignment of education with the demands of the productive sectors, so as to spur growth inclusive of the most disadvantaged youth.³

1.4 **Context of the youth employability ecosystem in Chile.** At present there are proposals for production-oriented and workforce training with broad coverage, such as the "Más Capaz" [More Capable] program of the National Training and

¹ www.jovenesneo.org.

² Casen (2013) and OECD (2014).

³ Bassi, M. G. Rucci and S. Urzúa (2014); Crespi, G., E. Fernández-Arias and E. Stein, editors (2014); Global Competitiveness Report (2013-2014); World Economic Forum, (2013); Manpower (2015); SOFOFA (2012); Bassi et al. (2012); and Hays (2013).

- Employment Service (SENCE) under the Ministry of Labor and Social Welfare, aimed primarily at young people and women. Chile is also implementing a major educational reform affecting all levels from university to technical/vocational training and early childhood education. A high percentage of Chile's young people opt for the technical/vocational path; in schools, four out of every ten students in secondary schools study at a technical/vocational secondary school, and in higher education, more than half of the students entering each year choose a technical training center or vocational institute. In the working world, more than 900,000 workers receive training each year, making use of SENCE's tax credits, without any formal coordination with secondary or higher education. Chile needs an approach to technical/vocational training that allows young people and workers to engage in ongoing learning, based on maintaining a close link between education and work. The mission of the new administration's National Technical/Vocational Training Policy is to ensure that working young people and adults have opportunities to pursue employment and training paths consistent with their expectations and capabilities, in line with the country's development needs.
- 1.5 **Problem to be addressed by this operation.** NEO Chile will address two main problems: (i) the low quality and relevance training and employment services; and (ii) the difficulties faced by the most vulnerable youth in finding quality jobs in the fastest-growing sectors.
- 1.6 **Causes: (i) Limited coordination of stakeholders and programs and relevance of training.** The link between labor market demand and training offerings is weak. There is little alignment between the courses of study and specializations offered and what the market requires. Moreover, there is little coordination with the productive sector in terms of its systematic involvement in setting curricula, establishing partnerships with educational institutions, and entering into internship agreements. Similarly, there is no strategic plan for territorial development to maintain ongoing links between training offerings and the productive sectors.⁴ In general, the youth employability regime lacks an integrated, comprehensive, and coordinated system with the functions and basic mechanisms for tracking and continuous improvement to ensure quality, relevance, and access.
- 1.7 **(ii) Little opportunity for advancement in a professional career and limited access to information on job counseling services, internships, labor practices, and opportunities for young people to enter the workforce.** In general, there is no comprehensive system for information and assistance to help young people make vocational decisions. Thus, students and their families from poorer socioeconomic backgrounds are making complex decisions based on little information. Eighth grade students begin to seek out information just a few months before the start of ninth grade, and only slightly more than half of the educational centers report having guidance processes to aid in choosing a career. At the same time, there is a lack of flexibility in pursuing a career, due to poor coordination among secondary, tertiary, and job training programs, making it difficult for a graduate of secondary technical/vocational school to pursue a training path, and there is no way to get their coursework at a technical higher education center accredited in order to obtain a university degree. It is essential for the system to

⁴ Larrañaga et al. (2013), MINEDUC (2011), Bassi and Urzúa (2010) and Bassi, Busso, Vargas and Urzúa (2012)

allow for changes in educational tracks and accreditation of studies, so that early decisions do not irreversibly define the rest of a person's working life, and to be supplemented with a system for ongoing training and development over the worker's lifetime.

- 1.8 **(iii) Low quality of training and insufficient skills to enter the workforce.** Technical/vocational training at both the secondary level⁵ (grades 11 and 12) and in the first and second year of higher education, represent 45% and 50%, respectively, of total national enrollment. Despite the broad educational coverage, young people have difficulties in learning. As mentioned previously, 33% of students are unable to understand a basic text, and 52% cannot perform simple numerical calculations. There is also a high degree of variability in educational quality with very different outcomes depending on socioeconomic stratum and type of educational establishment. Another challenge in the area of secondary education is dropout rates: 14.5% for technical/vocational and 17.5% for science/humanities. In higher education, graduates of technical/vocational programs are more likely to drop out (32.6%) than their peers in science and humanities (19.2%). Socioeconomic level is the main factor determining choice of the technical/vocational path. The most vulnerable students attend municipal schools and, in turn, score lower on national tests, adversely affecting their future work earnings and creating a potential problem of inequity. This also affects their ability to pursue higher education, since most of these graduates do poorly on university admission examinations. Moreover, universities generally require that students dedicate full time to their studies, and many of these graduates from technical/vocational programs must work to finance their higher-education studies. Similarly, graduates of secondary technical/vocational programs, for whom this is their final stage of education,⁶ are not job-ready. Recent evidence shows that enterprises report a disconnect between the abilities and skills they require and those available in the work force, with an emphasis on life skills (or soft skills), particularly among young people.⁷
- 1.9 **NEO Chile proposal.** NEO Chile aims to establish a public-private partnership that, based on these challenges, will work, through a consensus-based process, to integrate job performance standards, public policies being implemented, narrowing of educational gaps, matching of relevant supply and demand, and reflecting what young people also want: an appealing new job with better professional, and especially economic, prospects, as well as a more socially inclusive country.
- 1.10 The NEO Chile project arises from a more-than-six-month process of cooperation and participatory planning that has led to the creation of a strategic partnership comprised of Chilean public, private, and civil society entities seeking to improve youth employability in the country. The vision of the NEO Chile partnership is to be a model and agent of innovation in youth employability, transforming the job culture

⁵ Twelve years of education is mandatory. Basic education lasts eight years. The next four years consist of secondary education and involve one cycle of two years for all students (grades 9 and 10) and two additional years (grades 11 and 12) in one of two tracks: science/humanities and technical/vocational. Once secondary school is completed, graduates can enter tertiary or higher education through higher technical studies (total 2.5 years postsecondary), or university level (total 4 to 5 years postsecondary).

⁶ Larrañaga, Cabezas, and Dusallant (2013).

⁷ Bassi et al. (2012).

of employers, the public service, and poor and vulnerable youth. This will prevent duplication of effort, enhance effectiveness, and ensure economic and social impact.

1.11 The members of the NEO Chile partnership are as follows:

Public sector:	<ul style="list-style-type: none"> • Ministry of Education (MINEDUC): Apex agency in the legal framework of public policies related to Chilean education. • National Training and Employment Service (SENCE): Decentralized agency of the Ministry of Labor and Social Welfare, whose mission is to make people more employable. • Chile Valora: Commission of the National Job Skills Credentialing System. • National Youth Institute (INJUV): Agency collaborating in the design of plans and coordination of policies related to youth.
Private sector:	<ul style="list-style-type: none"> • Arcos Dorados: Multinational enterprise that has a training center for its employees in Chile and offers apprenticeships and internships. • SOFOFA: Labor union federation representing 3,000 enterprises at the national level. • Business Association for Region V (ASIVA): Regional labor union association of medium-sized and large enterprises of Valparaíso, representing 40,000 jobs and 30% of regional GDP.
Civil society sector:	<ul style="list-style-type: none"> • Fundación UPLA: Trade school involved in the ongoing identification, design, and delivery of effective training solutions, generating greater opportunities for ongoing education.

B. Project beneficiaries

1.12 Benefiting during the execution period will be 12,000 vulnerable young people ages 16 to 29, at least 50% (6,000) of whom will be women, who will have access to better training and employment services. There are two groups of beneficiaries: (i) a group of 7,000 urban, unemployed or underemployed young people who are in the formal technical/vocational training system or who are outside the formal educational system and were unable to continue their studies beyond ninth grade. In addition, at least 2,000 young people with similar backgrounds, served by Municipal Labor Information Offices (OMILs), will benefit from the program, as well as another 2,000 young people served by the INJUV centers that provide vocational guidance services. Lastly, at least 1,000 young people from the various training and employment centers of Valparaíso are expected to benefit from the digital platform for vocational guidance outreach during its first year of operation. "Vulnerable"⁸ individuals or family groups are those with low income living in poverty or at high risk of falling back into poverty. The young people will come primarily from the municipalities of Valparaíso, Viña del Mar, San Antonio, Cartagena, El Tabo San Felipe, Panquehue, San Esteban, Llay-Llay, Con-Con, Quilpué, Villa Alemana, Quintero, Casablanca, Los Andes, and Petorca, in Region V of Valparaíso.

⁸ Based on "A Renewed MIF Vision: The Next Ten Years," 2013.

- 1.13 Also benefiting from the program will be: (i) 25 pre-identified centers providing training and employment services,⁹ such as technical/vocational high schools, Municipal Labor Information Offices (OMILs), and technical training agencies, which will be evaluated according to the NEO Quality Standards Guide and subsequently strengthened; (ii) more than 65 professional staff at those centers will be trained on providing services that meet the needs of the labor market, the introduction of youth-oriented teaching methodologies, life skills, and vocational guidance and job placement services; and (iii) at least 100 participating enterprises from pre-identified sectors offering internships and jobs will benefit from having young employees who are more job-ready.

C. Contribution to the MIF Mandate, Access Framework, and IDB Strategy

- 1.14 **Link with the MIF Mandate.** The NEO Chile initiative will contribute to the objective of reducing poverty through institutional capacity-building of providers youth employability services, to better develop the skills of vulnerable youth in Valparaíso's Region V. The private sector will also benefit, since the participating young people will be better prepared to be productive within the enterprises, lowering the costs of selection, turnover, and training of new personnel. Lastly, the experience of NEO in Chile will serve as input for public policies aimed at reducing youth unemployment and strengthening the technical/vocational training system.
- 1.15 **Gender dimension.** The NEO Chile project will evaluate the entities strengthened through the program in accordance with the NEO Quality Standards Guide, which includes gender indicators for job training, counseling, and placement services, so as to address gender differences on a crosscutting basis and thus achieve effective and equitable formal job market integration for men and women. To evaluate the program's outcomes and analyze the relevance of the gender dimension, plans call for (i) disaggregating the indicators by gender in the monitoring system; (ii) analyzing gender, ethnicity, geographic origin, or disability considerations in activities to evaluate quality and build technical capacity of the youth service providers included in the project; and (iii) promoting and facilitating equal access to training activities, social and employment services, and formal jobs for men and women.
- 1.16 **Knowledge gap.** This project will help to narrow the knowledge gap in terms of determining which public-private partnership models are effective at improving employability, which models for collaboration between businesses and training centers exist and are effective for narrowing the gap between job supply and demand, and which guidance, training, and job placement processes for more vulnerable youth have been proven effective.
- 1.17 **Link with the New Employment Opportunities for Youth (NEO) regional initiative (RG-M1210).** NEO Chile is the ninth country-level partnership project under the NEO regional initiative. NEO currently has projects in Argentina, Brazil, Colombia, the Dominican Republic, El Salvador, Jamaica, Mexico, Panama, Paraguay, Peru, and Uruguay. These projects offer and develop a wide range of services, from online learning in Brazil and strengthening of secondary technical

⁹ Service providers to be strengthened come from the partnership members themselves, which have undertaken to use the NEO Quality Standards. These providers are located in poor areas of the municipalities identified, and work with the NEO target population.

training in Mexico to vocational guidance and job placement support in Panama. Together, the NEO regional portfolio of projects is expected to offer employability services to some 500,000 young people by 2017. In addition to serving young people, the NEO initiative mobilizes the active participation of businesses, public agencies, and NGOs to join the country partnerships. At present, more than 100 institutions are involved in these 9 multisector partnerships. Moreover, under all NEO projects approved, 2,100 enterprises are expected to offer internships and jobs to poor and vulnerable youth, and 209 providers of employability services will improve the quality and relevance of their services.

1.18 Following is a table summarizing the main NEO targets:

Key indicators	NEO regional target 2017 ¹⁰	Progress toward targets [*]	Achieved as of March 2016
Youths benefited	500,000	480,343	102,533
Service providers strengthened	200	234	125
Companies offering job positions and internships	1,000	2,200	333
National partnerships that adopt high-impact employability models	10	9	8

* Projections based on the sum totals of indicators of NEO projects approved thus far, in chronological order: BR-M1114, DR-M1044, ME-M1091/ME-T1255, CO-M1094/CO-T1374, RG-M1256, PN-M1027, PR-M1031, ES-M1049, ES-M1054, PE-M1110, JA-M1036, and CH-M1073. Additionally, the projections include data from the NEO-Walmart regional project, NEO RUTAS USAID, and NEO-Caterpillar regional project. For more information, click [here](#).

1.19 **Collaboration with the IDB Group.** This operation represents the continuation of the Bank's support to the country for improving its Active Labor Market Policies, and is aligned with the Bank's country strategy,¹¹ which includes the issues of productive development and competitiveness and human capital development with emphasis on the priority areas of education and job training, identifying transportation and logistics as priority areas for the country. NEO seeks to improve the quality and relevance of services offered by 25 training and employment institutions, creating documented models for multisector coordination and aligning supply and demand, in order to share know-how and lessons learned through the IDB operations.

1.20 NEO Chile will complement the Program to Strengthen Technical and Vocational Education (loan CH-L1095),¹² proposing an institutional pilot model for public/private coordination of key stakeholders in Region V, to align supply and demand and raise the quality of training and employment services.

¹⁰ All of the NEO partnerships are expected to have 36 months to implement their projects in the countries, so a one-year delay is expected for the regional initiative RG-M1210.

¹¹ [IDB country strategy with Chile, 2014-2018.](#)

¹² [http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=39850494.](http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=39850494)

II. OBJECTIVES AND COMPONENTS

A. Objectives

- 2.1 The intended impact is to increase job placement opportunities for poor and vulnerable youth between the ages of 16 and 29. The expected outcome will be to enhance the quality and relevance of the training programs and employability services for poor and vulnerable youth in Valparaíso's Region V.

B. Description of the model/solution/intervention

- 2.2 The objective of the New Employment Opportunities for Youth (NEO) program is to close the existing gap between the skills of young people and employer demand for qualified personnel through (i) coordination of the efforts of the main actors working in the areas of education/training, the labor market, and youth to address these problems in a systematic manner rather than through isolated and uncoordinated efforts; and (ii) scaling of effective models for vocational guidance, training, and job placement services, to improve service quality and job opportunities for vulnerable youth.
- 2.3 NEO Chile is based on a large-scale intervention model that was designed at the regional level and is now being implemented in several countries. The model consists of forming public-private partnerships where businesses, governments, and civil society contribute resources, knowledge, and capabilities to implement effective, sustainable employment solutions for poor and vulnerable youth. The NEO Chile partnership was formed voluntarily, and a coordinating entity was selected, Universidad de Playa Ancha (Fundación UPLA). Through a joint and participatory process, Fundación UPLA formulated a youth employability diagnostic assessment and a time- and resource-bound strategic plan, including a mission, objectives, and expected outcomes. This plan was reviewed and adjusted with the MIF/IDB team, and is embodied in this operation.
- 2.4 The NEO Chile partnership, after a number of analysis meetings, decided to identify a region to implement the project that had several features necessary for a successful outcome. Valparaíso's Region V was chosen, as Chile's third largest region demographically and economically most diverse, home to four ports (Valparaíso, San Antonio, Los Andes, and Quintero), which will make it possible to test which economic sectors hold the greatest opportunities for youth workforce integration. The region also has an excellent relationship between the public and private sectors, with extensive dialogue and agreements between political, economic, and government forces. The transportation, logistics, manufacturing, and tourism sectors were also pre-identified for the following reasons: (i) these are growth sectors with unmet demand for qualified personnel that fit the profile of NEO youth; (ii) the Business Association of Region V (ASIVA), which is part of the NEO Chile partnership, includes enterprises in these sectors; (iii) these are strategic sectors for the Valparaíso region and for the country; and (vi) there are public and private entities that offer training, counseling, and job placement services that, in conjunction with the productive sector, could prepare young people to fill job vacancies. The choice of sectors may be adjusted during execution to reflect local demand in the region and actions under way by the partnership members.

- 2.5 The NEO Chile partnership commits to adopt and implement a comprehensive job training model and good practices developed by the MIF, IDB, and the International Youth Foundation (IYF). The project will seek to build the technical capacity of 25 public and private providers of training and employment services. This capacity-building will be achieved by sharing and adapting good practices validated in the IYF/MIF entra21¹³ program and in other Bank-financed programs. These capacity-building services will be offered directly by IYF, as stated in paragraph 3.19 of the donors memorandum for NEO regional program (document MIF/AT-1175). To do so, IYF has developed two products under the NEO regional program: (i) a “Quality Standards Guide: Tool for Evaluating Job Training and Youth Placement Processes,”¹⁴ with an online portal that will allow entities to perform self-evaluations and determine what aspects of their employability services they wish to improve and then define their improvement and support plans; and (ii) a package of strengthening services and handbooks¹⁵ that includes training for life skills instructors training for workforce managers in job placement, training for vocational guidance counselors, training for instructors in teaching methodologies, and training for supervisors in all four areas, in order to build installed capacity at the institutions. The approach will be tailored to meet the needs of the poor and vulnerable youth population.
- 2.6 Introducing these good practices and scaling them up at public and private service providers is expected to lead to better outcomes in terms of youth employability. With this demonstration effect, it is hoped that providers will continue to implement these practices after the project has ended, once the model has been scaled to other entities, thereby contributing to the systemic impact objective and to many more young people benefitting beyond the project execution period.
- 2.7 The NEO model is innovative because, although there is a good deal of theory and literature on partnerships and youth unemployment,¹⁶ NEO is one of the few practical experiences coordinating youth employability stakeholders in Latin America and the Caribbean.¹⁷ NEO, through these projects, is putting into practice theoretical recommendations such as: (i) developing job skills through a shared vision and coresponsibility among different stakeholders—governments, businesspeople, civil society organizations, and training institutions; (ii) creating incentives for communication mechanisms, to deal with the speed of technological change in processes and quality, and the demands they put on the labor market; (iii) designing deconcentrated processes that promote comanagement arrangements to leverage the advantages of the various stakeholders; (iv) introducing quality rules and standards to standardize content, criteria

¹³ The entra21 program (operation ATN/MH-10303-RG) was created by the MIF and IYF in order to improve the employability of disadvantaged youth in Latin America and the Caribbean. It was successfully implemented from 2001 to 2011 and benefited more than 137,000 vulnerable young people in 22 countries of the region through 50 civil society organizations. Seventy-five percent of the graduates found work or continued their studies six months after completing the program.

¹⁴ For more information about the guide, click [here](#).

¹⁵ For more information about the capacity-building services, click [here](#).

¹⁶ OAS (2007), CIDEAL (2014), Fundación Carolina (2007), Aliarse (2012), Fundación Corona (2002), McKinsey (2009, 2012), IDB (2005, 2010, 2012, 2015), FGS (2012), ILO (2013), World Bank (2013), ECLAC (2013), and others.

¹⁷ FSG (2013).

regarding the quality and relevance of the different educational and training structures being implemented, ensuring that they are interconnected for the development of training and work trajectories; (v) developing cost-efficient, scalable processes; and (vi) creating incentives for integrated information and monitoring systems.

- 2.8 Lastly, the NEO Chile partnership seeks to make an impact on youth employability systems that will serve as a demonstration and lays the foundation for validating an effective youth employability model that can be replicated, transferred, and scaled to other productive sectors, other regions, and potentially to 950 official technical/vocational training institutions in the country with an annual enrollment of 431,206 young people in public high schools and 47,324 in job training institutes.¹⁸

C. Components

Component 1. Coordination of public and private stakeholders in the generation of public policies for youth training and workforce integration. MIF: US\$0; Counterpart/Cofinancing: US\$139,800

- 2.9 The objective of this component is to formulate and pilot a regional governance proposal to strengthen the coordination of actors and programs related to youth employability. This will serve as input for the National Technical/Vocational Training Policy, which, in order to improve coordination between the State, employers, workers, and training institutions, proposes the establishment of Regional Advisory Boards for Technical/Vocational Training,¹⁹ as subnational bodies reporting to a national committee that includes the ministries of Labor and Economy. This national committee, in turn, will propose a model for coordination among the secondary, tertiary, and job training levels so that graduates of secondary technical/vocational programs can more readily pursue a continuous educational path.

- 2.10 The activities of this component are as follows: (i) create a Regional Council on Education, Economy, and Labor that meets regularly; (ii) organize three seminars on “Youth, Education, and Work;” (iii) develop a cadastre and regional model of the educational and employment paths of public-private programs to support youth employability; (iv) prepare and publish a study on the state of youth employment in Valparaíso; (v) conduct a study on the opinions and interests of Valparaíso’s young people on the question of technical education and employment; and (iv) organize three capacity-building and annual planning workshops among NEO partners.

Component 2. Training and employment strategies and offerings contextualized to the characteristics and interests of young people. MIF: US\$103,000; Counterpart/Cofinancing: US\$124,616

- 2.11 The objective of this component is to review and development training and employment strategies tailored to the characteristics and interests of young people and needs of the productive sector. The training will be made more relevant, and key mechanisms will be developed to function as a continuously updating system in order to ensure ongoing relevance.

¹⁸ Only institutions affiliated with the *Más Capaz* program.

¹⁹ http://divesup.cl/contenido_int.php?id_contenido=32248&id_portal=1&id_seccion=10.

- 2.12 The main activities of this component are as follows: (i) develop a training program for professional staff who onboard young people within the enterprises, and establish a mentoring role; (ii) implement the training program for mentors, training 20 professional staff at 20 enterprises; (iii) adjust the curricular plans and programs of two technical specialties at technical/vocational high schools to the needs of the productive sector; (iv) document the process described above; and (v) train teachers at 15 training and credentialing institutions in methodological strategies and innovative teaching resources.

Component 3. Greater availability of vocational guidance and employment services for young people.

MIF: US\$0; Counterpart/Cofinancing: US\$1,080,308

- 2.13 The objective of this component is to close the information gap faced by young people regarding training opportunities and the labor market, and provide guidance for their decision-making in these areas. In general, it seeks to establish an integrated information and support system to assist young people in making vocational choices and during their training and work development.
- 2.14 The activities of this component are as follows: (i) develop a mobile digital platform to support and make vocational guidance services more available to young people; (ii) organize informational and promotional activities for the platform and its services; (iii) 1,000 young people use the platform during the project; and (iv) serve 2,000 young people with information and vocational guidance services at the centers of the National Youth Institute (INJUV).

Component 4. Institution-strengthening to improve the quality of training and employment services.

MIF: US\$299,500; Counterpart/Cofinancing: US\$11,669,003

- 2.15 The objective of this component is to support 25 technical/vocational training institutions and job placement offices in a process of self-evaluation according to the NEO Quality Standards Guide, and development of plans for continuous improvement to raise the quality of the services that impact the skills of young people to more effectively integrate into the working world. Once these self-evaluations have been conducted and plans for improvement have been developed at each institution, specific activities will be proposed based on the needs of the institutions, directed, among other things, at strengthening the practice of teachers and professionals in the area of life skills, strengthening the practice of employment agency staff in labor intermediation, strengthening the practice of vocational counselors, strengthening the practice of instructors regarding teaching methodologies, providing guidance for computer instructors and directors of training centers on digital literacy and programming tools available through the YouthSpark program,²⁰ and strengthening the practice of supervisors in the areas described, so as to establish installed capacity at the entities involved.

²⁰ Microsoft YouthSpark is a global initiative to enable young people to imagine and achieve their greatest potential by connecting them with better educational, employment, and business opportunities. <https://www.microsoft.com/esxl/responsabilidadesocial/youthspark/youthsparkhub/default.aspx>.

- 2.16 The activities of this component are as follows: (i) evaluate 25 training and employment providers and developing plans for continuous improvement; (ii) train the senior executives of 15 institutions on institutional best practices; (iii) train 50 professional staff in counseling best practices, the inclusion of life skills, and labor intermediation; (iv) serve 7,000 young people at the strengthened training centers; (v) serve 2,000 young people at Municipal Labor Intermediation Offices (OMILs); and (vi) create a learning and best practices community at 15 actively participating training centers.

Component 5. Knowledge management and communication strategy.

MIF: US\$205,000; Counterpart/Cofinancing: US\$67,535.

- 2.17 The objective of this component is to document and disseminate the initiative's outcomes and lessons learned, in order to consolidate and expand the NEO Chile partnership experience. In addition, the project will develop a communication strategy to support the performance of activities under the various components and reaching beneficiaries.
- 2.18 The following audiences have therefore been identified: (i) businesses interested in addressing the issue of youth employment and skilled labor for their business; (ii) public entities interested in finding and implementing solutions to youth unemployment and attracting the attention of poor and vulnerable youth; (iii) educational institutions interested in improving the quality of their teaching practices; and (iv) civil society organizations interested in strengthening their youth services.
- 2.19 The main channels for reaching these audiences will be: seminars with key public and private sector stakeholders, personalized face-to-face meetings, positioning in online and print media, project launch and closing events, roundtable discussions to disseminate the technical notes and project outcomes, and other channels deemed relevant when formulating the communication strategy for the project.
- 2.20 The component activities are as follows: (i) develop and implement a strategic communication and dissemination plan to bring the developed products to the strategic audiences and help to achieve the project objectives; and (ii) identify the knowledge products created by the project and convey them to a total of 20 interested institutions related to youth employment: 5 private sector institutions, 5 public sector entities, 5 educational institutions, and 5 civil society organizations.
- 2.21 The following knowledge products will be developed to address the gaps in the NEO regional and NEO Chile initiatives: (i) one thematic analysis on the experience of the process of evaluating institutions according to the NEO Quality Standards; (ii) one thematic analysis on the experience of the NEO Chile partnership; and (iii) one technical note (in the form of a thematic analysis) that includes proposed improvements to youth employability policy based on the experience and outcomes of the NEO Chile partnership.

D. Project governance and execution arrangements

- 2.22 The NEO Chile partnership is comprised of public, private, and civil society institutions that act and have an influence on programs and strategies aimed at fostering more and better integration of youth in Chilean society, primarily through youth, education, and employment policies. The IDB and IYF may participate as

- observers at meetings of the NEO Chile partnership. Given that this approach is very new in Chile, the MIF, in its role as donor, may participate as a full member, with the right to vote, whenever it sees fit. The partnership has selected Fundación UPLA to serve as executing agency for the project and as coordinator of the partnership.
- 2.23 The NEO Chile partnership was formed based on a “governance agreement.”²¹ This agreement is signed by the members of the NEO Chile partnership and describes the intent of its members, their respective roles and responsibilities, the NEO Chile partnership’s relationship with the executing agency, and how it should be organized for implementation, evaluation, and supervision of the budget. Along with the governance agreement, bilateral agreements between each of the partnership’s members and the executing agency will be developed and included, confirming the amounts to be contributed and the responsibilities to be assumed by the parties. The governance agreement will be aligned with the NEO regional initiative and with the agreement to be signed between the project executing agency and the MIF. Approval of this governance agreement will be a condition precedent to the first disbursement and will be subject to the MIF’s no objection.
- 2.24 Structurally, the NEO Chile partnership consists of the Board, Executive Committee, and Working Committees. The Board, made up of all members of the partnership, will review the annual work plans and budgets, delegating to a smaller and more operationally oriented Executive Committee the task of ensuring compliance with the governance agreement and coordinated implementation of the annual work plans for the NEO initiative in Chile. This Executive Committee will be made up of institutions in the three sectors (private, public, and civil society) and those institutions with greatest responsibility in the implementation of key activities. The membership of the Executive Committee will be subject to the MIF’s no objection.
- 2.25 Lastly, the governance agreement describes the role of the executing agency that will lead the project execution process, the coordination of actions carried out by the various members, and the administration of funds in direct collaboration with the Executive Committee of the NEO Chile partnership and under the supervision of the MIF. After serving as technical secretariat of the pre-partnership at the unanimous request of the partnership members, the NEO Chile partnership confirmed Fundación UPLA as executing agency, which will sign the legal agreement with the MIF and be responsible for execution and meeting the objectives of the NEO Chile initiative. To ensure that the project is executed effectively and efficiently, Fundación UPLA will assemble a technical team. This team will be part of the executing agency’s operating structure and will report directly to the executing agency and to the MIF.

²¹ The NEO regional team has developed a guide based on conversations with the IDB Legal Department and the experience of NEO partnerships, to provide the NEO partnerships in each country with guidance for crafting their respective governance agreements. It includes guidelines and examples which are merely illustrative and do not represent the NEO regional program’s opinion on how the agreement should be crafted by each local NEO partnership. A governance agreement approved and signed by all members of the NEO partnership is required as a condition precedent to the first disbursement.

E. Sustainability

- 2.26 There are three principal conditions that will ensure the sustainability of the operation: **(i) the partnership and installed capacity within its members.** As explained in the description of the model, the objective of NEO Chile is to ensure that institutions in the system, including businesses, public and private training centers, the public sector, and NGOs, offer more and better services for the employability of vulnerable youth. This does not necessarily entail additional investment, but rather improvements in the institutions' systems and better preparation of instructors, counselors, and job placement agents. Another factor ensuring the sustainability of NEO Chile may be the partnership itself. This partnership was created in a participatory manner, gradually bringing in key stakeholders with ties to the problems of youth employability and job training. The fact that the proposal was developed in a collaborative manner allowed it to garner the consensus and support of the partnership. Trust should be built as the project is executed, and based on the outcomes and lessons learned, and the NEO Chile partnership will be able to continue improving and contributing with better youth employability programs and policies for the country.
- 2.27 **(ii) Institutionalization of the Regional Councils on Education, Economy, and Labor, and quality standards.** The linkage and practical experience of the regional council established in Region V (described in Component 1), and the work with 25 employability service providers, applying NEO standards (from Component 4), are expected to continue. Moreover, the experience of aligning supply and demand with the pilot sectors is expected to be replicable in other productive sectors and regions, and the experience with the standards is expected to feed back into the objectives of SENCE and the Ministry of Education to create a framework for quality standards and accreditation in the country for providers of training and employment services.
- 2.28 **(iii) Transfer and scale.** Once the work model implemented by the partnership has been validated, it will serve as a model for the Regional Councils on Education, Economy, and Labor to be implemented throughout the country. A partnership-led plan for transferring the work model implemented at the 25 training and employment centers to other service providers in Chile will be formulated after completing the pilot of the initial institutions. There are potentially 950 official technical/vocational education institutions in the country with annual enrollment of 431,206 young people, as well as 376 institutions providing vocational training services that work with SENCE with annual enrollment of 47,324 young people.²²
- 2.29 Once the midterm evaluation is complete, or one year before the end of the execution period (whichever occurs first), a sustainability workshop will be held with all entities involved, to identify what measures are necessary to ensure the continuity of project actions once the funding ends.

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

- 2.30 Below is a summary of the main lessons learned that have shaped the design of this operation:

²² Only institutions affiliated with the *Más Capaz* program.

- 2.31 Building partnerships to develop a proposal in a participatory manner and begin joint implementation of a project requires a lead time of at least six to nine months, in order to form a group identity. The dynamics of partnership-building in the social sectors is slow and cannot be forced, and depends on whether the partners have worked together before and the trust level among them, the election of an execution lead to coordinate planning, an organizational culture of prior experience working in a partnership, and a shift in outlook toward building a project together in which all contribute financially and technically.
- 2.32 The greatest obstacles to coordination in the youth employability system are mistrust among stakeholders and a lack of incentives to work together as a team. The MIF has acted as a catalyst, bringing parties together and generating an initial sense of trust that has motivated the key stakeholders to come together at the table to find a solution to youth unemployment.
- 2.33 Mechanisms for institutional collaboration and coordination to achieve scale or systemic impact require specific institutional strengthening for the partners, executing entities, and the partnership group itself.
- 2.34 To effectively transition from school to work, education must be linked to jobs. This is particularly important in the case of technical education, which involves preparing students for a trade so that, once they graduate, they can enter the job market. To ensure an effective transition, courses must be relevant to demand, and ongoing feedback must be provided.

G. The MIF's additionality

- 2.35 **Nonfinancial additionality.** The leadership of the MIF, the Labor Markets and Social Security Unit (SCL/LMK), the International Youth Foundation (IYF), and the NEO regional partners acts as a catalyst in attracting and mobilizing key stakeholders in the public, private, and civil society sectors working toward more and better quality technical training and employability programs for Chile's poor and vulnerable youth. The MIF plays a key role as a facilitator in the process of negotiating the design of the operation with this extensive network of partners and in the sharing of the technical knowledge and best practices accumulated not only by the MIF but also by the IYF and the Bank. Moreover, by creating incentives for higher quality (through the NEO quality standards) and greater relevance of employability services (through linkage of the public sector and training institutions with the productive sector), the MIF makes the investments of the partnership members in vocational guidance, training, and job placement activities more efficient, optimizing resources and generating greater impact on the socioeconomic circumstances and lives of the young people. Lastly, the MIF's monitoring and evaluation experience will complement the sharing of technical knowledge, strengthening the entities in terms of monitoring and evaluation so that they can verify the results achieved and invest resources more efficiently with a better return.
- 2.36 **Financial additionality.** The MIF's financial contribution is critical to incentivizing the formation of the partnership, which has not formed spontaneously thus far, despite the serious youth employment situation. The MIF grant is the incentive necessary to bring the key stakeholders together in a shared task in the form of a three-year project, and to leverage public and private resources under a joint

administration. For every MIF dollar, at least three dollars have been leveraged from local partners; moreover, the MIF's involvement creates the necessary confidence to attract investments from other members.

H. Project outcome

- 2.37 The NEO Chile initiative seeks to increase the quality and relevance of vocational and technical training programs and of employability service providers. To this end, service quality at 25 training, vocational guidance, and labor intermediation centers will be evaluated and strengthened in accordance with the NEO Quality Standards Guide, and 65 professional staff will be trained in these areas. In turn, 12,000 young people will have access to better training services, vocational guidance, and information about educational, social, and labor supply and demand. Additionally, the project seeks to create a public-private partnership and include 100 employers who offer internships and employment opportunities to young people.

I. Project impact

- 2.38 The impact sought by this initiative is to increase job placement opportunities for 12,000 vulnerable young people, 50% of whom (6,000) will be women. Fifty percent of the youth who graduate from vocational and technical training programs are expected to find a job, and at least 20% are expected to continue their studies and/or reenter the formal education system. Fifty percent of the employed graduates are expected to have a mainstream job. In addition, 75% of the graduates hired are expected to earn at or above the minimum wage provided by law.

J. Systemic Impact

- 2.39 NEO Chile will contribute to systemic change through the following indicators: (i) a public-private partnership that promotes and adopts high-impact, scaled youth employability models; and (ii) 25 key public and private institutions in the country that are strengthened and institute new practices and improvements in their youth employability services based on the knowledge and models sponsored by the MIF.

III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** A monitoring and evaluation system was designed at the regional level to capture outcomes and changes in all countries where the NEO initiative is implemented. This system contains a small set of indicators and a series of tools to measure them. All NEO countries are expected to implement this system so as to obtain information that can be aggregated at the regional level and used to compare the different local experiences. As part of the NEO regional initiative, NEO Chile will digitally connect to the NEO technology platform, to track the educational and employment paths of young people and the institutions to be strengthened. A series of enrollment or registration tools will be implemented for this, assigning each participant and institution a unique number, which will serve as a baseline for the initiative.
- 3.2 **Monitoring.** In addition to tracking the performance of the young people and institutions, the information system will also be used to compile management indicators for the initiative to facilitate decision-making by the NEO Chile

partnership. Plans call for contracting an individual as part of the execution unit to monitor the system and ensure data quality control.

- 3.3 **Evaluation.** This project includes a midterm evaluation²³ to analyze the relevance, levels of efficiency, effectiveness, and sustainability of the implementation and provide recommendations for improvement, and a final evaluation to analyze whether the knowledge questions have been answered, namely: (i) How does a multisector partnership focused on strengthening and coordinating youth employability programs and service provider institutions work? (ii) What are the critical factors for ensuring the success of scaling and sustainability of the innovative processes and products? and (iii) What are the different guidance, training, and job placement processes for vulnerable youth outside the system that have been proven effective in placing them in growth sectors and developing careers?
- 3.4 **Closing workshop.** The executing agency will organize a closing workshop, when the time comes, to jointly evaluate the outcomes achieved with other partnership members involved, identify additional tasks to ensure the sustainability of the actions undertaken 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\$14,122,712. Of that amount, US\$973,200 (7%) will be contributed by the MIF, and US\$13,149,512 (93%) will be contributed by the NEO Chile partnership (in counterpart funds and cofinancing). Although Fundación UPLA will sign the agreement with the MIF, the counterpart resources and cofinancing will be provided not only by Fundación UPLA but by the partnership members as well. For this reason, Fundación UPLA will use its best efforts to ensure that the members of the NEO Chile partnership contribute their respective resources, and to raise additional funds from other donors in order to reach the total contribution amount. The execution period will be 36 months, and the disbursement period will be 42 months.
- 4.2 Regarding the 93% contribution from the NEO Chile partnership, the public and private entities that are members of the partnership will contribute approximately US\$13.1 million. On the public sector side, the Ministry of Education will contribute a total of US\$7.1 million to finance training courses and institution-strengthening, and SENCE will contribute US\$4.3 million for the same purpose. The Municipal Labor Information Offices (OMILs) will be contributing US\$500,000 to finance employment services, and INJUV will contribute a similar amount to finance guidance and information services. On the private sector and civil society side, the largest donors identified thus far ASIVA and Fundación UPLA, with a total contribution of US\$235,000 (see Annex IV for a list of the contributions of each entity by component). These contributions will be guaranteed via the governance agreement and the commitment letters for the counterpart or cofinancing of activities or the bilateral agreements between each of the partnership members and the executing agency, which will be attached to the governance agreement as

²³ Once 50% of the execution period has elapsed, or 50% of the resources have been disbursed, whichever occurs first.

- annexes and confirm the amounts to be contributed and responsibilities assumed by the parties. Approval of such governance agreement and delivery of the commitment letters will be conditions precedent to the first disbursement.
- 4.3 The MIF contribution finances mainly Component 4 related to evaluation and institutional strengthening of the job training and placement centers and assistance in developing plans to improve their services, as well as most of the knowledge, communication, and monitoring and evaluation system activities. Another area where the MIF contribution is crucial is the executing agency, with resources to engage a general coordinator and support staff for project management. In principle, no MIF resources have been identified for the procurement of goods. The services for evaluation and development of plans for improvement based on the NEO Quality Standards Guide will be provided directly by the IYF.
- 4.4 In terms of scaling up the project, it should be noted that there is significant involvement on the part of the public sector, and a considerable number of the preidentified centers to be strengthened are from public-sector institutions or subsidized entities, in addition to the number of young people served by these institutions. Investments in direct services to youth planned or already being made are identified as cofinancing. The aim with NEO is to optimize the resources invested by increasing the quality and relevance of their training programs and guidance and job placement services. The cofinancing of these institutions will be recognized based on completion of the activities described in their commitment letters.

	MIF	Counterpart	Cofinancing	Total
Project components				
Component 1. Coordination of public and private stakeholders in the generation of public policies for youth training and workforce integration	US\$0	US\$139,800	US\$0	US\$139,800
Component 2. Training and employment strategies and offerings contextualized to the characteristics and interests of young people	US\$103,000	US\$124,616	US\$0	US\$227,616
Component 3. Greater availability of vocational guidance and employment services for young people	US\$0	US\$580,308	US\$500,000	US\$1,080,308
Component 4. Institution-strengthening to improve the quality of training and employment services	US\$299,500	US\$596,696	US\$11,072,307	US\$11,968,503
Component 5. Knowledge management and communication strategy	US\$205,000	US\$67,535	US\$0	US\$272,535
Execution and supervision				
Executing agency /administrative	US\$289,700	US\$68,250	US\$0	US\$357,950
Midterm and final evaluations	US\$24,000	US\$0	US\$0	US\$24,000
Ex post reviews	US\$30,000	US\$0	US\$0	US\$30,000
Contingencies	US\$20,000	US\$0	US\$0	US\$20,000
Launch workshop	US\$2,000	US\$0	US\$0	US\$2,000
% of financing	7%	11%	82%	100%
Total	US\$973,200	US\$1,577,205	US\$11,572,307	US\$14,122,712

V. EXECUTING AGENCY

- 5.1 **Fundación Organismo de Capacitación Técnica de la Universidad de Playa Ancha** [Foundation of the Technical Training Agency of Universidad Playa Ancha] (Fundación UPLA) will be the executing agency for this project and will sign the agreement with the Bank. Fundación UPLA was created in 2012 as a private, nonprofit institution within Universidad de Playa Ancha, State University of Chile, with training as its sole mandate. It was formed as a vocational training school and falls into the special category of the SENCE Registry of National Technical Training Institutions under Article 46(e) of Law 19518 of 23 October 2012, Resolution 9157. It is headquartered in the city of Valparaíso with two offices in the cities of San Antonio and Los Andes.
- 5.2 Fundación UPLA provides ongoing identification, design, and delivery of effective training solutions, according to the features of each local context, to fill human capital gaps and create opportunities for ongoing training and the promotion of lifelong learning. The New Employment Opportunities for Youth (NEO) initiative is becoming the vehicle for influencing public policies on Chile's vulnerable population, which is the specific target of its efforts. Fundación UPLA seeks to promote, among its various goals, organization, partnering, social inclusion, the gender perspective, and solidarity.

- 5.3 Fundación UPLA has worked with the National Training and Employment Service (SENCE) of the Ministry of Labor and with public and private organizations to train vulnerable individuals since 2013, with a total of 5,555 people trained as of 2016 in areas such as construction, electrical, metals and machinery, administration, culinary arts, and handicrafts. It has a high-quality multidisciplinary team of executives, workers, and facilitators committed to social and institutional concerns. Its ability to present projects and mobilize public and private stakeholders is strong, as a high-profile national-level organization. It also has an administrative and management department that meets the quality standards of Chile's INN National Accreditation System.
- 5.4 Fundación UPLA will establish an execution unit and provide the necessary structure for it to effectively and efficiently conduct the project's activities and manage its resources. This execution unit will be comprised of a general coordinator, an administrative/financial officer, a monitoring and evaluation specialist, a communications specialist, and two administrative and monitoring and evaluation assistants. Fundación UPLA will also be responsible for delivering project status reports and annual procurement plan updates. Details on the execution unit's structure and status report requirements can be found in Annex VII of this operation's technical files.

VI. PROJECT RISKS

- 6.1 **Risks associated with project sustainability.** Public-private partnerships are an essential part of the initiative, but with changeovers of institutional authorities, especially at public sector agencies, there is a risk that the members of the partnership will lose interest and stop being involved or making contributions over time. To mitigate this risk, the NEO Chile partnership has developed a governance agreement describing the responsibilities of the members and ensuring their participation. Additional responses are planned, such as: (i) spreading responsibilities between the public and private sectors, to ensure a certain level of implementation of activities; (ii) lobbying the incoming and outgoing authorities in sector groups, informing them of the benefits and results of the initiative; and (iii) integrating the initiatives into the government's long-run development plans that normally involve different sectors and civil society actors. Furthermore, project Component 1 calls for strengthening the NEO Chile partnership through specialized workshops on working in partnership, dispute settlement, and process standardization, to mitigate the risks of dissolution.
- 6.2 **Sector risks.** Another risk is the inability to assemble a significant number of companies in the selected sectors willing to contribute by offering internships or employment opportunities. To mitigate this risk, the NEO Chile partnership already belongs to the Business Association of Region V (ASIVA), as well as the SOFOFA federation of labor unions at the national level, which can set an example for other unions and/or firms to join. Moreover, Fundación UPLA and the MIF are committed to using their network of contacts to reach out to these companies. Specifically, project Components 1 and 2 call for making contacts with businesses for this purpose. Another way of getting companies involved will be through the communication campaign described in Component 5.

- 6.3 **Social risks.** By the end of the project, 50% of the young people who find jobs through the new training modalities are expected to be women. This is a challenge, since data indicate that women and young people, particularly those of low income, have more difficulty getting jobs than other groups. To mitigate this risk, strategies for connecting people with the productive sector will include activities focused on gender and vulnerable youth to foster job training and placement for more vulnerable groups, such as: (i) quality standards that include considerations of gender, ethnicity, geographic origin, or disability in the activities to evaluate the quality and build the technical capacity of the employability service providers; (ii) raising the awareness of employers; and (iii) strategic analyses of available jobs for these groups.

VII. ENVIRONMENTAL AND SOCIAL IMPACT

- 7.1 This project has no adverse environmental or social impacts. Indeed, it facilitates the social integration of low-income young men and women through technical training and training in life skills to help them enter the formal workforce or continue their education.
- 7.2 According to the Environmental and Social Review (ESR), this project was classified as Category “C.”

VIII. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1 **Results-based disbursements and fiduciary arrangements.** The executing agency will agree to comply with the MIF’s standard arrangements regarding results-based disbursements, procurement, and financial management, as set out in Annex VIII, as well as the following special arrangements specific to this operation.
- 8.2 The executing agency will be governed by IDB procurement policies for the procurement of goods and contracting of consulting services (documents GN-2349-9 and GN-2350-9). Given that the diagnostic needs assessment of the executing agency (<http://mif.iadb.org/projects/prjrissummary?proj=CH-M1073&exec=CH-FC>) yielded a *low* level of need/risk, the project team has determined that, as established in Appendix 4 of such policies, the executing agency, as a private sector entity, will utilize its own procurement methods, if compatible with Bank policies. In addition, contracting and procurement for the project will be subject to ex post review with annual frequency. Before project contracting and procurement begins, the executing agency will submit the procurement plan to the MIF for approval. This plan must be updated annually and whenever there is a change in methods and/or the good or service to be procured.

IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 9.1 **Intellectual property.** The Bank will be the owner of the intellectual property of all work produced or outcomes achieved in connection with NEO Chile. At its discretion, the Bank may grant a free nonexclusive license for noncommercial purposes covering the dissemination, reproduction, and publication in any media of the works that are solely owned by the Bank. The executing agency will ensure

that all contracts signed with consultants under this operation include express assignment to the Bank of all copyrights, patents, and any other intellectual property rights.